

Boosting efficiency and speed: How a North American pharmaceutical giant streamlined its global supply chain

**Industry:**

Pharmaceuticals

Geographies:

Worldwide manufacturing sites, customers in more than 185 countries

Employees:

Over 80,000

Revenue:

>\$40 billion

Two years ago, one of the world's leading pharmaceutical and consumer healthcare manufacturers looked to enhance its supply chain operations to better manage its global network. The priority was to find a new supply and production planning solution that would reflect a scale of operation that spans more than 30 manufacturing sites worldwide, over 80,000 employees and global revenues above \$50 billion annually. The proposed solution would also bring the organization agility, resilience and finesse in an industry with stringent regulations, product sensitivity and a truly global supply chain.

Wanted: A new, contemporary planning solution

The journey began in 2022, as the company's supply chain leaders assessed their current technology portfolio and realized that a new platform was required. As its supply chain operations quickly expanded across the globe, it called for an improved supply and production planning solution.

At that moment, the long-time SAP customer was using a highly-customized, tailored version of the Advanced Planner and Optimizer (APO) supply chain planning tool, which had been in place for as long as 20 years. The manufacturer was also using SAP's Integrated Business Planning (IBP) software for sales and operations planning (S&OP). There was a realization that neither solution was meeting the needs of today, or preparing the organization for the needs of the future.

“We got to the point where, particularly on the supply planning side, we felt that SAP IBP for demand planning met our needs [but] we were probably using 40% of its capabilities,” said a senior supply chain leader. “Given our company’s complexity, we decided to focus on supply and production planning. To get there, we needed a new, contemporary solution.”

Cultivating a tech-driven supply chain

Eager to push forward quickly, an RFP was issued to scope out the challenges it was trying to solve. Here, the company specifically cited production and network planning, but also confirmed the need for a detailed, enterprise scheduling solution. Until recently, the use of Excel spreadsheets still wasn’t uncommon. The supply chain leadership team saw an opportunity here to transform the operation, with a goal of being able to do scenario planning and simulations which simply weren’t possible when using disparate point solutions and spreadsheets.

The RFP produced a laundry list of potential solutions. Some of the key “must haves” included a contemporary, cloud-based solution that would replace its on-premises legacy system. It was also important to find a solution that would easily integrate with third-party applications to deliver a 360-degree view of the company’s global operations.

With over 30 manufacturing sites spread across the world, and packaging facilities serving as many as 195 different markets, this visibility was significant. Further complexity also came from the markets themselves, calling for an upstream supply chain that relies heavily on sensitive, time-critical pharmaceutical products and ingredients.

Managing these and other intricacies using APO had proved cumbersome, especially given the lack of concurrent planning capabilities. “SAP was unresponsive in terms of development and we were kind of pulling them versus them pushing us to what they had,” said the supply chain leader. “At that point, Kinaxis came out on top.”

APO had already been earmarked for a sunset period in 2027, so looking beyond SAP for a more connected, agile and suitable supply solution on the market made sense. The company not only appreciated Kinaxis’ proposition, but also the sense of urgency that matched their big transformation ambitions.



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As part of the due diligence process, the manufacturer also used leading industry analyst research and spoke with industry partners about Kinaxis' solutions. The supply chain team was drawn to Kinaxis' ability to drive big transformational changes. "We didn't just want to make small, step changes," added the leader. "To achieve our transformational goals, we needed the types of capabilities Kinaxis offered and felt they were best positioned to help us get there." And, two years on, those changes are already visible.

A tech-enabled global powerhouse

The partnership is now in full flow, leveraging Kinaxis' advanced planning and scheduling (APS), and concurrent planning solutions. The integration of these platforms with SAP will coincide with the company's upgrade to SAP S/4HANA later this year. Kinaxis' seamless connection to enterprise resource planning (ERP) systems like SAP will make the transition much easier and ensure seamless supply chain continuity.

Kinaxis invited more than 350 of the company's planners into the early conversations about the software to ensure a successful rollout of the new technology. This included a review of its capabilities while helping them to work through any obvious obstacles that are inherent when replacing software that has been part of the organization's fabric for 20 years.

This early involvement was also important for the relationship between the two companies, breeding familiarity in the way each party works, and to help future transitions as well. The ease of using the Kinaxis solution made early training sessions more productive, effectively removing any barriers to entry and/or steep learning curves. According to the supply chain team leader, "It's worked well for us," he added. "We'll continue using that methodology during the configuration stages."



The next mission: Managing all demand in a single environment

With its new planning platform in place, the pharmaceutical manufacturer's associates are already collaborating and performing in ways that weren't possible using the previous, legacy system. The company's internal project team played a key role in implementation and rollout, and the combined power of Kinaxis and Genpact helped ensure a smooth transformation that has already crossed the finish line.

However, there are more races to be run and won, together. Moving forward, the company wants to improve its approach to data management, to gain more visibility and control over that data—both within its single instance of SAP and with any third-party applications that are integrated into that primary system.

A decentralized system with 1,000 people managing that data isn't sustainable. "We want to move to a more centralized data management organization operating model, and use more automation and self-healing master data," said the supply chain leader.

According to the supply chain leader, Kinaxis and Genpact will be on hand to guide this next phase of transformation, for the benefit of both the company's internal users, and—ultimately—its vast global customer base, to reach "an end game that allows us to manage all demand in a single environment. That's one of our key tenets."

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