

Case Study

Pharma Global Company

- Industry: Pharma
- Revenue: 2B \$
- EMEA HQ + 18 Subsidiaries

In order to improve its Supply Chain planning model and performances, the customer has defined to carry out a project with the purpose of setting up a Corporate Planning organization, supported by a clear governance (roles and responsibilities) and a new operating model, enabled by a new planning tool.

Planning Model (PM) project objectives

Project goals

-  Define a **new standardized and integrated Demand & Supply planning model**
-  Design a new **tool for Demand and Supply planning processes** allowing an **effective integration between different subsidiaries data**
-  **Increase visibility** across the different parties of the Supply Chain **for the demand and production/purchasing planning**
-  More **effective and efficient reporting and analysis** features
-  **Enable synergies between the production plants** of Italy, Spain and France

How?



- | Process |
|--|
| <ul style="list-style-type: none">• Review the current Demand and Supply Planning Operating Model and set-up the "To-Be" governance model, firstly related to Corporate Products• Standardize the Demand & Supply Planning processes across Global Supply Chain |



- | People |
|--|
| <ul style="list-style-type: none">• Set-up clear roles and responsibilities for the people, Departments and areas involved in the Demand & Supply Planning processes across the Supply Chain |



- | System and tools |
|---|
| <ul style="list-style-type: none">• Design and formalize IT application requirements (functional and architectural for a tool supporting Demand & Supply Planning processes)• Identify a suitable solution and provider for customer environment |

The Challenge

Purpose of **PM project** is to set up a **Corporate Planning organization**, supported by a **clear governance** (roles and responsibilities) and a **new operating model**, enabled by a **new planning tool**

Planning Model



Pain point Impact type

People
 Process
 System/Tool

PAIN POINTS AND EXPECTED RESOLUTION

- Manual data entry or copy & paste for demand and supply planning activities**
- Limited utilization of SAP functionalities with extensive use of different Excel files**
- Process know-hows successfulness highly dependent from the specific and experience of the people**
- Lack of an effective End-To-End governance role and adequate organization in HQ Supply Chain and some specific Markets**
- Fragmented and different responsibility model among Planning Hubs**
- Lack of structured and mature demand planning process**
- No periodic and formalized S&OP process and meetings**
- Planning decisions not considering stock ageing (residual shelf life)**
- Not aligned and standardized product attributes and reporting dimension + technical data not up-to-date in ERP**
- Planning process carried out SKU by SKU, not analyzing and taking decisions on aggregate levels**

PRE-REQUISITE

Main benefits for Subsidiary

Activation of new To-be model require the Subsidiaries to implement **few changes in the planning processes activities, their timing and the supporting tools** used for the generation of the Sales Forecast and Purchasing Forecast (both Local / Corporate and MAKE / BUY products) in order to achieve the **expected benefits**

Subsidiary flow



Commercial depts are required to **generate / update the Sales Forecast on SAP IBP**
(different supporting tool, while no changes will occur to market strategies and/or logics behind the Sales Forecast generation)



Local Planners (*Commercial / Supply Chain depending on Subsidiary*) are required to:

- Perform a **formal process of Sales Forecast review and validation**
- **Update the Purchasing Forecast** for each SKU (*includes MAKE products*)



Commercial, Supply Chain and Production Planning (*if applicable*) Departments are required to **carry out a formal and structured S&OP process** (*balancing of market demand with supply / production constraints for Local products*)



Expected Benefits

- Elimination of need to manage multiple Excel files thanks to an integrated tool
- Elimination of manual activities to import data on Excel files (Actual Sales)
- Data updated and visible in real-time
- Sales Forecast statistical proposal automatically generated by the system
- Sales Forecast can be analyzed and updated at aggregated level (e.g. product family)
- Increased visibility over past promotion plans and effects
- Customized and automatic reporting



Expected Benefits

- Automatic proposal of Purchasing Forecast based on embedded planning parameters (i.e. MOQ, lead-time, target stock coverage)
- Elimination of manual activities to import data on Excel files (stock, open orders) on multiple Excel files
- Graphical support to identify outliers
- Possible to carry out supply planning considering stock aging and obsolescence
- Customized and automatic reporting
- Full and real-time visibility over production / purchasing plan defined by Planning Hub for Corporate products



Expected Benefits

- Increased visibility over market demand, its evolution and production constraints
- Creation of a collaborative environment
- Earlier identification of potential supply and production issues
- Definition of production plans that consider both production and commercial priorities (i.e. Prioritization of production based on valuable products in case of capacity shortage)

Main benefits for Planning Hub

Activation of new To-be model require the Planning hubs to implement **few changes in the planning processes activities, their timing and the supporting tools** used to analyze and consolidate the Subsidiaries' Sales and Purchasing Forecast in order to achieve the **expected benefits**

Planning Hub flow



Corporate Demand Planners are required to perform on **SAP IBP** a **formal review** (*quick-check with focus on exceptions*) of **Sales Forecast** submitted by Subsidiaries



Corporate Supply Planners are required to perform the supply planning and balancing of overall supply requirements and constraints on **SAP IBP** for all SKUs (*includes MAKE products*)



- Commercial, Supply Chain and Production Planning of Planning Hub are required to **carry out a formal and structured S&OP process** (*for Corporate products*)
- Planning Hubs' Supply Chain are required to perform a **formal S&OP with the HQ**



Expected Benefits

- Elimination of need to manage multiple Excel files thanks to an integrated tool
- Sales Forecast can be analyzed and updated at aggregated level (e.g. product family)
- Automatic highlight of exceptions (i.e. Sales Forecast / Forecast accuracy variations compared to previous plan, statistical proposal, etc.)
- Customized and automatic reporting
- Data updated and visible in real-time across the whole Supply Chain



Expected Benefits

- Elimination of need to manage multiple Excel files thanks to an integrated tool
- Automatic highlight of exceptions (i.e. high / low stock coverage)
- Possible to carry out supply planning considering stock aging and obsolescence
- Customized and automatic reporting
- Speed up of planning and requirements balancing activities (e.g. direct extraction of Purchasing Forecast filtered by CMO)
- Data updated and visible in real-time across the whole Supply Chain



Expected Benefits

- Increased visibility over market demand, its evolution and production constraints
- Creation of a collaborative environment
- Earlier identification of potential supply and production issues
- Definition of production plans that consider both production and commercial priorities (i.e. Prioritization of production based on most valuable markets / customers in case of products shortage)
- Alignment of Planning Hubs over long-term production plans and constraints for Corporate products