



FedeFarma

Gains 10 to 15 percent lift in sales and reduces hardware expenditures by 30 percent

Overview

The need

FedeFarma's outdated enterprise resource planning (ERP) system couldn't replicate data to company warehouses fast enough to promptly fulfill pharmacy orders. Frequent crashes caused lost sales and customer defections.

The solution

IBM Business Partner Deister helped FedeFarma deploy a new ERP solution on IBM Informix database that provided the warehouses with real-time information to quickly fulfill orders and more easily track information.

The benefit

30 percent fewer staff needed to manage database, saving US\$180,000 in salaries; 10-15 percent lift in sales; 20 percent fewer errors, driving a 20 percent increase in productivity

Pharmacies cannot possibly stock the tens of thousands of medicines they need, so they depend upon wholesale channels to deliver their products in a timely fashion. In Spain, a number of cooperatives have formed purchasing groups to obtain better terms from manufacturers. Federació Farmacèutica, or FedeFarma, is one such purchasing group. Based in Barcelona, it delivers to—and is owned by—approximately 3,000 pharmacies and has about 400 employees. The company's annual revenue is approximately €800 million.

FedeFarma's goal is to respond to the hundreds of thousands of queries and orders it receives daily and to deliver the product to the pharmacies within two hours of the order. However, FedeFarma's antiquated enterprise resource planning (ERP) system struggled to keep up with demand, which had grown to 300,000 orders for individual stock-keeping units (SKUs) per day.

Replication challenges cause lost sales and customer defections

FedeFarma maintains seven warehouses, and each warehouse had its own IT systems and data. With the 20-year-old legacy system, the only way to replicate ERP data with the warehouses was to send flat files, an inefficient method which frequently failed during periods of high volume. When transmission stopped, order fulfillment stopped.

Since there was no web-based ordering system, pharmacies had to phone or use modems to place or inquire about orders. It was a recipe for disaster, with bottlenecks at the back-end and frustrated customers at the front-end. FedeFarma lost business, and some customers went to competitors.



“We’ve really made an important advance in generating loyalty among the pharmacies doing business with us. We’re in an extremely competitive industry. With the Informix and Deister solution, we’re gaining business instead of losing it.”

—Santi Pla, IT Director, FedeFarma

FedeFarma sought a new ERP system and database platform to address these business challenges. Acting on a reference from a colleague, the company contacted IBM Business Partner Deister S.A., a provider of innovative and technologically advanced web-based ERP solutions. Also based in Barcelona, Deister has worked with IBM® Informix® database for almost two decades and strongly recommends Informix as the database platform for its ERP system.

Easy-to-manage database solution

FedeFarma also evaluated another vendor’s ERP solution with Oracle Database, but chose Deister Axional ERP for Business with Informix database. “Informix seemed much easier to learn and manage compared to Oracle,” says Santi Pla, IT director, FedeFarma. “We did not want to be forced to expand our IT staff.”

The company purchased IBM Informix 10.5 database with Deister Axional ERP along with the Deister Axional WebStudio, a product for developing applications in a web environment. FedeFarma has since upgraded to Informix 11.5. The company also purchased IBM Informix Enterprise Gateway Manager, which enables Informix databases to interact with non-Informix databases, so that FedeFarma’s pharmacies can perform transactions with the wholesaler over the Internet.

There are instances of Informix for each of 13 remote databases, including the seven warehouses. The other six databases are at order processing centers. They process orders in a distributed method and report stock status to customers in less than three seconds. Then, orders are sent to the centralized database. The central database runs on IBM AIX® 6, and the remote databases run on Debian GNU/Linux. All the databases run on IBM Power® servers.

The central Informix database replicates data to the 13 remote databases using the High Availability Data Replication (HDR) features of Informix. Each remote database is an identical copy of the central database, set up through the HDR feature. This greatly improves database service availability; if one database fails, the other in the pair can take its place.

The Enterprise Replication (ER) feature of Informix ties the system together by synchronizing stock with remote systems, picking orders with warehouse databases and master data with all systems.

Solution components

Hardware

- IBM® Power® servers

Software

- IBM Informix® 11.5
- IBM Informix Enterprise Gateway Manager

Services

- IBM Global Financing

IBM Business Partner

- Deister S.A.
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—Santi Pla, IT Director, FedeFarma

Generating customer loyalty and lifting sales

Now all the warehouses have real-time information on the orders they need to fulfill, and the company has up-to-the minute information on transactions that have taken place. Customers also can access and query their order and account information over the web. “We’ve made an important advance in generating loyalty among the pharmacies doing business with us,” says Pla. “We’re in an extremely competitive industry. With the Informix and Deister solution, we’re gaining business instead of losing it.”

The new ERP system was complete before the financial crisis and recession hit Spain in 2008. In the year leading up to the crisis, FedeFarma rolled out its ERP solution and business responded dramatically. “We saw sales go up between 10 and 15 percent with the IBM and Deister solution, which was a clear indication that we had put the right technology in place,” says Pla. Unfortunately, when the crisis hit, business suffered as well.

30 percent savings in hardware expenditures

Other benefits, however, are evident. “With the Informix solution, we require 30 percent less hardware than we did previously,” says Pla. “Our data center footprint has shrunk by 30 percent, and we are saving 30 percent in hardware costs, which includes power and administration. We’ve also been able to do without 30 percent of our IT administrative staff for a savings of US\$180,000. These operational savings have helped us weather the economic downturn.”

The system supports a growing volume of queries and orders. “We can handle 400,000 orders per day, which represents growth of 100,000 orders per day,” says Pla.

The new system eliminates manual write-overs when crashes occur and reduces the number of faxes, phone calls and emails. Accuracy has improved as a result. “We have 20 percent fewer errors with the wholly automated system from IBM and Deister,” says Pla. “That means we’re getting 20 percent higher productivity.”

FedeFarma financed the project through IBM Global Financing, which provided reasonable terms and helpful reports that put licensing information in one easy-to-review format. This is another benefit that has helped FedeFarma weather financial storms. “IBM Global Financial Services provided long-term financing for the project, which has made a big difference to us over the past few difficult years,” says Pla.

For more information

To learn more about IBM Informix database software, please contact your IBM sales representative or IBM Business Partner, or visit the following website: ibm.com/software/data/informix

You can get even more out of Information Management software by participating in independently run Information Management User Groups around the world. Learn about opportunities near you at: ibm.com/software/data/usergroup

Additionally, financing solutions from IBM Global Financing can enable effective cash management, protection from technology obsolescence, improved total cost of ownership and return on investment. Also, our Global Asset Recovery Services help address environmental concerns with new, more energy-efficient solutions. For more information on IBM Global Financing, visit: ibm.com/financing

For more information on Deister, visit: www.deister.es/en

For more information on FedeFarma, visit: www.FedeFarma.com



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