



PIRAMAL HEALTHCARE

ESTABLISHING SUPPLY CHAIN EXCELLENCE

QUICK FACTS

Industry

Life sciences – pharmaceutical companies

Revenue

US\$720 million

Headquarters

Mumbai, India

Web Site

www.nicholaspiramal.com

SAP® Solutions and Services

SAP® Advanced Planning & Optimization component

Implementation Partner

Bristlecone

Piramal Healthcare Limited is one of India's largest pharmaceutical companies. With a distribution network in multiple geographies and 12 manufacturing facilities in India, the United Kingdom, and North America, Piramal needs the right IT to support complex supply chain processes and continued growth – while keeping costs down. The solution: the SAP® Advanced Planning & Optimization component.

Key Challenges

- Eliminate multiple legacy systems
- Eliminate manual planning processes and dependency on spreadsheets – to accelerate planning cycles and response times
- Improve data accuracy and completeness
- Accommodate an increasingly complex supply chain
- Streamline processes for contract research and manufacturing services
- Improve ability to meet increasing customer expectations and demands

Implementation Best Practices

- Detailed tracking of implementation progress using key performance indicators
- Alignment of business objectives with IT
- Use of ASAP methodology during business blueprint, testing, integration, and operational phases
- Strict sign-off policy for introducing enhancements
- Involvement of cross-functional teams to define data integrity and master data management strategy

Financial and Strategic Benefits

- Greater visibility of order and fulfillment data
- Elimination of redundant data
- Greater ability to react to changes in demand
- Streamlined supply chain processes
- Common platform for collaborative forecasting

Why SAP Was Selected

- Robust, best-in-class, integrated IT meeting core business as well as industry-specific needs
- Tight integration between planning, execution, and performance monitoring processes
- Simplification of the IT landscape
- SAP's market leadership and commitment to the pharmaceutical industry

Low Total Cost of Ownership

- Simplification of existing IT landscape, enabling the IT team to work more efficiently
- On-time, within-budget project
- Elimination of high-maintenance legacy applications, improving productivity of IT personnel
- Tightly managed, well-defined project scope

Operational Benefits

Key Performance Indicator	Impact
Available-to-promise process	Manual to automated
Raw material inventory	-15% to -20%
Finished goods inventory	-15%
Planning process	From macro (groups equipment) to micro level (single piece of equipment)



“Piramal Healthcare has successfully managed to integrate business processes around planning and has taken system visibility and customer service to a new level.”

Jayant Dwivedy, President, Global Supply Chain, Piramal Healthcare Limited

www.sap.com/contactsap

Starting the Supply Chain Journey Transforming the Business

Piramal Healthcare Limited, one of India's largest pharmaceutical companies, embarked on an ambitious mission to streamline its supply chain. The company's domestic formulations business was witnessing strong competition due to issues around product differentiation and lower brand loyalty. Piramal was also challenged by a period of rapid growth and an increasingly complex supply chain. It needed tools to help it handle geographical expansion and product diversification, new product launches, and ongoing cost pressures.

The core goals of this strategic initiative were: effective and accurate supply and demand management, proactive supply chain planning for both the short and long term, reduction of working capital, improved customer service levels, and more effective utilization of resources.

Choosing the Right Partner

Piramal underwent a rigorous selection process, and after a thorough analysis it selected the SAP® Advanced Planning & Optimization (SAP APO) component. Tight integration between planning, execution, and performance monitoring processes was a key reason for choosing SAP APO, as well as the application's robust, best practices-based functionality and ability to support growth. Piramal decided to first implement functionality for supply network planning, production planning and detailed scheduling, and the global available-to-promise process. It chose “Bristlecone as its implementation partner.

During phase one, the project team members – comprising business users, IT staff, and Bristlecone consultants – worked closely together to set up key performance indicators (KPIs) that would allow the company to monitor progress. This resulted in a greater degree of ownership across the organization. The team implemented SAP APO using the ASAP methodology and reengineered Piramal's business processes – such as annual budgeting and sales and operations planning – to meet company requirements. One task that proved particularly challenging was linking the complex processes involving active pharmaceutical ingredients with formulations.

However, quick decision making at the senior management level, along with strong collaboration between Piramal and Bristlecone, helped ensure a swift, successful implementation. Other success factors included a strict sign-off policy for introducing enhancements and the involvement of cross-functional teams to ensure data integrity. The company also made the decision to implement standard SAP APO functionality to reduce customization costs.

Tracking Success

Another important aspect of Piramal's transformation was to establish a performance management system for the company supply chain using the SAP NetWeaver® Business Warehouse component. The team developed a very strong framework of KPIs that included a mix of lead and lag indicators and qualita-

tive and quantitative measurements. It also designed a KPI diagnostic tree so that Piramal could analyze and conduct root cause analysis to eliminate inefficiencies and ensure continuous improvement.

Siddhartha Pahwa, President of Supply Chain and Trade Management for Domestic Formulations at Piramal, confirms, “With SAP APO, we've integrated planning processes, enabling us to reduce lead times. We also expect to see further improvements in customer service, cost optimization, and the cash-to-cash cycle.”

Looking Ahead

The pharmaceutical company is already experiencing benefits from its implementation. In addition to measurable KPIs such as customer service levels, raw material and finished goods inventory, and order fulfillment, the organization enjoys enhanced visibility of its supply chain end to end – which enables it to react more quickly to demand. However, the journey to transform the supply chain is a continuous process for Piramal. Now that it has core SAP business software running in the Indian, UK, and Canadian sites, Piramal plans to follow up its successful implementation of SAP APO at the Indian sites with a full global rollout.

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