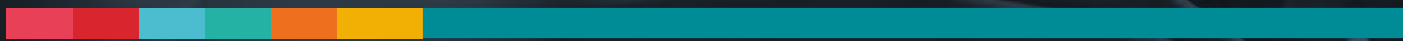


**ORDER MANAGEMENT**

**MASTERING SUPPLY CHAIN  
MANAGEMENT IN AN EVOLVING  
LIFE SCIENCES LANDSCAPE**



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# INTRODUCTION

## WHY ORDER MANAGEMENT MATTERS IN THE LIFE SCIENCES INDUSTRY

Supply chain leaders in the life sciences industry face a lot of unique challenges. On top of operating in a patient-centric business environment, they also have to deal with increased pricing pressures and added legislative scrutiny. As a result, many are looking to accelerate processing times, reduce errors and complexity, and enhance visibility – order management automation being a proven solution to accomplish these critical supply chain objectives.

### NAVIGATING A COMPLEX ENVIRONMENT

On a high level, one of the biggest reasons life sciences companies should put a premium on order processing performance has to do with the current makeup of the industry.

Today's highly competitive climate has given rise to more and more spinoffs, M&As and divestitures. In terms of order processing, the lack of a truly collaborative order management solution in this environment often manifests itself in an organisation as added costs, added complexity and added pressures.

### REAL RESULTS THAT DRIVE SUCCESS

Order processing automation in the life sciences industry is not a new development. For years, companies have relied on its many advantages to drive business success, with results including:

- Lowered order processing costs by 55%
- Achieved order entry accuracy rate of 99.6% in order entry process
- Accelerated average order processing time from 8 minutes to 2 minutes
- Cut average number of steps to process a fax/email by half (from 8 steps to 4 steps)
- Saved more than 130,000 pages of paper annually associated with order processing
- Reduced labour overhead in order entry by 60%
- Increased electronic throughput rate by 40%

### WHAT ARE MANAGEMENT'S TOP PRIORITIES?

Supply chain performance in the life sciences industry is directly tied to the top initiatives of management. According to a recent KPMG industry outlook survey<sup>1</sup>, these include:

- 1) Navigating changes in the regulatory environment.
- 2) Investment in organic growth.
- 3) Improvement of operational processes and related technology.

1 Pharmaceuticals & Life Sciences Industry Outlook Survey: Executives Focus on Growth Despite Regulatory Challenges, 2012. KPMG LLP. PDF file.



**WE'RE ABLE TO BE MORE RESPONSIVE TO OUR CUSTOMERS. AUTOMATION HAS BEEN A WONDERFUL TOOL.**

**IF THERE'S SOMETHING WE NEED OFF OF AN ORIGINAL DOCUMENT, WE CAN EASILY RETRIEVE IT.**

**WE MAKE FEWER ERRORS AND ARE MORE ACCURATE WITH SHIPPING OUR PRODUCTS ON TIME.**

# CHALLENGES & OPPORTUNITIES

To better understand the need for automation in life sciences, we need to examine the main challenges associated with manual order processing, and why traditional technologies often fall short of achieving the necessary amount of supply chain efficiency.

## TRUE COST OF MANUAL TRANSACTIONS

Despite being an industry of innovation, it's not uncommon for life sciences companies to use outdated supply chain operations. The cost of relying on manual transactions and human intervention can be steep: Research from APQC revealed that companies in the category of "bottom performers" incurred eight times more cost when processing sales orders (£41.12) than did "top performers" (£5.04)<sup>2</sup>. Unsurprisingly, the research found a correlation with higher costs and paper-based processes.

The cost goes beyond general workflow costs and inefficiencies, too. For supply chain leaders, order processing errors aren't just sweep-it-under-the-rug type of mistakes. They represent huge additional expenses in terms of reshipping time, restocking procedures and imbalanced inventory levels.

## IMPACT OF MISSED ORDERS

One thing that all life sciences companies live in fear of is the possibility of a missed order. Order accuracy is critically important because every error represents a potential effect on a patient down the road. The cost to the company is worth noting as well: Should you ship the wrong product, you may not be able to resell it once out of the chain-of-custody jurisdiction, which can result in both short- and long-term losses.

## FILLING IN THE TECHNOLOGICAL GAPS

While it's true that many life sciences companies already have an ERP application in place and/or rely on an EDI system to process certain documents, the reality is that these technologies, though beneficial, are still limited in their ability to streamline order management. For example, when exceptions occur in an EDI environment (as they often do), human intervention is necessary in order to fix it. This often means involving the IT department to ensure resolution.

Fortunately, technology that can overcome these challenges and complement existing infrastructures is available to life sciences companies who seek it out. Misconceptions that automation solutions — particularly cloud-based offerings — are too expensive and/or complex to implement are quickly fading as more success stories emerge.

In exploring the challenges of life sciences companies, this white paper will present the many benefits of automating the order-taking process and the different technology options available.

## COST COMPARISON

According to an APQC study, it costs "bottom performers" 8 TIMES MORE to process sales orders than it does for "top performers."

<sup>2</sup> Cutting the Costs of Sales Order Processing, 2015. APQC. PDF file.

# UNDERSTANDING WHAT'S AT STAKE

Life sciences companies are under rising pressure to put a premium on speed while reducing their costs. Conserving financial resources and reducing supply chain complexity is absolutely crucial in order to sustain the highly demanding R&D necessary to keep up with aggressive competition and the changing face of healthcare, including increased demand for generic medications as new legislative regulations become fully implemented.

## THE SUPPLY CHAIN PERSPECTIVE

The struggles associated with manual processing affect a business at multiple levels – particularly for the supply chain leaders in the life sciences industry, who have good reason to put a premium on speed and cost savings. The very nature of the industry (i.e., treating human beings) requires that the highest standards are met.

To these individuals in leadership positions, the supply chain is viewed as a resolution of supply and demand, in that the process of capturing an order is the first step in handling and managing actual demand rather than predicted demand. Thus, having paper-based documents and manual touch points infiltrate the supply chain poses significant challenges, including lack of visibility to prioritise and monitor critical documents that can effect patient outcomes; delays in fulfillment and cash collection caused by errors which increase shipping costs and lead to restocking or write-offs in the event of returns; and lack of access to documents for auditing purposes.

## TOP CHALLENGES FOR LIFE SCIENCES COMPANIES

- 1) **Adapting** to changing business models (e.g., spinoffs, M&As and divestitures)
- 2) **Reducing** costs and navigating how regulatory compliances are changing
- 3) **Improving** control and visibility to avoid chain-of-custody issues
- 4) **Emerging** markets
- 5) **Inventory** levels
- 6) **New product** introductions

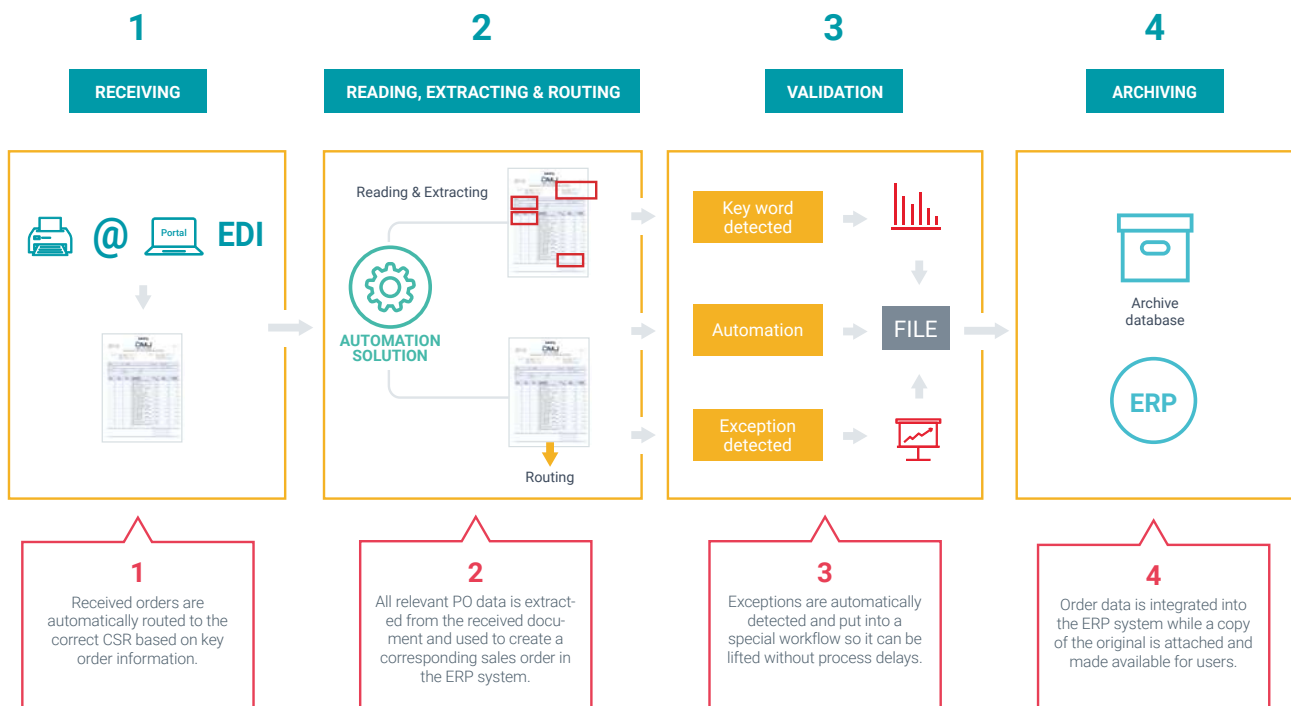
## HOW MANUAL ORDER-TAKING AFFECTS YOUR SUPPLY CHAIN

ISSUE	IMPACT
<b>Lack of process visibility</b>	<ul style="list-style-type: none"> <li>▪ Harder to budget, plan and forecast</li> <li>▪ Limited control and higher risk of audit non-compliance</li> <li>▪ Inability to identify urgent orders as they arrive</li> <li>▪ Difficulties in responding to order status enquiries</li> </ul>
<b>High order processing costs</b>	<ul style="list-style-type: none"> <li>▪ Negative impact on bottom line</li> <li>▪ Less money to invest in R&amp;D for innovation</li> <li>▪ Missed opportunity for gaining a competitive edge</li> </ul>
<b>Order processing errors</b>	<ul style="list-style-type: none"> <li>▪ Additional expenses (e.g., reshipping, restocking, etc.)</li> <li>▪ Risk of production delays and imbalanced inventory levels</li> <li>▪ Use of skilled resources to resolve order errors</li> <li>▪ Potential for missed orders/patient compromise</li> </ul>
<b>Slower order processing cycle time</b>	<ul style="list-style-type: none"> <li>▪ Delays in shipping orders</li> <li>▪ Waste of cash (e.g., late dispatch penalties)</li> <li>▪ Damaged relationships with customers not meeting SLAs</li> </ul>

# EXPLORING ORDER MANAGEMENT AUTOMATION

Best-in-class order processing automation solutions are equipped with intelligent features that allow life sciences companies to automate every phase of their order management process – from the reception of the original document to the creation of a corresponding business document. The workflow includes automatic and human validation of the data as well as document archiving and visibility throughout, allowing organisations to process the “perfect order.”

## HOW IT WORKS



## WHAT FEATURES SET A SOLUTION APART?

Organisations looking for an order management automation solution will quickly find there are many options to choose from. However, in order to gain the comprehensive functionality needed to truly achieve supply chain excellence, certain solution features should be offered by the provider. These include:

- A collaborative platform capable of automating multiple business processes
- One-step document validation and reconciliation
- AI and RPA technology to automate data extraction, verification and posting
- Integration with ERP applications, including SAP® software systems
- Web-based workflow that resides outside of the ERP system
- Support for shared services centres and other global initiatives
- A proven implementation methodology and process focused-approach

# END-TO-END BENEFITS OF AUTOMATION

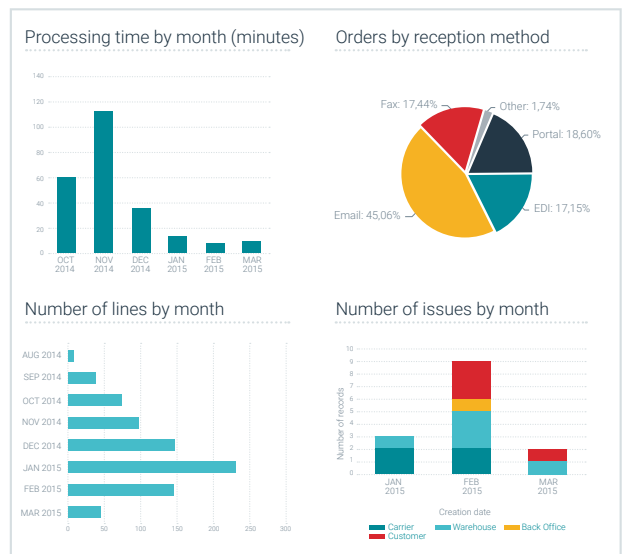
By minimising the number of manual steps within order management and filling in the gaps that traditional software technologies can't fill, order processing automation creates a truly streamlined user experience that enables benefits to ripple throughout the supply chain and organisation.



## REPORTING & METRICS

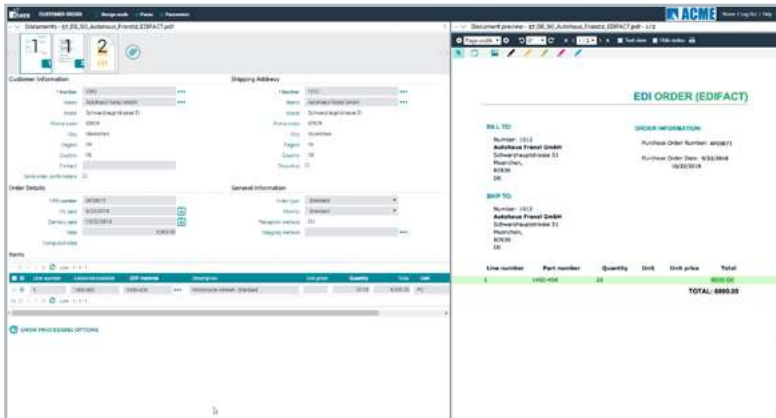
Leading order processing solutions come equipped with intelligent and customisable dashboards that enable users to facilitate daily tasks, monitor performances, and react quickly to prevent problems or spot opportunities early – making every action smarter and more strategic.

Customer Service Managers and personnel, for example, gain newfound control over their operation with the ability to monitor the volume of orders processed by full-time employees per day, split between orders that have gone straight through and those that required user intervention, and measure the average time to process an order and other Key Performance Indicators (KPIs).



## EDI EXCEPTION HANDLING

Order processing automation also allows companies to do away with the costly and time-consuming aspects of editing errors on EDI orders, including dependence on IT. Here's how it works: Information is captured from an EDI order and used to create a human readable version which CSRs can complete or correct and start the workflow as usual.



## CUSTOMER ISSUE MANAGEMENT

Using the same interface as their customer orders, CSRs can also create, manage and track customer issues electronically while maintaining full visibility from order creation to product reception. With immediate access to any claim, CSRs are able to foster better customer relationships.





# LIFE SCIENCES SUCCESS STORY

Using a cloud-based order management automation solution, Terumo Medical Corporation was able to accelerate its order processing speed by 60 per cent.

## CHALLENGES

Terumo Medical Corporation previously relied on its internal sales teams to market its medical device products. However, without the appropriate system or staffing in place to handle all the incoming orders – some being sent and received via EDI, some being sent by hospitals and clinics via fax or phone – it created a number of issues for Terumo's Customer Care team, including:

- Dropped calls due to large volumes of fax traffic
- Significant order backlog that slowed down processing
- Limited resources/scalability to manage workload

## FINDING A SOLUTION

Terumo initially thought its subsidiaries in India could take over order processing, but training staff who were unfamiliar with the customers and products proved to be too challenging. Terumo also explored the idea of leveraging existing solutions within different departments, but lacked the stability and key capabilities to do so. Ultimately, Terumo selected an automated order processing solution because it met the company's two main requirements:

- 1) Automate elements of order management like the EDI system using OCR and other technologies.
- 2) Coexist with the JD Edwards ERP system and maximise Terumo's existing infrastructure.

## RESULTS AFTER AUTOMATION

- **Faster processing times.** The time to process an order decreased by 60% by keeping the workflow electronic compared to manually processing the orders through Terumo's ERP system.
- **Increased cost savings and customer service.** Even with the amount of inbound customer orders increasing annually, workflow automation has allowed Terumo to maintain its staffing levels – saving a significant amount of money – while still freeing up time for its Customer Care team for more value-added activities.
- **Click-and-go processing.** Terumo also leveraged the solution's click-and-go and Teach functionalities, having already taught rules for 575 different customer orders for which data entry is eliminated.



THE FUNCTIONALITY COMPARED TO OTHER PRODUCTS WE HAD EXPERIENCE WITH WAS NIGHT AND DAY. WE LOVED THAT IT WAS AN INTELLIGENT SOLUTION THAT COULD BE TAUGHT RULES TO MAKE IT MORE CUSTOMISED TO OUR SPECIFIC REQUIREMENTS.

DIRECTOR OF CUSTOMER CARE AND ACCOUNTS RECEIVABLE | TERUMO MEDICAL CORPORATION

## ABOUT TERUMO

With over 80 years of experience, Terumo Medical Corporation has grown into a worldwide leader in hollow-fibre technology, blood-management systems and endovascular therapy, with its medical products being used in more than 160 countries. Terumo offers its products in two business divisions: Terumo Interventional Systems and Terumo Medical Products.

# SOLUTION SPOTLIGHT

## ESKER'S LEVELS OF AUTOMATION

As a leader in AI-driven process automation software, Esker offers three standard levels of automated fax and email order processing, ranging from a basic “quit paper” solution to full-blown data extraction and verification that the information is correct inside of the ERP system.

### LEVEL 1

**At the first level of automation**, information is captured and extracted by Esker and presented to the CSR in a dual-screen mode. On one screen, they see an actual image of the order. If orders come in via EDI, they are presented in a readable image. At this point the CSR can complete any missing fields, while Esker verifies everything in the database. This option helps companies take paper out of the process, create the order inside of the ERP system, and link it to an order image so that, down the road, orders can be found quickly for audits.

### LEVEL 2

**Level 2 adds a new level of intelligence** to the process by “learning” what fields had to previously be filled in by the CSR and completing them automatically. In this level, the solution also verifies that the captured data is correct in the database, and prepares it for the CSR to validate. These systems might include an existing EDI solution, as it is common for companies using EDI to not gain everything they expected from the technology.

### LEVEL 3

**The third level of automation** is for those who may not have an existing EDI solution or simply do not want to slow down workflow in their existing EDI solution. In this step, Esker’s solution extracts all the necessary fields and creates the order in the ERP system — either through click-and-go processing (where CSR validation is still required) or through true “touchless” processing (where CSR validation is unnecessary). This is perhaps the most common way Esker is implemented, as it provides all of the functionality available.

## EXECUTING THE PROJECT

### Agile methodology

When implementing an order processing automation solution, Esker always aims to make the process as quick and responsive as possible. That is why Esker utilises the Agile methodology, which allows our customers, business partners and their key stakeholders to achieve maximum value throughout every phase of solution delivery. These benefits include:

- Gaining the benefits of the solution more rapidly with faster Return on Investment (ROI)
- Ability to make decisions and modifications with context and experience
- Quickly receiving new features to test
- Being directly involved in the project; greater process insight
- Investing resources in the most valuable features
- Reducing risks and lowering overall startup costs

## TYPICAL PROJECT STAGES



### STAGE 1

#### Signing the SOW

All Esker projects begin with the signing of the Statement of Work (SOW), confirming that the general framework under which the project will be executed is correct.



### STAGE 2

#### Project Inception

Project Inception is a 2-4 week stage where Esker establishes a rapport with the customer team members and outlines the broad project objectives and potential project timeline.



### STAGE 3

#### Foundation Increment

Occurring over 8-12 weeks, the activities in the Foundation Increment stage are where Esker establishes the foundation platform upon which the entire customer solution will be built.



### STAGE 4

#### Increment Delivery

This is the stage where Esker configures the solution in increments, enabling users to test and accept features as they're delivered. The delivery of a single increment typically takes four weeks.

## CHANGE MANAGEMENT

Similarly, Esker also understands the importance of devising a comprehensive plan for Change Management during implementation. Change Management is a set of processes and techniques that get you to your desired outcome with maximum user acceptance by delivering the right information to the right people at the right time. This means participation by everyone impacted, from executives and managers to supervisors and front-line employees.

Esker's highly trained and certified experts work closely with you to align all expectations and strategies. The following are some of the most common outcomes organisations can expect from effective Change Management:

- Increased likelihood of project success
- Improved morale of employees affected by the project
- Greater chance for project to be within budget
- Greater chance for project to finish within time frame
- Less stress before, during and after project
- Increased project legitimacy

## ESKER SOLUTION METHODOLOGY

Esker recommends that companies looking to carry out a fax/email order automation project take a close look at their current process and identify as many manual touch points as possible. At times, there may be a manual step in a company's order process that is critically important (i.e., there is a reason why it is done), and it should not be eliminated altogether but simply automated as much as possible.

Esker seeks to understand its customers' business processes and explore why they are doing things a certain way. Only then is it the best time to look for areas where paper can be removed and gains can be achieved. An important consideration in this approach is to keep it simple and not try to do too much at one time.

# CONCLUSION

## KEY TAKEAWAYS

### CHALLENGES TO ADDRESS

**Life sciences companies are facing questions on how to:**

- Centralise operations amidst spinoffs, M&As and divestitures
- Ensure supply chain quality control and security (e.g., chain-of-custody)
- Reduce missed orders and their impact on patient care
- Respond and evolve in an ever-changing marketplace
- Find a balance between cutting costs and increasing R&D investment
- Create a more engaged and productive working environment
- Become more predictive and strategic in decision making

### ADVANTAGES OF AUTOMATION

**These challenges can be overcome thanks to automation's ability to:**

- Significantly reduce order processing costs and errors
- Improve supply chain efficiency and collaboration in a dynamic environment
- Eliminate risks of imbalanced inventory levels
- Bring visibility into every order processed via real-time tracking
- Prioritise urgent orders via keyword detection tools
- Present measurable data and customisable KPIs to every user

# ABOUT ESKER

Esker is proud to offer an Order Management solution specifically designed to help life sciences companies automate what needs to be automated in order to achieve their ultimate goal – improving profitability and the customer experience. But our expertise doesn't stop there. Companies of all sizes and industries use other Esker solutions to drive added value and efficiency in business processes that span the O2C and P2P cycles, including: accounts receivable, collections management, accounts payable, procurement and more.

## GLOBAL EXPERTISE

Founded in 1985, Esker's solutions are used by over 6,000 customers globally, from small to mid-sized businesses to large corporate entities. Esker operates in North America, Latin America, Europe and Asia Pacific with global headquarters in Lyon, France, and U.S. headquarters in Madison, Wisconsin.





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