

## SAP Customer Success Story Life Sciences – Herbal Healthcare



**“By using mySAP Business Suite to integrate processes, we can ensure we meet our goals. We now have the support we need for decision making in regards to the supply chain and our relationships with suppliers and customers.”**

Alain Giraud, Chief Information Officer, Arkopharma Pharmaceutical Laboratories S.A.

### AT A GLANCE

#### Company

- Name: Arkopharma Pharmaceutical Laboratories S.A.
- Location: Carros, France
- Industry: Life sciences
- Products and services: Herbal healthcare
- Revenue: €250 million
- Employees: 1,600
- Web site: [www.arkopharma.com](http://www.arkopharma.com)
- Partner: Technidata

#### Challenges and Opportunities

- Integrate processes to ensure the agility necessary for a midsize multinational
- Establish an IT system more closely suited to the company's strategic development (manufacturing investments, regulatory compliance, and so on)
- Optimize the total cost of ownership
- Keep in-house control of the infrastructure

#### Objectives

- Recast and optimize processes
- Ensure seamless integration
- Install a tracking system to monitor products
- Integrate processes at a new factory

#### SAP® Solutions and Services

mySAP™ Business Suite applications, including the SAP® Environment, Health & Safety application

#### Implementation Highlights

- Ongoing involvement of senior management and the use of in-house knowledge and core competencies
- Projected increase in users from 500 in 2005 to 700 in 2009

#### Why SAP

- High degree of integration (R & D, purchasing, production, quality control, and logistics) necessary to ensure lateral safety and environment tracking
- Robust, market-leading solution from an established software developer

#### Benefits

- Seamless data processing, allowing real-time modifications to products
- Restructuring and optimization of company processes (stock reduction and improved supply chain processes)
- Acceleration of accounting processes (monthly closeout completed in 3 days versus 10)
- Agility, due to the alignment of processes with the strategic objectives of the company
- Optimization of IT spending (integration and consolidation of licenses)

#### Existing Environment

Obsolete, disparate IT systems

#### Third-Party Integration

- Database: Oracle
- Hardware: IBM
- Operating system: UNIX

## ARKOPHARMA

### In a Highly Regulated Market, Herbal Healthcare Company Makes the Most of Its Know-How with mySAP™ Business Suite

Since its launch in 1980, Arkopharma Pharmaceutical Laboratories S.A. has grown into a multinational conglomerate in the herbal healthcare market. With a range of products that include phyto-therapeutic remedies, dietetics, skin care solutions, and food supplements, the €250 million company is now represented in 65 countries. It employs 1,600 people working at headquarters and throughout 11 subsidiaries and three factories in France, Italy, and Ireland.

Since 2000 the Carros, France-based Arkopharma has been engaged in a total restructuring of its information systems. Its aim: to eliminate obsolete and disparate IT systems by implementing the mySAP™ Business Suite family of business applications. The overall result: integrated production, sales, and financial accounting process company-wide.

### A New Factory to Accommodate Growth

When Arkopharma opened a new factory in Italy, it easily integrated the site into its core SAP® software system. By March 2005 the new Italian unit – which enabled Arkopharma to meet the demands for a 10% increase in annual production growth – was able to enjoy the same benefits as the main factory: streamlined manufacturing and administrative processes.

## Keeping Control

The company chose mySAP Business Suite because of its long-term viability and SAP's industry expertise and its global reputation as the leading vendor in enterprise business software.

But, in spite of Arkopharma's successful project deployment in April 2003, the company realized its IT team needed further SAP knowledge transfer. To rectify the situation, Arkopharma named Alain Giraud chief information officer in July 2003, restoring in-house control of SAP knowledge. That's when the company set up its SAP Customer Competence Center location, which was certified by SAP in 2005.

**“Our IT team is now able to function far more effectively and is more responsive. And this is with the same technical staff – and with an extra factory.”**

Alain Giraud, Chief Information Officer,  
Arkopharma Pharmaceutical Laboratories S.A.

“Managing change, accurately estimating the structural impact of total integration, was critical to the project's success,” says Giraud.

## A New Direction

Within three months, Arkopharma was off and running in a new direction. Three groups were set up to help cover various areas of the implementation: business process management, involving employee representatives; application management, bringing together IT specialists and experts with a common knowledge of the SAP applications; and infrastructure management. The project team was comprised of a total of 20 key users and IT people.

The team's close link to senior management helped accelerate the decision-making process. Effective knowledge transfer was ensured through training courses at the company's SAP Customer Competence Center.

## Enriched and Simplified Applications

Arkopharma was able to easily connect its portfolio of applications (including software for accounting, tax reporting, payroll, specialist pharmaceutical electronic data interchange [EDI], weighing center processes, provisioning, and so on) via standard interfaces to the SAP business enterprise software.

“By using mySAP Business Suite to integrate processes, we can ensure we continue to meet our goals. We now have the support we need for decision making in regards to the supply chain and our relationships with suppliers and customers,” explains Giraud. Arkopharma has defined a five-year strategic vision, with full support from management.

## Managing Sensitive Products

Arkopharma is particularly concerned with regulations that require rigorous monitoring and traceability of products – especially those classified as “sensitive.” This presents certain challenges for the company, considering that it needs to keep track of nearly 4,500 products, often on a daily basis. It must not only be able to quickly locate all its products; it must also accommodate the various regulations enforced by different countries and effectively manage the documentation relating to these products – in multiple languages. Documentation includes usage instructions for workers who handle the products, recipes, and official papers (customs, for example), and so on.

In other words, the company needs to ensure that all processes involved in the manufacture and distribution of its products (purchasing, logistics, R & D, and production) are integrated and transparent, and that it can effectively meet government and country-specific regulations.

“The large number of products and the detailed monitoring that must be performed by our safety and environment department underscores the value of having integrated business processes,” says Giraud. The company complemented its business software with the SAP Environment, Health & Safety application,

which was implemented in 2005 with the help of the Arkopharma experts working out of the company's competence center; SAP consultants; and Technidata (supplier of sensitive product data). Arkopharma plans to extend its use of the software to cover waste disposal processes.

### **Faster Closeouts**

"As a small-to-midsize enterprise, we use the SAP software to manage processes that are similar to many major multinationals in the pharmaceutical sector and other industries," Giraud stresses. According to Giraud, by having "the right information in the right place at all times," certain processes have been accelerated and consolidated. For example, accounts closeouts, previously completed in 10 days after the end of the month, can now be completed in 3 days. And the company is now able to avoid overstocking, due to the availability of real-time information.

Overall, Arkopharma continues to realize many benefits and has optimized the total cost of ownership. "Our IT team is now able to function far more effectively and is more responsive. And this is with the same technical staff – and with an extra factory," Giraud concludes.

[www.sap.com/contactsap](http://www.sap.com/contactsap)



THE BEST-RUN BUSINESSES RUN SAP™

50 082 915 (07/03)

© 2007 by SAP AG. All rights reserved. SAP, R/3, mySAP, mySAP.com, xApps, xApp, SAP NetWeaver, and other SAP products and services mentioned herein as well as their respective logos are trademarks or registered trademarks of SAP AG in Germany and in several other countries all over the world. All other product and service names mentioned are the trademarks of their respective companies. Data contained in this document serves informational purposes only. National product specifications may vary. Printed on environmentally friendly paper.

These materials are subject to change without notice. These materials are provided by SAP AG and its affiliated companies ("SAP Group") for informational purposes only, without representation or warranty of any kind, and SAP Group shall not be liable for errors or omissions with respect to the materials. The only warranties for SAP Group products and services are those that are set forth in the express warranty statements accompanying such products and services, if any. Nothing herein should be construed as constituting an additional warranty.