

▶ ratiopharm

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► advanced integration capabilities for greater efficiency.

Business Issues

The Netherlands subsidiary of generic drug manufacturer, ratiopharm, had been a user of SSA Global solutions for more than 10 years when they determined they needed a new level of enterprise resource planning capability in order to remain competitive. In particular, they needed to achieve greater efficiency in managing an extraordinarily large inventory of materials and finished products.

After an evaluation of several competing ERP products, ratiopharm chose to stay with SSA Global. They implemented SSA ERP (SSA BPCS 8.0) because of its advances in functionality and strong integration capabilities.

The Company

The Netherlands-based division of ratiopharm, formerly known as Magnafarma, is the country’s second largest manufacturer of non-branded, generic pharmaceuticals that are no longer subject to patents. In operation since 1987, the company produces in excess of one billion tablets each year, in addition to tons of syrups, ointments and creams. Nearly 90 percent of its products are sold to pharmaceutical wholesale companies; the remaining 10 percent is sold directly to pharmacies. The Netherlands division has more than 250 employees and uses automated processes to produce 4,000 different items.

What's Critical

For ratiopharm, it was critical to minimize inventory costs while at the same time adhering to strict government regulations that apply to materials used in drugs and the handling of the product after it is manufactured. In order to achieve this, ratiopharm needed an ERP solution that could flexibly and efficiently manage a

company -----	ratiopharm
solution -----	SSA® Enterprise Resource Planning
product -----	SSA BPCS® 8.0
platform -----	IBM® eServer™ iSeries™
database -----	DB2®
industry -----	Pharmaceutical
customer revenue -----	EUR €45M
employees -----	250
country -----	The Netherlands

complex set of bills of materials. ratiopharm which had been a long-time user of electronic data interchange (EDI) also needed a new system that could keep pace with advances in e-business. “We do nearly 95 percent of our business using EDI so it is very important that we sustain our leadership in e-business,” explains Dirk Hoogers, manager of IT, ratiopharm.

According to Hoogers, ratiopharm also was looking for a software company that wanted to be a true partner, in addition to being a provider of high-quality enterprise solutions. “We needed to work with a company whose sales and technical staff followed through and did what they said they would do,” he says. “The SSA Global team has kept its promises and treated us as colleagues.”

Finding the Right Solution

ratiopharm upgraded its SSA ERP solution because of its advances in functionality and the confidence they had in the SSA Global team that was supporting the account. “We took a look at competing products and decided to stay with SSA ERP because it best met our needs. It has been designed and continually improved to help companies achieve the fundamental objectives of enterprise resource planning,” Hoogers says.

In the most recent upgrade, eProcurement capabilities were an important consideration. The new solution had to efficiently help ratiopharm make sure it was only making purchases from companies that were approved by the government. “In manufacturing pharmaceuticals, there is no room for error in terms of product quality and government compliance,” he says. “The eProcurement capabilities in SSA ERP mirror our approved supplier list, so we have total confidence in the decisions we’re making about our suppliers.”

In addition to core functionality, The Netherlands-based unit of ratiopharm liked SSA ERP because it had advanced integration capabilities that would make it easy to work with the diverse applications that are used throughout the ratiopharm group. It was particularly important that the business results and financial information from The Netherlands business unit could easily be rolled up to the corporate headquarters in Germany.

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Implementing Fast

Working with SSA Global and its maintenance and installation partner for the Benelux countries, ENIAC, ratiopharm was able to smoothly implement the upgrade. “The upgrade process was well planned,” Hoogers says. “It was a very pinpointed implementation and, as a result, very effective.” The implementation included a one-day, on the job training for key users.

Making it Pay

Hoogers, a long-term employee of the company, says that over the years, SSA ERP has significantly contributed to ratiopharm’s competitiveness.

“You could say that SSA Global has contributed to our success in two very important ways – cost reduction and cost avoidance,” he says. The current SSA ERP upgrade has helped ratiopharm reduce its raw materials cost by 1.5M€ per year and reduced the cost of carrying inventory by approximately 1M€ per year. Hoogers points to this success as the basis for another corporate success. “Because of the greater operational efficiencies made possible by SSA ERP, we have been able to avoid building a new warehouse that we projected would have cost the company 5M€ in capital expenditure, 5M€ in annual operating costs, and the need to increase our staff by 10 full-time equivalents. For a company our size, that’s an outstanding savings and competitive advantage.”

Forward Faster™ - Into the Future

Always looking to improve operational efficiency, ratiopharm plans to keep current on SSA ERP, upgrading to the next version, SSA ERP_{1X}, in the near future. “We see several advantages in moving as quickly as possible to SSA ERP_{1X},” Hoogers continues. “For example, web-enablement will allow us to use lower cost PCs. This will reduce our IT costs enormously.”

Hoogers also notes that SSA ERP_{1X} will allow ratiopharm to use alternative lot numbers for a single ingredient when it is used in different products, a significant advantage for a company that produces 4,000 items.

ratiopharm’s interest in SSA ERP_{1X} is not limited to the IT department. The company’s chief financial officer considers the functionality in SSA Financial Management (FM), SSA Global’s newest financial solution, as a powerful incentive for moving to SSA ERP_{1X}. The built-in integration capabilities of the two enterprise systems would allow them to work in concert to bring about even greater efficiencies across the business.

about SSA Global

SSA Global is a leading provider of extended ERP solutions for manufacturing, distribution, retail, services and public organizations worldwide. In addition to core ERP applications, SSA Global offers a full range of integrated extension solutions including corporate performance management, customer relationship management, product lifecycle management, supply chain management and supplier relationship management. Headquartered in Chicago, SSA Global has 63 locations worldwide and its product offerings are used by approximately 13,000 active customers in over 90 countries. For additional information, visit the SSA Global web site at www.ssaglobal.com.



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