



Life Science Company Gets in Tune with Multiple Trading Partners

Technical Case Study

At A Glance

Customer Profile

Jazz Pharmaceuticals, Inc., is a specialty pharmaceutical company focused on identifying, developing and marketing innovative products to treat neurological and psychiatric disorders. Its supply chain is complex with multiple trading partners. By outsourcing production of its product lines, the company can maximize its product offerings, but must track virtual manufacturing at six sites across the U.S. The company also uses distribution and fulfillment partners to manage most customer order processing.

Business Situation

Since its inception in 2003, Jazz Pharmaceuticals had maintained financial records in QuickBooks and relied on outsourcing partners to provide summarized sales and manufacturing and inventory information for manual entry into the system. But, as the company grew, the incumbent system fell out of tune with strategic needs for agility and scalability. By 2006, business was going so well that the company was preparing for an initial public offering which occurred in May 2007. In addition to increased security, data integrity and transaction-level audit controls, as a public company, it would also need to support Sarbanes-Oxley compliance.

Software and Services

- Process Industries for Microsoft Dynamics AX
- Microsoft Office and Excel

Benefits

- Ability to track lots through outsourced production process
- Automated management of lot quality data, expiration dates and inventory disposition
- Supplier integration simplifies inventory, consignment and order fulfillment
- More accurate production planning to meet demand

Modules

- Purchasing, Accounts Receivable, Accounts Payable, Fixed Assets, General Ledger, Financial Reporting, Order Management, Inventory, Costing, Lot Management, Bills of Materials, Planning, Production and Supply Chain Integration

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Like a finely-tuned musical ensemble, Jazz Pharmaceuticals, Inc., employs a unique, collaborative approach to process manufacturing, characterized by an ability to go with an ever-changing flow and passion for the finished product. Working closely with patients, scientists, trading partners, patient advocacy groups, and healthcare professionals, the speciality pharmaceutical company is dedicated to identifying, developing and marketing treatments for neurological and psychiatric disorders. Based in Palo Alto, CA, Jazz Pharmaceuticals uses a combination of licensing, acquisition and in-house development of formulations and drug delivery technologies to fill its product pipeline.

Multiple trading partners create a complex supply chain. By outsourcing production of products, the company can maximize its product offerings, but must track virtual manufacturing and inventory at six sites across the U.S. and Europe. The company also uses distribution and fulfillment partners to manage customer order processing.

Business Challenge

Since its inception in 2003, Jazz Pharmaceuticals had maintained financial records in QuickBooks and relied on outsourcing partners to provide summarized sales, manufacturing and inventory information for manual entry into the system. Spreadsheets, Cognos – used by third-party distribution partners – and Microsoft Access facilitated the data exchange and integrated with QuickBooks. But as the company grew, adding new employees, facilities and products, the incumbent system fell out of tune with strategic needs for agility and manufacturing scalability. QuickBooks, designed for startups, couldn't manage multiple supply chain partners or logistics providers. The company also needed to support ever-increasing Federal Drug Administration (FDA) regulations and handle project accounting in the general ledger with future support for a full-fledged project-accounting system.

By 2006, business was going so well that Jazz Pharmaceuticals was preparing for an initial public offering (IPO) which occurred in June 2007. In addition to increased security, data integrity and transaction-level audit controls, as a public company, it would also need to support Sarbanes-Oxley compliance.

Jazz Pharmaceuticals worked with a consulting firm to determine the following top evaluation criteria for its enterprise resource planning (ERP) project: process manufacturing focus; FDA compliance; industry

experience; technology scalability; support for supply chain integration with outsourcing partners; and, of course, affordable initial and ongoing costs. The short list of candidates included Oracle, Ross and Process Industries for Microsoft Dynamics AX, deployed by Armanino as part of the Microsoft Dynamics Industry Solutions program.

“On the positive side for Oracle was its established install base, so it was perceived as less risky,” comments Lloyd Davis, Jazz Pharmaceuticals director of finance and project manager for ERP selection, “but it was also going to be expensive to implement and support.”

In contrast, Process Industries for Microsoft Dynamics AX offered ease of use and configurability; seamless integration with existing Microsoft tools and technologies; lower implementation costs; a good fit with functional requirements; and the ability to scale as the company grows.

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Lloyd Davies
Director of Finance
Jazz Pharmaceuticals, Inc.

“We were impressed with Microsoft’s commitment to the ERP space,” says Davies, “and the Process Industries product’s ability to collect, translate and integrate data from our trading and manufacturing partners was a huge plus.”

Rapid implementation was another key factor in the decision. Meeting Sarbanes-Oxley process and control standards on deadline for Jazz Pharmaceuticals IPO would require an accelerated installation and ramp-up. Phase one began, with support from Armanino McKenna, in November 2006. Within about three months, the primary financial modules – including purchasing, accounts receivable, accounts payable, fixed assets, general ledger and financial reporting – were live. Immediately subsequent to its IPO, Jazz Pharmaceuticals implemented order management, inventory, costing, lot management, formulas, planning, production and supply chain integration.

Business Improvements

Involving employees at all levels, beginning with the selection process, was critical to the project’s smooth, on-time, on-budget implementation and the system’s ongoing success.

“It was important for us to send a consistent message of commitment and support for the system so our chief financial officer served as the executive sponsor for phase one and, during phase two, our vice president of operations assumed the role,” says Davies. “We were also careful to make sure that the project was adequately staffed and reviewed. The payoff for involving employees was that, as process owners, they were often able to resolve issues that came up.”

Process Industries for Microsoft Dynamics AX has been instrumental in giving Jazz Pharmaceuticals an integrated, real-time view of its business across all supply chain partners. With the ability to track lots through multiple outsourced production process as well as manage lot quality

data, expiration dates and inventory disposition, the company is better positioned to accurately plan production to meet demand.

“With Process Industries for Microsoft Dynamics AX, we can see detailed inventory at all six outsource manufacturing locations which simplifies management of inventory, consignment and order fulfillments,” says Davies. “Plus, we now have bills of materials that we can easily use to accurately forecast demand and create production schedules.”

The planning system within Microsoft Dynamics AX allows Jazz Pharmaceuticals to maintain adequate levels of active pharmaceutical ingredients (APIs) at the contract manufacturing locations by suggesting planned purchase orders to replenish the consigned inventory. By systematizing the planning and scheduling processes, the company is able to eliminate the risks of manual planning and ensure on-time production scheduling.

“The core functionality is Process Industries for Microsoft Dynamics AX has worked well for us now for more than two years, and we’re confident it will grow as we do,” concludes Davies. “In the foreseeable future, we hope to implement modules for human resources, project management, timesheets and other functional areas.”



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