

TOP TO BOTTOM

we know

they know

END TO END

## Aesica Pharmaceuticals prescribes SAP and IBM to meet its global ambitions

### Overview

#### ■ The Challenge

Aesica Pharmaceuticals is revolutionizing the supply of formulations and ingredients in the pharmaceuticals industry. An ambitious strategy to become the sector's global leader requires the rapid transformation of newly acquired companies' processes, cultures and systems. It is essential to ensure that the highly successful "Aesica way" is replicated cost-efficiently, growing the group's value for hungry investors and serving the demanding pharmaceuticals industry.

#### ■ The Solution

Aesica has chosen to standardize on SAP using the IBM Express Life Science solution tailored for the pharmaceuticals industry, with embedded best-practice processes and controls. Acquired companies' data and systems are migrated to the SAP environment as soon as practicable, following the Aesica model. Aesica has engaged IBM Global Business Services to implement SAP applications, and selected IBM Global Technology Services' Applications on

Demand to provide complete SAP infrastructure services, from day-to-day operational issues up to and including SAP Basis through to backup, servers & storage, data centre hosting and disaster recovery services.

#### ■ The Benefits

By standardizing on SAP best-practice processes and applications, Aesica is able to integrate and understand acquired companies' businesses rapidly, bring efficiencies and insight to bear quickly and maximize shareholder value. The integrated components provide accurate consolidated reports from multi-site activities, helping Aesica discover production and process inefficiencies. By outsourcing the entire SAP infrastructure to IBM Global Technology Services and using IBM's Applications on Demand (AoD) capability, Aesica has avoided the capital costs of buying equipment, building its own disaster-resilient data centers, and gaining access to technical resources and capacity that expand precisely as Aesica grows.

#### ■ Key Solution Components

Industry: Pharmaceuticals  
Applications: SAP® Business All-in-One for Pharmaceutical Companies and SAP Best Practices for Pharmaceuticals, implemented using the IBM Express Life Sciences solution for Pharmaceuticals template, including the SAP ERP components of planning and scheduling, materials management, release of production, inventory management, manufacturing product, quality inspections and final release, sales order management, distribution and billing, warehouse management, CFR 21 Part 11 enhancements, financial accounting and controlling.

Hardware: IBM® Power Systems® servers (model p5-520)

Software: IBM AIX®, IBM DB2®, IBM Tivoli® Storage Manager

Services: IBM Global Business Services, IBM Global Technology Services



*“The IBM service allows us to avoid the capital cost and complexity of building our own data centers and systems, and offers the kind of scalability and flexibility the business needs to meet the challenges of an acquisitions-based growth strategy.”*

Chris Gowland, Technical Director, Aesica Pharmaceuticals

Aesica Pharmaceuticals, based in the north east of England, is in the business of transforming the pharmaceuticals industry. The company specializes in the manufacture and supply of active ingredients and formulations to global pharmaceutical companies. Aesica started as a management buy-out, and is pursuing a vigorous acquisitions policy in pursuit of industry sector leadership and now employs more than 700 people and operates three state-of-the-art manufacturing sites.

To distinguish itself from its competitors, who manufacture similar components and sell to the same pharmaceuticals market, Aesica is intensely focused on customer service and manufacturing excellence. To reap value from each new acquisition, its processes, standards and systems are brought into the “Aesica way” as rapidly as possible, improving efficiency, profitability and quality.

Chris Gowland, Technical Director, comments, “Typical examples might be that the acquired company recognizes revenues to the accounts on invoice rather than on delivery

acceptance, or perhaps depreciates assets over different periods. We needed to ensure that common policies and processes were applied to make it possible to compare, optimize and improve the processes of each business that we acquire.”

Bhavesh Kotecha, IT Manager, remarks, “Most importantly, we wanted to be able to deliver accurate management information to help rationalize and enhance our business, create value for investors, and boost quality and service for customers.”

To do so, Aesica wanted to integrate new acquisitions rapidly and cost-effectively on a single platform with shared standards that provided end-to-end operational control.

At the IT level, this meant applications that could be deployed, extended and tailored quickly and easily based on robust infrastructure that would scale up cost-effectively.

#### **Planning for the unplannable**

While the original business had been running SAP applications, the first two acquisitions were using a legacy system (BPCS) and a bespoke ERP solution (JDEdwards). It quickly became clear that the different business models and processes, and disparate data systems, would make it difficult for to improve the newly acquired companies.

“A key driver was to move away from BPCS to a solution modeled on Aesica’s future business requirements,” says Bhavesh Kotecha. “The objective was to transfer all the sites onto an up to date ERP system. The existing SAP solution was running on older hardware that would have had to be replaced, which added to the total cost. The capital expense of creating our own data centers was high, and because the size of any



future acquisition was unknown it was particularly difficult to judge the correct total capacity requirements.”

Chris Gowland, comments, “In fact, before we knew it, we were considering the next acquisition. Our then current infrastructure and SAP systems could certainly not manage this combined workload, so the choices were to choose a new ERP solution, or to stay with SAP and start afresh with new applications and new infrastructure.”

Aesica engaged IBM to analyze and recommend possible routes for meeting its information management needs, including the choice of ERP solution through to the underlying infrastructure. Aesica chose SAP because it offered extensive and embedded best practices that would help to drive efficiencies through the business, supported by advanced, integrated application functionality.

“IBM Global Business Services demonstrated experience with SAP in the pharmaceuticals sector, and provided a very cost-effective offer for the migration projects and the SAP licenses themselves,” says Chris Gowland. “Of three potential partners invited to assist Aesica, IBM was the only one able to commit to the timescales we requested. We were particularly impressed by the quality of their presentations and their people, as well as the very commercially attractive price proposal.”

### Using Applications on Demand

With continuous acquisitions in prospect, the Aesica team considered ways to implement the SAP applications. The company considered both the capital investment required to create its own data centers and operations, and the alternative, a fully outsourced service on a pay-as-needed basis.

“We selected the Applications on Demand service from IBM Global Technology Services,” says Chris Gowland. “The IBM service allows us to avoid the capital cost and complexity of building our own data centers and systems, and offers the kind of scalability and flexibility the business needs to meet the challenges of an acquisitions-based growth strategy.”

IBM owns and operates the server infrastructure at an IBM secure site, and ensures that processing and data storage capacity is available to meet agreed performance targets. Application and data availability, backup and archive, and disaster protection and recovery services are all provided by IBM according to defined service levels. When new acquisitions are completed, IBM delivers the capacity required to handle the increase in workload as part of the Applications on Demand service, with no capital outlay from Aesica.

“Our existing hardware was simply not able to meet the needs of the acquisition trail,” says Bhavesh Kotecha. “We wanted a partner that could meet our growth requirements and help the Aesica IT service serve the needs of its business user groups. The Applications on Demand service from IBM Global Technology Services allows us to focus on key issues, such as business agility and process optimization while IBM solves the infrastructure challenges.”

### Accelerating the implementation cycle

To embark on the process, IBM proposed deploying SAP applications using the IBM Express Life Sciences solution, which is designed specifically for the pharmaceuticals sector. The IBM Express Life Science solution accelerated the implementation cycle, with much of the

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Bhavesh Kotecha, IT Manager, Aesica Pharmaceuticals

### TECHNICAL LANDSCAPE

**Servers:** Two IBM Power Systems p5-520 servers, 8-core P52a

**Software:** SAP ECC 6.0 components, SAP Business All-in-One for Pharmaceutical Companies, IBM AIX 5.3L, IBM DB2, IBM Tivoli Storage Manager, Oracle

**Users:** 400 named

SAP configuration, business content and project tools already complete. The new SAP ERP environment was created at the IBM Warwick location, populated with data from the original SAP applications combined with data lifted from the BPCS and bespoke systems.

“We struck up an excellent relationship between Aesica and IBM Global Business Services,” says Chris Gowland. “Based on their understanding of the pharmaceuticals sector and a collaborative approach to creating the solution, the IBM team helped us move towards standardization of processes and practices that will allow us to gain maximum value from our SAP investments.”

The pre-configured IBM Express Life Sciences solution allowed Aesica to complete the first phase of the project to move to SAP applications in slightly less than seven months, with the remaining two sites following in a further three months.

Bhavesh Kotecha comments, “One of the hardest parts was taking data from legacy systems into the SAP environment, which depended on truly understanding the underlying business issues and creating meaningful mapping from the old system to the new. IBM Global Business Services assisted in this challenge.

### Looking to the future

As each acquisition is integrated into the SAP environment, Aesica will have the ability to review the performance of individual manufacturing sites and of the group, by comparing like-for-like data.

Bhavesh Kotecha says, “From an inventory point of view, for example, we

*“IBM Global Business Services took ownership of this challenge, and provided the consultants with the necessary skills and insight to ensure that we completed successfully and on time.”*

Bhavesh Kotecha, IT Manager, Aesica Pharmaceuticals

can look across all our suppliers and supply chains looking for cost savings. We can standardize purchasing, payment terms, finance and logistics across all the sites, generating economies of scale and or perhaps reducing our inventory levels.”

Chris Gowland concludes, “Aesica invests continuously in new manufacturing techniques, and the same applies to the supporting IT infrastructure and services. By taking the SAP approach, management will be able to gain an accurate picture of every element of the business, such as inventory, finance, sales, maintenance and more, helping to tune the business and increase shareholder value. With IBM providing the complete Applications on Demand service, we have removed the whole ‘engine room’ discussion and workload from the IT team, and can focus entirely on quality of service and business requirements.

“The combination of SAP and IBM allows Aesica to direct its efforts exclusively towards growing the group’s value for hungry investors and serving the needs of the demanding pharmaceuticals industry.”



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