

TOP TO BOTTOM

we know

they know

END TO END

## Inventia Healthcare sees a dose of success with a solution from SAP and IBM

### Overview

#### ■ The Challenge

Rapid annual growth of more than 50 percent at Inventia Healthcare was outpacing the capacity of its existing management systems, resulting in insufficient financial, manufacturing and regulatory compliance information. Outpaced infrastructure and fragmented data structures were limiting the company's potential for international expansion. If the company could automate and integrate its data collection and analysis, from manufacturing right through to sales, it could cut operating costs, meet its regulatory obligations and transform its international growth prospects.

#### ■ The Solution

Implemented SAP for Pharmaceuticals industry solution on an IBM Power Systems™ server, replacing a series of standalone systems with a fully integrated business solution.

#### ■ The Benefits

Today, data collected directly from production lines is immediately available for analysis, and is highly detailed and easily verifiable, throughout the enterprise. With this information, Inventia is able to meet pharmaceutical regulatory obligations even across multiple jurisdictions, as well as pursue its business strategy, which is enabled by the SAP solutions and IBM technologies. Demonstrated 40 percent increase in efficiency in materials management, from purchase requisition stage to dispatch and billing. Achieved 30 percent increase in efficiency of the quality assurance process, with faster product release. Quality assurance reporting has been standardized, with correct certificates of approval for all the material types for packing, raw and finished materials. Finance department efficiency has improved by some 30 percent, by eliminating duplicate entry of purchase and sales data, and elimination of manual master data records as SAP maintains an integrated track of all

processes from purchase to sale. Management Information Systems (MIS) reporting efficiency has improved by 30 percent across all report types. Audit preparation requires between 50 to 60 percent less effort. Inventia is able to optimize its manufacturing for maximum efficiency, helping to maximize margins and deliver real-time information to customers and to Inventia executives.

#### ■ Key Solution Components

Industry: Pharmaceuticals  
Applications: mySAP ERP® and SAP for Pharmaceuticals industry solution, including: financials, controlling, production planning, materials management, production management, quality management, and project systems components, alongside SAP® ERP Human Capital Management  
Hardware: IBM® Power Systems 570  
Software: IBM i operating system, IBM DB2®  
Services: IBM Global Business Services



*“With the IBM and SAP solution, management reporting requires around 20 to 30 percent less effort, we can reach relevant data 30 to 40 percent faster, and audit requires between 50 and 60 percent less effort.”*

Dr Ankur Shah  
Executive Director  
Inventia Healthcare

Established in 1985, Inventia Healthcare Private Limited is one of the leading drug delivery companies in India. Inventia specializes in the manufacture and sale of generic drugs in innovative dosage forms, which involves, for example, nano-technology. Annual sales exceed US\$25 million, with year-on-year growth of more than 50 percent in the last three years.

Selling across diverse markets, from North and South America to Europe and Asia, brings immense regulatory challenges in the global pharmaceutical market. Existing business systems were struggling to keep pace with the demand for information, and were limiting the company's potential.

Inventia replaced a fragmented collection of systems and databases with the SAP for Pharmaceuticals industry solution, running as a single, integrated instance on IBM Power Systems servers. Manufacturing, quality, audit, product, distribution and compliance data is stored and managed in a single place, alongside financial and management systems.

Dr Ankur Shah, Executive Director, Inventia, comments on the remarkable improvements delivered: “With the IBM and SAP solution, management reporting requires around 20 to 30 percent less effort, we can reach relevant data 30 to 40 percent faster, and audit preparation requires between 50 and 60 percent less effort.”

#### **Growing challenge**

Inventia manufactures generic versions of existing drugs, and develops innovative delivery methods – granules, capsules and new preparations. The company's 400 employees were previously using information systems that had been developed in-house, which were not connected across the operational units. The result was a rapid multiplication of separate databases and applications as Inventia grew.

Dr Ankur Shah comments, “Although the previous system supported our initial years, data accuracy and the time spent in collating data from various systems soon became a major concern. We found we had to visit the manufacturing sites on a weekly basis to validate data. The software was developed purely on the basis of user requirements, with no strategic view and no specialist knowledge of the regulatory frameworks in different geographies.

“Regulatory requirements were increasing, such as the need to have US Food and Drug Administration approval of our manufacturing plants. Without that approval, potential sales were eliminated and growth restricted.”

#### **Selecting SAP solutions**

Inventia reviewed the top 20 pharmaceuticals companies in India, looking at application and database landscapes, and at available support



from implementation partners. Crucially, the Inventia team considered each vendor's track record in the industry, and acceptance by auditors and regulators.

One possibility was to re-engineer the existing solutions in-house. The Inventia team felt that there would be no guarantee that regulators and customers would have accepted the solution, and therefore an external vendor's ERP solution was the correct decision.

The SAP for Pharmaceuticals industry solution selected by Inventia provides a tailored set of applications, focused on the core activities of the sector.

Inventia implemented the financials, controlling, production planning, materials management, production management, quality management, and project systems components, alongside SAP Human Capital Management for personnel and payroll activities.

"From the regulatory perspective, SAP has a track record of being well accepted by auditors worldwide," says Dr Ankur Shah. "The fact that the majority of pharmaceuticals companies worldwide rely on SAP software was a key element in strengthening our decision."

Inventia's objectives were to achieve reduced production planning times, faster regulatory approval of associated compliance documents, and faster financial decision making in response to changing sales and market demands. While the team was confident that the SAP solutions were clearly capable of reaching these goals, Inventia needed an implementation partner to put its plans into action.

### Choosing IBM as the best partner

While a number of vendors proposed

implementation services to Inventia, IBM Global Business Services clearly differentiated itself. The IBM approach included preparation for the business itself, for the regulatory and compliance elements of the solution, and for the underlying technology infrastructure.

"The responses to the invitation to tender were incredibly divergent in terms of pricing and timelines, some as much as four times higher than the IBM proposal," remarks Dr Ankur Shah, "The IBM strength lay in its history of implementations, and good experience of compliance management.

"The IBM team was very experienced in the pharmaceuticals sector, and was able to help our team map our business processes and develop reports that would assist decision making. The IBM process included extensive benchmarking against industry standards, which helped us revise and refresh our existing business processes and reports for greater efficiency.

"IBM has a good track record in the industry for timely and successful implementations, and has completed multiple SAP implementations in the pharmaceuticals sector in India. IBM was a logical choice for Inventia."

### Rapid implementation

The existing systems operated only at the factory level, and provided quantitative inventory control with no logistics or management features. Databases were scattered across the physical locations, and information often had to be rekeyed or transferred manually between applications, with no automated links.

For example, finance, payroll and sales systems each ran on separate software packages on different server

*"The fact that the majority of pharmaceuticals companies worldwide rely on SAP software was a key element in strengthening our decision."*

Dr Ankur Shah  
Executive Director  
Inventia Healthcare

### TECHNICAL LANDSCAPE

**Servers:** IBM Power Systems 570 with six POWER6 processors

**Software:** IBM i operating system, IBM DB2, mySAP ERP and SAP for Pharmaceuticals industry solution, including financials, controlling, production planning, materials management, project management, quality management, project system and SAP ERP Human Capital Management

**Users:** 94 SAP users

platforms. With independent hardware running Microsoft Windows operating systems, there was no consistent application maintenance, and support costs were rising.

The Inventia team set itself process objectives to replace this fragmented operational landscape with an integrated workflow between key business units and across the entire business operations – all of which would be managed from within the SAP environment. From sales quotations, sales order and material procurement, right through manufacturing to dispatch with full export, import and tax documentation, all the operational processes would be linked. The target was to have the new solution up and running within five months.

IBM Global Business Services developed and managed the project schedule. In addition, an implementation team of both IBM and Inventia users was established to provide expertise on mapping the existing business processes to the new SAP applications. IBM Global Business Services brought essential skills to the table, including experience of previous successful transitions and detailed templates to accelerate the transformation.

Dr Ankur Shah says, “The IBM team’s rich experience in the pharmaceuticals sector helped our team to map business processes and develop reports which would be useful for decision making. This obviously led to lot of benchmarking against industry standards which in turn helped fine tune our existing processes and reports.”

The business operations were consolidated to a single SAP instance, and multiple standalone servers were similarly consolidated. Working with

Lauren Information Systems, an IBM Business Partner, Inventia chose an IBM Power Systems model 570 server running the IBM i operating system.

Dr Ankur Shah comments, “The IBM i operating system and IBM Power Systems were completely new to Inventia. We had no real experience with enterprise-class IT and software implementation, and we learned a great deal from the IBM team about how to plan, gather requirements, test and deploy. When it came to migrating to SAP, the IBM team understood how to handle complex systems, business processes and technology. The knowledge-sharing from IBM Global Business Services has improved our internal knowledge and competence.”

The complete project duration was less than five months, within which the technical implementation phase took one month, including server installation and SAP configuration.

“We have already discovered that the server basically runs itself,” says Dr Ankur Shah. “The IBM i operating system includes the integrated DB2 database, providing integrated support for the SAP applications and greatly reducing our operational costs.”

#### **Accelerating processes and reporting**

Some 94 users access the SAP solutions, from finance through to materials requirements planning (MRP), relying on a single store of shared data. The solution enables better use of existing resources with reduced manpower, and reduced technology management costs.

MRP is a key area for Inventia, which automates the ordering and scheduling of ingredients using bill of materials, inventory and master production data to forecast which materials are required, when, and

*“The IBM team understood how to handle complex systems, business processes and technology. The knowledge-sharing from IBM Global Business Services has improved our internal knowledge and competence.”*

Dr Ankur Shah  
Executive Director  
Inventia Healthcare

in what quantity. Inventia captures data generated from sensors on manufacturing systems and barcodes on packaging, which is communicated automatically to the SAP MRP application to ensure immediacy and accuracy.

“The integrated nature of the SAP applications has been a great problem solver. For example, a major advantage has been in the area of materials requirements planning. Once the sales order is entered, and the MRP module is run, the procurement cycle is activated automatically. This helps us to plan our batch manufacturing for maximum efficiency, which in turn allows us to maximize our margins,” says Dr Ankur Shah. “Additionally, reporting quality is far greater – sales people can see estimated delivery times, and manufacturing managers can see the future orders pipeline.”

Integrated, accurate data is helping in a wide range of other ways, too, as Dr Ankur Shah explains: “We can look at costing of products by identifying all the inputs accurately, or review manufacturing delays and examine the impact on the top or bottom line. On the finance side, we can create balance sheet reports, or reconcile sales across all plants instantaneously and accurately.

“Previously we spent so much time collating data that we had little time left to analyze it. With SAP solutions, all data is already in a consistent format, ready for analysis, and the IBM Power Systems server is capable of delivering reports with no interruption to normal production. The result is lower business costs, improved information, and better business planning.”

The SAP solutions are also instilling a system-oriented approach into the

Inventia corporate culture, which helps to ensure regulatory compliance and adherence to corporate standards. Rather than being dependent on individual people who may leave company, taking knowledge with them, business processes and workflow are now stored within the SAP solution, with documented records and audited trails of actions. IBM Global Business Service played the central, co-ordinating role in the consolidation process, ensuring that business knowledge embedded in processes was captured and transferred to the SAP application workflows.

“For example, we can now understand the cost impact of a purchase order in real time on the sundry creditor’s ledgers, which was not the case before. This kind of information flow greatly reduces the management effort required to find, analyze and act on business data.”

#### **Strategy enabled by technology**

In the pharmaceuticals sector, the pressures from global regulation and enormously demanding clients make concerns such as real-time information, financial visibility and control, risk management and cost reduction, particularly acute. With the SAP for Pharmaceuticals industry solution on the IBM Power Systems platform, Inventia has transformed itself into a company able to successfully participate in the global marketplace. IBM Global Business Services has extensive experience of the life sciences sector, and has assembled considerable business expertise that can help accelerate successful deployments of SAP software.

Today, data collected directly from production lines is immediately available for analysis, and is highly detailed and easily verifiable,

*“The IBM Power Systems server is capable of delivering reports with no interruption to normal production. The result is lower business costs, improved information, and better business planning.”*

Dr Ankur Shah  
Executive Director  
Inventia Healthcare

throughout the enterprise. With this information, Inventia is able to meet pharmaceutical regulatory obligations even across multiple jurisdictions, as well as pursue its business strategy which is enabled by the SAP solutions and IBM technologies.

In summary, Inventia has demonstrated a 40 percent increase in efficiency in materials management, from the purchase requisition stage to dispatch and billing, and achieved a 30 percent increase in efficiency in the quality assurance process, with faster product release. Quality assurance reporting has been standardized, with correct certificates of approval for all the material types for packing, raw and finished materials.

By eliminating the need for duplicate entry of purchase and sales data and master data records, the efficiency of the finance department at Inventia has been improved by approximately 30 percent. SAP maintains an integrated track of all processes from purchase to sale. Management Information Systems (MIS) reporting efficiency has improved by 30 percent across all report types.

“The next steps will be to offer direct access for customers and suppliers to our enterprise portal for SAP. Customers will be able to place and track orders, and suppliers will be able to examine purchasing and payment status. The Inventia management team can extract and analyze accurate data to examine business trends and set strategy, and all the while the SAP and IBM infrastructure will offer reduced operating costs,” says Dr Ankur Shah.

“Most importantly, the data is very detailed and verifiable, which ensures that Inventia is able to meet its pharmaceutical regulatory obligations. Inventia can now pursue its business strategy, enabled by the SAP solutions and IBM technologies.”

*“Inventia can now pursue its business strategy, enabled by the SAP solutions and IBM technologies.”*

Dr Ankur Shah  
Executive Director  
Inventia Healthcare



IBM Deutschland GmbH  
D-70548 Stuttgart  
[ibm.com/solutions/sap](http://ibm.com/solutions/sap)

IBM, the IBM logo, and [ibm.com](http://ibm.com) are trademarks of International Business Machines Corporation, registered in many jurisdictions worldwide. A current list of other IBM trademarks is available on the Web at “Copyright and trademark information” at <http://www.ibm.com/legal/copytrade.shtml>

Intel, the Intel logo, Intel Xeon and the Intel Xeon logo are trademarks or registered trademarks of Intel Corporation or its subsidiaries in the United States and other countries. UNIX is a registered trademark of The Open Group in the United States and other countries. Linux is a trademark of Linus Torvalds in the United States, other countries, or both. Microsoft, Windows, Windows NT, and the Windows logo are trademarks of Microsoft Corporation in the United States, other countries, or both.

Other company, product or service names may be trademarks, or service marks of others.

This case study illustrates how one IBM customer uses IBM and/or IBM Business Partner technologies/services. Many factors have contributed to the results and benefits described. IBM does not guarantee comparable results. All information contained herein was provided by the featured customer and/or IBM Business Partner. IBM does not attest to its accuracy. All customer examples cited represent how some customers have used IBM products and the results they may have achieved. Actual environmental costs and performance characteristics will vary depending on individual customer configurations and conditions.

This publication is for general guidance only. Photographs may show design models.

© Copyright IBM Corp. 2010. All rights reserved.



© Copyright 2010 SAP AG  
SAP AG  
Dietmar-Hopp-Allee 16  
D-69190 Walldorf

SAP, the SAP logo, SAP and all other SAP products and services mentioned herein are trademarks or registered trademarks of SAP AG in Germany and several other countries.