TEVA CASE STORY

What began in 1901 as a small wholesale drug business in Jerusalem distributing imported medicines from the backs of camels and donkeys is now one of the top 20 pharmaceutical companies in the world, with operations in over 50 countries, 26,000 employees worldwide and production facilities in Israel, North America, Europe and Latin America.

Teva Pharmaceutical Industries now offers the widest range of cost-effective pharmaceuticals – both generic and branded – to consumers, customers and healthcare providers, and the group is particularly recognised for innovative therapies for MS, autoimmune diseases and oncology with on-going clinical development of treatments for Parkinson's disease, Alzheimer's disease, Lupus, haematological cancers and various solid tumors all in various stages of completion.

Headquartered in Israel, 80% of Teva's sales, totalling US$8.4 billion in 2006, are in North America and Europe, continually returning dramatic year-on-year increases.

European pharmaceutical sales represent around 25 percent of total pharmaceutical sales and the UK is an increasingly important sector for the worldwide group.

Teva UK was first set up in the 1930s, early making its mark in the development and production of saccharin tablets.

Now offering generic products in all major therapeutic areas in a variety of dosage forms from tablets and capsules to ointments, creams, liquids and injectables, customers range from community pharmacists and dispensing doctors to hospital pharmacies.

Based in Morley near Leeds, with Hampden Park facility in Eastbourne recognised as a Centre of Excellence for Packaging since 1998, Teva UK claims a unique degree of back integration, manufacturing many of the API (Active Pharmaceutical Ingredients) in its generic products range – a move geared to maintaining a firm control over the quality, availability and cost of every generic product it markets.

The problem

A chance remark at a trade show sparked-off a process that's already on course to make dramatic inroads into the group's declared aim to be the world leader in its field.

A UK-based Product Manager admitted that getting accurate forecasts was a problem, the process relying heavily on a stand-alone Excel spreadsheet that was manually updated each month.

'Laborious' and 'time-consuming' were two of the phrases used to describe the manual number-crunching process that despite the company's best efforts, consistently remained riddled with errors.

What was worst, results could not be shared effectively across departments.

Time for REFLEX Demand Planner to make an entry…

The solution - 1

REFLEX Demand Planner is a purpose-built demand management tool offering multi-level, multi-channel forecasting. Introduction of the standard REFLEX package proved trouble-free, involving just minimal input with data automatically generated. A smooth and easy integration despite limited resources and training delivered on request, the tool's most widely appreciated features were the automatic feeds to the Marketing, Planning, Sales and Purchasing departments to form the first integrated data flow process in the firm's history.

Over a transition period remarkable only for being short and hassle-free, REFLEX quickly made its mark as a leading-edge technology forecasting tool providing highly flexible financialised views with the added advantages of flexibility and adaptability to the progressive requirements of the pharmaceutical industry. "Accuracy at Item level has improved from an estimated 65% to 85% within a 6 month period " expressed by Alex

Johnson the Strategic Product Manager The move had quickly proved a major success all-round. But this was just the beginning…

The solution – 2

For many companies, the story would have ended there, with all concerned delighted at the highly cost-effective and trouble-free transition from a set of stand-alone spreadsheet-based solutions to a fully integrated business application which drove down man-time while improving the efficiency and effectiveness of the previously unwieldy and inaccurate demand planning process.

But not Teva…

Over the next few months, the marked difference REFLEX had made had singled-out the program as more than just a demand planning tool, and as the firm's long-held ambitions to be the world's #1 generic pharmaceutical company continued edging nearer and nearer – in some measure due to the new-found forecasting accuracy that was already making an impact in the main boardroom – Teva called in REFLEX's developers to ask about extending the program's capabilities beyond its original parameters.

Based on a tightly integrated, highly flexible central processing engine, it was straightforward for the development team to respond quickly to these requirements.

Industry-specific information, product licensing, market positioning, detailed product history, as well as Rolling Analysis reports sorted and summarized by channel, market, and other product categories – have all now been successfully incorporated and tested to Teva's exacting standards

The results

Subsequent to what began as a package with some industry-specific demand planning additions, REFLEX is now the information warehouse for all Teva's product management purposes.

It includes precise information on current and future volumes, revenues, costs and margins. Sales history is adjusted to take account of supplier shortages, and events for specific customer contracts have been added, along with all other adjustments, to reflect the changes in the highly-dynamic pharmaceutical market.

Variances between current and previous forecasts, and against the annual budget, are continually monitored to identify issues in advance and react accordingly.

Launch profiles for new products are designed and applied, and REFLEX feeds back on their accuracy over a product's lifecycle. Product-specific seasonality profiles are applied automatically, along with the Best Fit algorithm, to generate a complete forecast whose accuracy is constantly measured for all product and business categories, providing 'traffic light' control to identify poor performers and appropriate responses.

And still the improvements go on…

Currently underway (August 2009) is a drive to develop margin versus revenue analysis in a move to focus on increasing product margins capability into REFLEX, bringing-in forecast accuracy by Customer and Market segment, by ABC plus drill-down, forecast v budget, year-on-year analysis, event accuracy seasonal forecasts and response to demand alerts.

"REFLEX is now doing things that even we hadn't imagined possible only a few years ago. Alongside ease-of-use, affordability, straightforward interface and in-built ability to produce high-accuracy intuitive graphs we can safely add flexibility and extreme versatility'" according to William Capjon, who was the lead consultant involved in the implementation.

"It's a never-ending process of improvement and refinement …!" he said.