IBM | SAP

pharmaoverseas

Business benefits:

30%
operational cost savings over three years

60%
faster restore time enabled by IBM flash storage

20%
forecast in sales growth through targeted promotions

Pharmaoverseas
Making pharmacists' lives easier through AI

Starting out in 1995 with a single branch in Alexandria, pharmaceuticals distributor Pharmaoverseas now operates in 40 locations with more than 81,000 square meters of warehousing. The company offers 13,000 items from more than 362 manufacturers, serving some 28,000 locations across Egypt. Pharmaoverseas products include branded and generic pharmaceuticals, specialty, and biosimilar medicines, over-the-counter remedies, home health products, and medical devices.

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Dr Mohab Gazzarine, Board Director,
Pharmaoverseas

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Supporting rapid growth

Pharmaceuticals distributor Pharmaoverseas offers 13,000 items from more than 362 manufacturers, serving some 28,000 locations across Egypt. The company sells a wide variety of products, including branded and generic pharmaceuticals, specialty, and biosimilar medicines, over-the-counter remedies, home health products, and medical devices.

Fast, accurate and reliable delivery of pharmaceuticals is essential, especially when patient populations urgently need life-preserving medicines. Typically, pharmacists call in their requests to the Pharmaoverseas sales teams, who then enter details into the company's central sales system for order processing and dispatch.

As the company expanded, growing transaction volumes placed tremendous pressure on the company's mission-critical business processes. Even a very small number of errors could cause significant delivery delays and negatively impact rates of return. Additionally, Pharmaoverseas could not continue to scale the capacity of its call center indefinitely and, in many cases, opportunities to offer promotions were missed. The company's underlying systems also struggled to keep pace, as a result, key sales and financial reports were taking too long to produce.

Dr Mohab Gazzarine, Board Director at Pharmaoverseas, explains, "We wanted to expand our market share by carrying a greater range of products, improving our delivery accuracy, and increasing sales.

"If we could put the sales ordering process in the hands of the pharmacists themselves, with online commerce integrated with digitalized processes, we knew that we could cut error rates and enhance customer satisfaction. At the same time, we could use transaction data to personalize our promotions, which would help pharmacists take advantage of special offers and drive up our own sales.

"To enable this digital transformation, we looked to integrate and streamline our existing processes and introduce new analytics capabilities. Our ERP solutions and infrastructure had served us well so far, now it was time to take them to the next level."

Developing a recipe for success

Pharmaoverseas supported its principal business processes with SAP ERP solutions, originally implemented on Intel-based servers, with a total of 4,000 users accessing these systems. To enable greater total capacity and scalability, the company subsequently migrated these solutions to SAP ERP running on IBM Power Systems servers.

The company looked to support future growth by taking advantage of the performance offered by the SAP HANA® in-memory database, with the ultimate aim of transitioning to integrated applications and analytics offered by SAP S/4HANA. This ambitious SAP S/4HANA implementation would be one of the largest in Egypt, so the company looked for partners that had the expertise and capabilities required to implement the technology easily, on budget, and on time.

After reviewing its server platform options for implementing SAP S/4HANA, Pharmaoverseas selected two IBM Power Systems E980 servers, powered by POWER9™ processors,

running the SUSE Linux Enterprise Server for SAP Applications operating system. The SAP S/4HANA landscape is distributed in a high-availability configuration between the servers using SAP Database Replication and IBM PowerHA®. To handle database and file backup, Pharmaoverseas deployed IBM Spectrum® Protect.

By using the sophisticated virtualization capabilities of IBM PowerVM®, Pharmaoverseas can run separate production, test, quality assurance and development instances. This configuration enables IT teams to optimize each virtual machine with processor, bandwidth and memory resources that deliver the best possible SAP S/4HANA performance.

As the business grows and workloads rise, Pharmaoverseas will use IBM Elastic Capacity on Demand to enable increased processing capacity for short-term requirements, perhaps during colder weather or when people

30% operational cost savings over three years

holiday on the coast and local demand rises. Similarly, as the business grows Pharmaoverseas can take advantage of IBM Elastic Capacity on Demand to buy additional long-term capacity to match the workload.

These features enable the company to commit budget that optimizes the landscape for its current requirements, with the flexibility to meet both expected and unexpected future requirements.

To ensure safe, fast, reliable data storage, Pharmaoverseas selected IBM FlashSystem® 900, which serves data up to ten times faster than traditional spinning-disk systems. Additionally, the company relies on IBM flash storage built with IBM Spectrum Virtualize for mixed flash and standard storage capacity.

The company currently stores around 8 TB of SAP S/4HANA transaction data for production and replication,

using Flash storage, and retains around 10 TB for non-production work, tiered using both spinning disk and SSD, with an additional 2 TB for the company's SAP Business Warehouse application—which will soon be migrated to SAP BW/4HANA.

Dr Mohab Gazzarine remarks, "Everything was on the table for our choice of server platform, and we are motivated by cost-efficiency and system capabilities. IBM Power Systems servers offer Pharmaoverseas greater scalability, flexibility and performance than any other platform for our SAP S/4HANA applications.

"Even with higher initial investment, IBM Power Systems offer a much lower total cost of ownership than commodity systems and appliances.

"For example, with IBM Power Systems we can create tailored virtual machines and allocate resources in the most

cost-efficient manner while delivering exceptional performance, helping us to deliver the maximum possible return on investment to the business."

Alaa Elbayoumi, SAP Basis Manager at Pharmaoverseas, adds, "IBM Power Systems offers the possibility of both scale-up and scale-out, depending on our exact needs, and the performance to exploit the maximum benefit of SAP S/4HANA and SAP BW/4HANA. IBM FlashSystem Storage technologies will enable our strategic path to integrated business operations."

Pharmaoverseas worked with SAP and IBM Business Partner Intercom Enterprises for the move to SAP S/4HANA, the implementation of the IBM flash storage system, and integration with the IBM Power Systems server.

Alaa Abdelmonaim, Senior Solutions Consultant - IT Systems Solutions at Intercom, says, "Intercom collaborated

with IBM Technology Consulting and Services and IBM Systems Lab Services and delivered comprehensive server implementation and configuration services. The move to SAP S/4HANA was completed smoothly and successfully, on time and on budget, ensuring Pharmaoverseas could gain the benefits as rapidly as possible."

Yousra Magdy, Senior Application System Engineer at Pharmaoverseas, adds, "POWER9 offers increased performance over IBM POWER7 hardware. The most noticeable change from the move to POWER9 is faster processor and increased memory capacity per socket compared to previous generations. This big performance advantage was very apparent during migration, which included moving from Db2 to HANA and from SAP ECC6 to SAP S/4HANA 1809. The migration to S/4HANA on POWER7 servers took around 122 hours, whereas the migration on POWER9 servers took around 63 hours."

Preparing for the future

With the new SAP S/4HANA and SAP BW/4HANA solutions in place, powered by IBM Power Systems and IBM FlashSystem Storage, Pharmaoverseas is transforming its business.

Starting with sales orders, pharmacists can now place orders directly on the Pharmaoverseas e-commerce site, provided by SAP C/4HANA integrated with the SAP S/4HANA applications. Direct ordering reduces error rates and enables a straight-through sales process that feeds the stock control, logistics and finance applications in SAP S/4HANA.

Waleed Sultan, Managing Director at Intercom Enterprises, remarks, "SAP S/4HANA running on IBM Power Systems and IBM FlashSystem Storage provides a truly comprehensive, scalable solution that will help Pharmaoverseas achieve its growth ambitions. The solution can flex to meet changing demand, and enables Pharmaoverseas to extend its capabilities to match its business strategy."

While they adapt to the new way of working, many pharmacists may prefer to continue with telephone orders, and Pharmaoverseas plans to use the new platform to deploy new AI-driven conversation chatbot solutions.

Using natural language processing, the chatbots will understand customer requests and enter customer orders directly into the business systems, eliminating delay and streamlining the process for pharmacists. With customer histories stored in SAP BW/4HANA, the chatbots will be able to personalize the offers in a way not possible before.

Pharmacists will see discounts and sales promotions that are most likely to appeal to them, helping pharmacists to reduce their costs while Pharmaoverseas captures additional sales.

Dr Mohab Gazzarine elaborates, "Pharmaoverseas already provides a huge range of pharmaceuticals, and very often the pharmacists do not realize that we can supply their individual needs and may not know that we have special promotions available. Using these advanced techniques, we can improve the service to pharmacists by putting them in control of the ordering process, while also ensuring we keep them up to date on the latest discounts and savings. In turn, we will capture a greater market share, and expect to increase sales by around 20 percent."

Alaa Elbayoumi comments, "As the proportion of orders through the new systems rises, reliable operation of the enabling technology will become increasingly important. In the event of an outage, IBM FlashSystem 900 enables 60 percent faster data recovery times. Even as the total transaction volumes grow, Pharmaoverseas expects to see a 30 percent reduction in total operating costs."

As Pharmaoverseas rolls out additional SAP S/4HANA applications, IBM Power Systems servers and IBM flash storage will scale up to enable continuous service and very high performance.

The company is using SAP S/4HANA applications to introduce multiple new services, such as signed-for deliveries with captured signature data, to help reduce the number of queries. Similarly, by integrating sales order data in real time with its warehouse management application, Pharmaoverseas expects to cut its total inventory by 50 percent, increase fulfilment success to 90 percent, reduce delivery delays to 1 percent, and eliminate stock-outs.

Dr Mohab Gazzarine confirms, "The SAP S/4HANA solutions on IBM Power Systems and IBM flash storage are enabling large-scale digital transformation at Pharmaoverseas. These capabilities help us to create personalized interactions with more than 28,000 pharmacies, supporting them in serving their customers better. We can offer the pharmacists a greater product range, and ensure that they see discount offers, while at the same time providing a more reliable, faster delivery service.

"Enabled by high-performance and scalable technologies from SAP and IBM, we are transforming the way we serve pharmacists, making their lives easier and serving more communities with high-quality pharmaceuticals."

As Pharmaoverseas gains experience with SAP S/4HANA and IBM Power Systems, the company also aims to provide IT infrastructure services to the pharmaceuticals industry.

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>
> **Waleed Sultan**
>
> Managing Director, Intercom Enterprises

The experience and skills gained implementing SAP S/4HANA on IBM Power Systems will be offered as a service to suppliers, partners and vendors in the pharmaceuticals sector—creating a new line of business and revenue stream for the company.

Dr Mohab Gazzarine concludes, "As a distributor, Pharmaoverseas is ideally placed to work with its partners to create a new ecosystem that will help grow every partner's business, enabled by SAP and IBM. With Capacity Upgrade on Demand and Capacity on Demand, we will be able to scale our SAP S/4HANA solutions to handle future growth, acting as the foundation for a whole new business area for Pharmaoverseas."
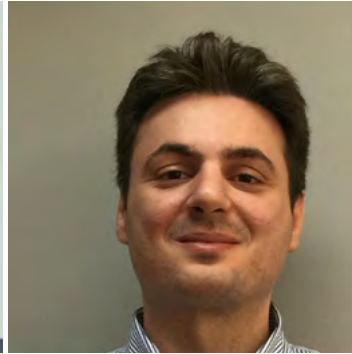
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Take the next step

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The strategic shift to the cloud and to intelligent technologies is not easy, but it is how businesses of all sizes will create exceptional customer experiences, uncover new revenue opportunities, optimize investments, and fundamentally reinvent how business gets done. SAP and IBM offer the innovations and industry expertise to help.

SAP provides the world's leading intelligent applications and technologies

– connecting and clarifying the data that makes processes more nimble and decisions more powerful.

IBM helps build smarter businesses and is a global leader in SAP transformations – offering in-depth industry experience, cloud and on-premise deployment expertise, and game-changing intelligent technologies.

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