



Business Challenge

Familiprix wanted to give its pharmacies new capabilities: more intelligent procurement, easier ordering, more timely and accurate delivery, order traceability, and automated replenishment.

Transformation

By moving to SAP S/4HANA® on IBM® Power® Systems and IBM Storage, Familiprix can manage the entire business value chain with a high degree of data quality and with minimal manual effort.

Business benefits:

Deployed

new ERP on robust, flexible
IBM Power Systems servers

Eliminated

need to develop in-house
software, freeing up staff to
add value

Reduced

inventory requirements
through optimized
purchasing

Familiprix

Helping affiliated pharmacists bring health and wellbeing to consumers

Familiprix consists of 400+ owner-run pharmacies, collectively achieving retail sales of more than C\$1 billion. Familiprix's network employs more than 6,000 people and covers all of Quebec and part of New Brunswick. The company operates its own distribution center in Quebec City, with one facility completely automated for product distribution.

*“With IBM and Groupe
Informatique Present, we
installed and deployed the
new IBM Power Systems
and IBM Storage solutions
on time and on budget.”*

Pierre-François Isabel,

Director of Information Services,

Familiprix

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Diagnosing the challenge

Canadian pharmaceuticals distributor Familiprix is owned by the independent pharmacies it serves, enabling them to compete with much larger retail chains. From its foundation in 1977, Familiprix has grown to serve more than 400 locations employing 6,000 people in the provinces of Quebec and New Brunswick, including its own distribution centers.

To manage its network, Familiprix had deployed sophisticated inventory, logistics and financial software, which had served the company well for many years. However, as the group grew in size, and as the technology landscape shifted, Familiprix noted that the system was absorbing significant time and budget. As the company continued to change, the team found it hard to keep pace with demands for mobile working, online and app-based ordering, and the latest analytics techniques. Equally, the existing software was written in a legacy language, and it was increasingly difficult to recruit and retain people with the right skills.

Pierre-François Isabel, Director of Information Services, explains, “We wanted to develop many new services for our pharmacists, including automated replenishment, improved sales and marketing information, and customer loyalty programs, but finding time for these value-added tasks was becoming increasingly difficult.

“In addition, we looked to increase our distribution efficiency, for example by slimming our inventory even as we increased our order fulfilment rates. “How could we improve our operational



performance and develop new services to assist our pharmacists and, of course, consumers?”

In the background, new government regulations on drug prices were putting significant pressure on margins at Familiprix. The company needed to optimize both back-office and in-pharmacy workflows, so that pharmacists could focus more on delivering value-add services to customers.

The right medicine

To reduce the internal IT and development workload, Familiprix chose to move to SAP S/4HANA — a major change in strategy for the company. In implementing

the SAP solution, Familiprix aimed to meet several different strategic objectives: to maintain the ability to adapt rapidly and flexibly to customer needs; to boost profit margins by seizing sales opportunities; to standardize and optimize internal processes; to reduce internal dependence on manual tools such as spreadsheets; to eliminate duplicated data-entry; to increase the quality and reliability of data; and to build a foundation for both organic growth and growth through acquisition.

Pierre-François Isabel comments, “We wanted to give the enterprise a system that would enable better differentiation in the market, and that would allow us to adopt industry best practices.

“The integrated workflows and modern SAP Fiori interfaces in SAP S/4HANA

“With SAP S/4HANA on IBM Power Systems and IBM Storage, we can start with the right-size solutions for our needs and then scale cost-effectively as the business develops.”

Pierre-François Isabel

Director of Information Services
Familiprix

offered the ability to transform our business processes, letting us take advantage of embedded best practices that would help us reach operational excellence.”

With the selection of SAP S/4HANA in mind, Familiprix considered its deployment options. The company targeted the same combination of high availability, strong performance and low total cost of ownership that it had achieved with its previous ERP platform, which was based on IBM Power Systems servers running the **IBM i** operating system.

Although Intel-architecture servers initially seemed to offer low capital costs, the proposed SAP S/4HANA solution required up to four machines.

Given that another strategic objective for Familiprix was to eliminate the risk of business disruption associated with



Optimizes purchasing, cutting inventory requirements

on-premises systems, the company would also need at least one more machine for disaster recovery (DR).

Familiprix learned that it could deploy its new SAP S/4HANA landscape on just two IBM Power Systems servers, plus a third for DR. Using IBM PowerVM®, the IBM Power Systems servers can provide multiple, independent virtual machines (VMs) to support production, test, quality assurance and backup environments.

Additionally, PowerVM enables Familiprix to fine-tune the compute and memory capacity of each VM, optimizing the usage of the Power Systems server. Finally, IBM Capacity on Demand enables Familiprix to deploy additional compute and memory resources, activating and paying for them only when demands rise.

Familiprix initially deployed two IBM Power Systems 850 servers with 48 cores and 4 TB of memory, running SAP S/4HANA on the SUSE Linux Enterprise Server for SAP Applications operating system. IBM and Groupe Informatique Present, the IBM Business Partner, created the initial system architecture design, sized the servers, and completed the configuration of the IBM PowerVM virtual machines. Later, Familiprix added an IBM Power Systems 950 server in a separate location to act as a DR option.

The company also chose to refresh its storage area network (SAN) environment, and selected IBM Flash Storage, designed for scalability with a combination of hard-disk and solid-state drives. The system includes IBM Spectrum® Virtualize software, which provides storage virtualization capabilities to enable Familiprix to manage and optimize its growing data volumes cost-effectively.

Pierre-François Isabel comments, “With IBM® and Groupe Informatique Present, we installed and deployed the new IBM Power Systems and IBM Storage solutions on time and on budget. We enjoy a great relationship with them, and their skill and experience with IBM Power Systems and IBM Storage has helped us enormously over the years and continues with these new solutions.”

To support its goal of rapid implementation, the combined project team used SAP best practices as far as possible, only making adaptations where absolutely necessary.

By deploying a vanilla system and avoiding the need to develop custom ABAP code, Familiprix also simplified the future

management and maintenance of the SAP landscape. The philosophy of minimal changes also extended to reporting and user functionality, where Familiprix opted for the standard, pre-built approaches as far as possible.

A healthy outlook

SAP S/4HANA provides the data capabilities that will drive Familiprix to the next levels of success. At the technical level, the company can redirect its IT team away from maintaining in-house software to focus instead on business analysis and value.

The company has enabled core applications including finance, accounting, controlling, and procurement, and is now working on a major project to deploy warehouse and inventory management. As Familiprix deploys new functionality on SAP S/4HANA, it shuts down the corresponding elements of its legacy system.

“We always aim to have technology at the service of the business, and not the other way around,” says Pierre-François Isabel. “Moving from an in-house solution to commercial software means that we benefit from SAP’s ongoing investments and its large development team.”

Familiprix will take advantage of the integrated workflows and best practices embedded in SAP S/4HANA. By adopting streamlined digital business processes, Familiprix will be able to reduce its operational costs and invest in new services for its pharmacy members.

As Familiprix rolls out logistics and distribution functionality in SAP

Benefits in detail

- IBM Power Systems servers provide a reliable, highly available, flexible, high-performance platform for mission-critical SAP solutions.
- IBM Flash Storage complements the compute element with robust, cost-effective data storage.
- Optimizing the cadence of purchasing will help Familiprix to slim down its inventory and improve margins.
- In the near future, moving warehouse management functions to SAP S/4HANA will enable the company to work faster and more efficiently, and to reduce the amount of capital tied up in stock.
- New big-data analytics capabilities provided by SAP S/4HANA will help Familiprix identify opportunities for market differentiation and increased profitability.
- As Familiprix faces challenging conditions in its local market, the adoption of SAP S/4HANA on IBM Power Systems and IBM Storage is expected to reduce its operational costs and enable it to grow successfully even on smaller margins.

Key components

Applications: SAP S/4HANA®

Software: SUSE Linux Enterprise Server for SAP Applications, IBM® Spectrum® Virtualize, IBM i, IBM PowerVM®

Hardware: IBM Power® Systems E850C, IBM Flash Storage

Services: IBM Business Partner Groupe Informatique Present

S/4HANA, the company expects to see improvements in replenishment and inventory control.

Pierre-François Isabel says, “We anticipate being able to run leaner inventory, and the SAP replenishment module is designed to orchestrate and rationalize our purchasing so that we can benefit from optimal operations. Once we have completed the deployment of warehouse management functions, we expect to be able to work faster and more efficiently, and to reduce the amount of capital tied up in stock. This will be a critical advantage given the ongoing margin challenges we face.”

The advanced virtualization capabilities of the IBM Power Systems and IBM Storage solutions enable Familiprix to optimize its server and storage capabilities to ensure it can handle increased data flows. Options for Capacity on Demand for temporary increase, and Capacity Upgrade on Demand for strategic increase, will help Familiprix manage future demand easily and without disruption.

Pierre-François Isabel explains, “It is essential for Familiprix services to be available to our pharmacies at all times. “The IBM Power Systems servers provide



an enormously robust platform, combined with the ability to scale up as the business grows. With SAP S/4HANA on IBM Power Systems and IBM Storage, we can start with the right-size solutions for our needs and then scale cost-effectively as the business develops. Ultimately, by

improving our performance at Familiprix, we are able to enhance our service to pharmacies, to enable them, in turn, to provide outstanding service to consumers for their medicines, wellness and health products.”

About the IBM and SAP Partnership

The strategic shift to the cloud and to intelligent technologies isn't easy, but it's 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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