

An FYI Case Study

Custom BPM solution enables pharmaceutical firm to optimize and expedite contract administration: Sophisticated solution transforms cumbersome, time-consuming contracting process into seamless operation.

The Client

This FYI Business Solutions (FYI) client, a renowned developer and manufacturer of over-the-counter and life-saving prescription medications with operations in over 100 countries, is dedicated to providing innovative products that improve the quality of life for millions of people around the world.

The Challenge

As a major supplier of pharmaceuticals to seven U.S. Federal Government agencies, FYI's client must undergo periodic contract negotiations that include the establishment of discounted rates for every dosage (unit) of every medication they supply to each of the Federal organizations.

To forecast the prices and discounts for each of the seven contracts negotiated between the client and the Federal agencies, the drug firm relied on models to perform the analysis of key factors, including contract requirements, historical agency usage and projected agency needs. These models were driven by base data extracted from spreadsheets that were generated by multiple sources and stored in a variety of worksheets and workbooks. The result was a cumbersome, time-consuming forecasting process that had several major drawbacks:

- The process did not provide the data and reports needed to generate accurate pricing and discount schedules for each contract
- The models were forecasted on an annual basis instead of a preferred monthly basis
- Forecasting was done at the product family level rather than the desired unit (NDC-11) level
- The use of disparate worksheets and workbooks made administration and consolidation of data difficult and drawn-out

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- Director of Government Contracts

- All data was manually loaded, adjusted and manipulated, making it prone to error
- Reporting and analytical capabilities were limited in the spreadsheet environment

In order to significantly improve the entire forecasting process, the client required a business process management (BPM) solution that would enable the creation and ongoing maintenance of sophisticated, automated financial models, and enable the fast and accurate generation of comprehensive monthly forecasts for each contract.

The Solution

Since FYI had previously completed a complex BPM transformation project for the pharmaceutical company, it was once again selected to develop and implement the new system. "The first project we used FYI for was so successful, we brought them back for the second project. I knew how they worked, I knew they were very cooperative and they understood our business," said the client's IT project manager.

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FYI began with an exhaustive analysis of existing processes and system requirements. From there, FYI designed, developed and implemented a business performance management system that incorporated:

- A customized Cognos® enterprise planning application to enable fast and accurate data analysis and forecasting in a single, unified and secure planning environment
- A secured Oracle® datamart to serve as the central repository of all the integrated information needed to analyze, monitor, forecast and report usage and pricing
- A flexible Cognos business intelligence reporting application to allow for the generation of real-time, self-service reports

The Result

The project was completed on time and within budget, giving the government forecasting team a fast and accurate process that provided meaningful data and reports necessary for effective contract pricing.

Among the specific benefits of the project:

- The government forecast is now predicated on a monthly basis
- The pricing module computes the various product prices within each of the various pricing schedules by contract, product and NDC-11 code
- The contract process extracts contract details from the system and applies contract/product specific discounts

- The forecast summarization can roll the data up to a product family level for quick internal validation
- All data is now published to staging area tables on a nightly basis for addition or replacement of data
- The models have been integrated into a documented business flow so that when assumptions change, the models can be updated in minutes instead of weeks

In addition, the client was able to achieve significant cost savings through more accurate contract pricing, a streamlined and expedited process, and the re-deployment of key resources no longer needed to support the process. In addition to the time- and labor-saving benefits, the solution minimized the need for manual entry and the likelihood of error throughout the forecasting process.

“FYI lived up to everything they said they would do,” said the client’s Director of Government Contracts. “They were able to evaluate our complex methodology from both a business and technical perspective, and developed a comprehensive solution using our existing technology. The most important thing was that they partnered with us. They worked with us as a team, remained flexible and helped us address any issues that came up to make sure the project was kept on track. FYI is a great company to work with.”

For more information on our services, please visit www.FYIsolutions.com or contact us at (973) 331-9050.

