



SAP MRP Enhancement for Pharmaceutical Company



The Summary

The client is a Multinational pharmaceutical company in India. The client is currently using SAP ERP and aspired to configure MRP process in their existing SAP PP module. AGT configured the MRP functionality in the system to address the desired functionality.

The Client

The client with its associate companies is a multi-faceted drug manufacturing organization with 9 oral formulation plants, an injectable unit, a bulk drug facility, 4 overseas offices, a strong distribution network and over 5200 dedicated employees. In addition to the above, the client also has the state-of-the-art facilities and R&D centers' with international standards, in the suburbs of a beautiful metropolitan city in South India – Bangalore. It is a diversified pharmaceuticals manufacturing company with products ranging from oral solids, oral liquids, topicals to injectables. With dedicated plants for penicillin and non-penicillin categories, the client has been ranked in top 25 of top 300 pharmaceutical companies by AC Nielsen ORG.

The Business Requirement

The client was unable to forecast the material required for future consumption and they were managing it manually. They were not using the Material Requirement Planning (MRP) functionality of SAP system. AGT with its experience configured the MRP functionality in the SAP system with a minor customization.

The Solution

Following are the highlights of the MRP enhancement:

Make to Stock

- a) When MRP run is executed, the system generates consolidated purchase requisition/Planned Orders for a month based on material type & purchase group.
- b) MRP report was customized for the total requirements for the month with details for pegged requirements.

Project Summary

Industry: Pharmaceutical

Client Profile:

The client is a diversified pharmaceuticals manufacturing company with products ranging from oral solids, oral liquids, topical to injectables.

Solution:

AGT with its rich experience configured the MRP functionality in the SAP system with a little customization. Both Make-To-Stock and Make-To-Order Scenario was mapped including Planning Strategies as per clients requirement. Based on the Forecast the Manufacturing process must be triggered to meet these requirements.

Solution Benefits

- The functionality allows managing the procurement with consolidated purchase requisitions and planned orders
- The enhancement to have the relationship between the demand elements and supply elements
- The best thing about this is that it leads to minimization of inventory, which leads to reduction of costs involved.

- c) Report was generated with line details for each purchase requisition with details for pegging finished product requirement.
- d) With the help of Demand management, the dates and required quantities were calculated taking into consideration the current stock and already created procurement proposals (i.e. planned orders, Purchase Requisitions, Purchase Orders, Delivery Schedule lines). System triggered new procurement proposals. If demand exceeded, the exception message took care for excess proposal by cancelling those manually to avoid excess inventory.
- e) System takes care of any of the changes (open receipts or Issues) that took place during MRP horizon by running it.

Make to Order

- a) Free goods scenarios were mapped for getting consolidated planned orders to make the stock available for particular sales order.
- b) At the time of creating sales orders, AG Technologies captured free goods. Chargeable & free goods will have different line items with different item categories.
- c) MRP was carried out for Chargeable as well as Free Goods of same Item (Product) Sales Order wise.
- d) AG Technologies mapped a scenario where in client must be able to do MRP run order wise or item wise.

Technology and Tools:

SAP 4.7 Enterprise, OS Windows 2003 Server, DB MS SQL 2000

The Solution Benefit

- The functionality allows managing the procurement with consolidated purchase requisitions and planned orders for specific materials.
- The enhancement to have relationship between the demand elements and supply elements.