Global Pharma Company Transforms Supplier Management to Become More Agile

Decreases Supply Chain Disruptions by Over 80%

68% decrease in incidents days to close

>80% decline in supply chain disruptions

>70% reduction in defects per million

The Challenge of Managing Suppliers

Over the past twenty years, pharmaceutical supply chains have become more difficult to manage as a result of the growth in outsourcing and the globalization of manufacturers' supply bases. Manufacturers rely on a large number of vendors including direct and indirect materials suppliers, contract manufacturers and packagers, third party logistics providers, and other partners, and face a massive challenge of ensuring an uninterrupted supply of raw materials, components, and outsourced finished goods at the lowest cost possible. Each day, incidents such as demand changes, material shortages, and packaging problems threaten to disrupt the flow of goods. Delays in approving seemingly routine supplier change requests or reviewing quality documents can also cause disruptions. Such disruptions lead to lower on-time, in full performance, unhappy customers, lost sales, and higher supply chain costs.

In Search of an Alternative to Email, Phone, and Improvised Documents

As a result of these challenges, the supplier management organization of a major global pharmaceutical company faced a high defect rate in materials, supply chain disruptions, delays in product launches, high supply chain costs, and escalations consuming an inordinate amount of management time. To address these problems, they embarked on a project to collaborate more effectively with their suppliers to reduce supplier business process deficiencies and quality defects and improve delivery performance. They also wanted a way to track and measure supplier performance over time to make sure suppliers were meeting the company's goals for continuous improvement.

Industry Segment: Branded pharmaceuticals

Headquarters Location: United States

Size: Over $10B in revenues

TraceLink Products:

- Agile Process Teams™ / Incident Management
- Agile Process Teams™ / Change Management
- Agile Process Teams™ / Quality Review

Objective: Develop a new way to work together with suppliers to resolve incidents, process change controls, and review quality documents more quickly and effectively.

Solution: Deploy TraceLink Agile Process Teams, providing a common workspace and a structured process to work together with hundreds of suppliers. The solution is also used for internal collaboration among hundreds of employees.

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While the company had sophisticated ERP, procurement, quality, and other systems for managing routine transactions with suppliers, none of these systems were suitable for resolving the various issues that come up with vendors. Enterprise collaboration tools offered improved communications internally but did not work outside the company's four walls and lacked support for managing structured business processes.

Lacking a suitable solution, the company had for many years resorted to email, phone, and improvised documents. This resulted in cumbersome and slow processes and frequent supply chain disruptions. The company decided to evaluate options for a software application that could enable a more efficient and effective way of working with suppliers.

Around the same time frame, a separate group that managed external manufacturing operations was looking for a better way to do batch record reviews with contract manufacturing organizations (CMOs). The lengthy time to review and approve these and other quality documents caused delays in releasing product for shipment to customers. Such delays could lead to shortages, stockouts, and lost sales.

Why TraceLink

After evaluating a number of options, both organizations chose to work with TraceLink. Key factors included:

The TraceLink Digital Supply Network:

TraceLink's network of over 280,000 trading partners is the largest business network in the life sciences industry and already includes many suppliers of products and services to pharmaceutical manufacturers. And if a vendor is not already on the network, TraceLink's Integrate Once, Interoperate with Everyone™ capability means once a supplier is connected to the network, they are verified and can start collaborating with any other company quickly.

Multienterprise work management capabilities:

Agile Process Teams's work management features digitalize collaborative, cross functional processes and speed the digital transformation of the supply chain. The solution enables teams to work collaboratively on processes that cut across functional silos both inside and outside of the organization. Issues are resolved faster, production disruptions are prevented, and batch releases and change requests are handled with greater speed and less effort.

Life sciences supply chain expertise:

TraceLink has a deep understanding of pharmaceutical supply chain processes. Agile Process Teams comes configured with industry-specific business workflows so you can start working with suppliers quickly. An industry-specific canonical data model means you can do apples to apples performance comparisons across suppliers for benchmarking and continuous improvement initiatives.

> " Adopting a multienterprise work management solution has dramatically improved the overall performance of our value chain. Everyone is on the same page, working from the same digital source of truth. We don't need to look into emails and spreadsheets to see what is going on, what needs to happen next, and why something happened. We've cut our incident resolution times by 5x, and the visibility has helped us prevent issues from reoccurring. "
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> **Sr. Director of IT for External Manufacturing**

A Shared Cloud Workspace to Work Together with Suppliers

The supplier management organization initially went live with Agile Process Teams's Incident Management and Change Management processes internally. They then extended its use to suppliers across multiple company divisions. They are now using Incident Management with hundreds of suppliers to track and resolve issues such as demand changes, quality problems, damaged product, temperature excursions, and incomplete shipments. When a problem arises, the company logs an incident in Agile Process Teams and then enables a team of internal and supplier experts to work together in the same application to analyze the problem, determine the root cause, and come up with corrective action.

The company uses Change Management to track and approve change controls requested from hundreds of supplier sites, such as changes to raw materials, packaging, and manufacturing processes. They also use Agile Process Teams for collaboration among hundreds of employees at internal manufacturing sites, many of which supply each other.

The external manufacturing operations group implemented Agile Process Teams's Quality Review capability. The solution replaced an ad hoc email-based process, partner portals, and document repositories with a single system for managing quality document reviews using a structured methodology. It has been deployed with over 90 CMOs with over 80,000 quality documents processed to date.

In addition to enabling individual teams to resolve issues faster, Agile Process Teams provides senior management with visibility to all incidents, change requests, and quality reviews across the company. Executives use the system to monitor critical issues and assign the necessary priorities to ensure these issues do not delay product shipments. The company can also monitor and benchmark supplier improvement over time.

Increased Agility and Remarkable Supply Chain Performance Improvements

By implementing a shared cloud application for resolving incidents, approving change controls, and reviewing quality documents, the company and its suppliers have become more agile. They can respond more quickly to issues and minimize any resulting disruptions to their supply chain. The quantitative improvements in performance have been phenomenal:

- **68% decrease** in incidents days to close
- **Over 80% decline** in supply chain disruptions
- **Over 70% reduction** in defects per million
- **Over 80% decrease** in escalations that have to be resolved by top management
- **20% reduction** in time to approve quality documents, resulting in faster product release
- **38% drop** in incidents

The last item above is particularly interesting, as lowering the incident count was not an objective of the project. The company encourages the reporting of incidents as soon as they are known and does not want to set a goal that might encourage underreporting. Nevertheless, over time the frequency of incidents has gone down by 38%. This is because having a systematic process for identifying the root causes of supplier incidents, resolving them, and continuously measuring supplier performance has encouraged suppliers to improve their internal manufacturing and supply chain processes.

By using the TraceLink system, teams, managers, and executives now have greater visibility into their overall supply so that they can more confidently make customer commitments and respond to issues with an agility not previously possible. And with fewer disruptions and more efficient processes, they are lowering operational costs, reducing shortages, and increasing revenues.

For more information, please call +781.914.4900 or visit www.tracelink.com

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