Maximizing business value for a leading European pharmaceutical company

HCLTech delivers improved inventory and seamless supply chain operations

The client is a leading European state-owned pharmaceutical company. It has over 400 outlets and controls more than 40% market share in Norway. HCLTech started this partnership with the client as an IT managed service provider, with a small team size of 5, was only involved in SLA based ASM and now HCLTech is vouched to be their reliable value-enabling partner, providing customizations to maximize business value in all retail channels, including 450 stores, 2 warehouses, over 600 suppliers and nearly 6000 items per store.

The Challenge:

With their ever-growing business, the client's legacy systems struggled to cope up with the pace. This called for an upgrade to a highly scalable solution that can support the business requirements. Another issue that needed to be addressed was inconsistent service levels among the wholesaler to the pharmacies. In addition, request a customized solution for specific business challenge scenarios to maximize business value. Integrating with third-party material handling systems was inevitable, and the client needed support in driving this initiative.

Our Solution:

Starting with SLA-based application support and a few functional upgrades in their existing BY applications, HCLTech evolved to a managed service model and a risk-reward based commercial model. To customize client's problem specific solutions in BY applications, HCLTech's BY consultant team introduced hierarchy management to reduce noise of history, defined the aggregate of actual sales at the pharmacies as sales at the DC level, implemented demand classification for analysis of history, and selected the right forecast algorithm, optimized inventory is achieved by aggregating demand for low frequency items at the DC level and syncing the dispatch with actual sales demand, maintained inventory is based on actual demand calculated at the pharmacy level, considering store inventory, enabled the pre-generation of plan orders for the total duration of the festive season and introduced new functionality for planners to force activate new brands in store in order to automate the replenishment process. Also, as part of the improvement model, HCLTech team implemented – safety stock calculation, moving event, suppression processes, transformed from a push model to pull model (Store demand-based supply chain planning).

Business Impact:

BlueYonder demand and fulfilment as the planning platform benefited clients, the overall **SLA for this BY application support and maintenance increased from 70% to 98% and improvement in system availability from 95% to 99%**. HCLTech helped the client **improve forecast accuracy by 5% to 6%**. HCLTech's customized solutions for value addition helped the client realize around **8% reduction in store inventory** and a **reduction of nearly 30%** in warehouse inventory. Client's overall **safety stock level reduced by 10%-12%.** They saw a **significant improvement in end-to-end supply chain visibility.**

HCLTech