

Meeting global compliance challenges

Improving cross-border compliance enables pharmaceutical companies to streamline global operations, lower costs and speed products to market – all while serving an increasingly segmented market.



Increasingly pharmaceutical companies are being forced to perform a high wire act in support of competing interests: control skyrocketing research and development costs, be the first to market with innovative drugs, and meet stringent compliance and regulatory requirements.

So where, if anywhere, is the next opportunity for pharmaceutical companies to simultaneously cut costs, shorten cycle times and bolster compliance?

Innovative companies such as Pfizer and GlaxoSmithKline are finding it in Global Trade Management (GTM) automation. Global Trade Management involves the movement of goods across international borders. In its simplest form, GTM includes sourcing goods and materials from foreign suppliers, taking orders from and shipping goods to foreign buyers, tracking goods from country of origin to country of destination and complying with country specific trade regulations.

Most in-house GTM operations are extremely inefficient. In terms of financial costs and increased compliance risk, the impact of these inefficiencies can be significant. According to a recent Aberdeen Group study, “a \$1 billion company can free \$10 million and \$40 million in cash by better controlling its basic global trade processes.” Plus, regardless of whether a company uses a forwarder, broker or other third party to handle the physical import, the importer of record is ultimately responsible for any errors or omissions in its trade documentation.

The good news is mature technologies are available today to assist companies improve their global trade operations. The results from these solutions are also well documented.

As an example, one leading research-based pharmaceuticals firm reduced its import clearance times by 63 percent – from eight days to three – preventing costly disruptions

and potential added fees by improving its GTM operations. The company’s diversified global health care portfolio includes human and animal biologic and small molecule medicines and vaccines, as well as nutritional products and many of the world’s best-known consumer products.

Prior to automating, streamlining and unifying its import processes the company had difficulty integrating its import operations with four brokers and three forwarders, particularly as it was using several disparate systems to manage its import process.

In short, the company lacked visibility into the import process and struggled with improving its import processes.

In response to these issues, the company deployed a GTM solution to automate, streamline and manage the entire import process, from pre-customs through customs clearance and post-entry activities.

The organization now has a consistent method for handling its import process, and has centralized its catalogue of pharmaceutical products for shared, uniform access. All parties involved in the import process have access to information and processes and can collaborate with each other via a single online location, improving data timeliness and accuracy.

Plus, the company is now able to access the wealth of operational data available, driving better decisions. Users across various functions can run web-based reports or manage key metrics to improve operations, cash to cash and inventory cycle times as well as decrease costs and better manage service providers.

As a result, the company now ensures compliance by managing the product classification workflow prior to entry filing – preventing delays, along with the associated risks and costs of non-compliance.

Armed with this knowledge, users can gain insight into which products are causing delays or errors upon entry, as well as measure import clearance times and broker service level agreement compliance. The company has thus moved from a tactical decision making model using limited data to continuous process improvement based on lean principles.

The lesson learned here is that good data and performance measurements are critical to effective operations management, especially in the world of trade compliance.

It’s no longer possible to ignore compliance. Today’s complex global supply chains with ever-changing trade regulations demand that companies seek new ways to improve their operations to remain competitive and improve the bottom line. ■



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Increasingly pharmaceutical companies are being forced to perform a high wire act in support of competing interests: control skyrocketing research and development costs, be the first to market with innovative new drugs, and meet stringent compliance and regulatory requirements.

Management Dynamics can help. Innovative companies like Pfizer and GlaxoSmithKline are utilizing our Global Trade Management (GTM) solutions for:

- Reducing transportation costs
- Selecting optimal manufacturing and distribution locations
- Ensuring global regulatory compliance

For more information, please contact us at Solutions@ManagementDynamics.com, or visit www.ManagementDynamics.com.