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| Microsoft Dynamics  Customer Solution Case Study |
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|  | http://www.mundipharma.co.kr/images/main_b_02.jpg |  | **Dynamics HeaderThe Ideal ERP Solution for a Medium-Sized Pharmaceutical Company** |
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| Overview  **Country or Region:** Korea  **Industry:** Pharmaceutical  Customer Profile  Mundipharma is a multinational pharmaceutical company headquartered in the United States and subsidiaries in Korea, Switzerland, England, Germany, Canada, and etc.  Mundipharma Korea Ltd. was established in April 1998.  Business Situation   * Integrating Decentralized Process and Systems   Solution   * Work Process Innovation with ERP 2.0 * The Perfect Customization for the Pharmaceutical Industry * Managing Changes at the Field Level * Smart ERP System Working as a Groupware   Benefits   * Customization for the Pharmaceutical Industry * Managing Changes at the Field Level * Smart ERP System Working like a Groupware * Highly Reliable ERP Solution |  |  | "There are specific requirements for the pharmaceutical industry, such as handling medicine costs, insurance fees administered by the Health Insurance Review and Assessment Service, and direct and indirect sales to medical institutes and wholesalers. Microsoft Dynamics NAV is the most tailored ERP solution for pharmaceutical industry to fulfil all of the requirements, on top of its great out-of-box ERP modules- such as accounting, sales, and purchasing"  SeungBeom Seo, Assistant Director of Mundipharma Korea |
|  |  | Mundipharma Korea began its sales and marketing operations in Korea in April 1998. In the midst of its steady growth, Mundipharma Korea began full-scale management innovation in 2007. The company worked to integrate the previously independent business systems used for accounting, sales, and other departments into one overall ERP framework. With the advanced business processes with Microsoft Dynamics NAV, Mundipharma Korea began to consider upgrading its ERP solution towards the end of 2011. The company’s transaction volume and customer size increased dramatically, and the company doubled from 100 to 200. Mundipharma Korea selected Microsoft Dynamics NAV 2009 without a hesitation, when the company faced an era of innovation. With the ERP upgrade, some functions became the focus of great improvement. One such example is the expense journal module. And another visible result of upgrading to Microsoft Dynamics NAV 2009 was the increased reliability of data. |
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Situation

Mundipharma Korea began its sales and marketing operations in Korea in April 1998. Constantly expanding its portfolio to include OxyContin®, Targin®, Norspan®, Zytram®, and other imported drugs since its inception, Mundipharma Korea has been building on the brand value in the areas of chronic disease treatment and pain control. In the midst of its steady growth, Mundipharma Korea began full-scale management innovation in 2007. The company worked to integrate the previously independent business systems used for accounting, sales, and other departments into one overall ERP framework.

In prior to ERP implementation, Mundipharma Korea’s work environment was not different from any other pharmaceutical companies of a similar size. Independent work systems were used for accounting, sales, and other activities. As a result, no single viewpoint for work processes or data was available across departments. Work was inefficient; employees in different departments had to create and exchange endless Excel documents for sharing work data. Lots of pieces of data also had to be verified and compared with each other. For this reason, Mundipharma Korea adopted Microsoft Dynamics Navision (NAV) 3.6 in 2007 to put in place an ERP system to establish new standardized processes for accounting, sales, purchasing, and logistics with transparent accounting for all business activities.

With the advanced business processes with Microsoft Dynamics NAV, Mundipharma Korea began to consider upgrading its ERP solution towards the end of 2011. The company’s transaction volume and customer size increased dramatically, and the company doubled from 100 to 200. There was an obvious need for extending the ERP system.

Mundipharma Korea selected Microsoft Dynamics NAV 2009 without a hesitation, when the company faced an era of innovation. SeungBeom Seo, Assistant Director of the Strategic Business Department at Mundipharma Korea said, "Having used ERP solutions from all of the major providers, such as Microsoft, SAP, and Oracle, we thought that anything would be fine as long as various processes could be integrated into one system, which is the basic principle of the ERP system. Nevertheless, we had to make the best choice for our context and condition. So, we chose Microsoft Dynamics NAV because it was ideal for a medium-sized business of 1,000 employees or less and perfectly suited our pharmaceutical business." He added, "Also, we were using version 3.6 and we could therefore minimize the learning curve for our users."

Solution

Mundipharma Korea’s next-generation ERP project was undertaken by Tectura Korea. The basic requirements for the ERP system in the pharmaceutical industry had already been met by the customization that was performed during the 2007 project. Seo said, "There are particular requirements in the pharmaceutical industry such as handling medicine costs and insurance fees administered by the Health Insurance Review and Assessment Service, and direct and indirect sales to medical institutes and wholesalers. In addition to the basic ERP modules for accounting, sales, and purchasing, we have been using functions unique to the pharmaceutical industry with Microsoft Dynamics NAV."

Since there have been no critical issues with the existing system, Mundipharma Korea and Tectura Korea had to decide how much of the customizing codes previously developed on the ERP should be reused. Acknowledging that they should avoid keeping unnecessary features and modules when upgrading the ERP system, Mundipharma Korea printed out a list of previously developed modules and surveyed all of the field users in the relevant departments. They wanted to identify unused features and essential functions so that the work involved in migration would be minimized and they could, at the same time, build an ideal ERP system for the pharmaceutical business.

In addition to migrating customized code, Mundipharma also paid attention to one more area: data migration. They wanted to import historical ERP data with minimal modifications or loss so that the past and present data could be used without the issue of data integrity. Seo said, "We tried to keep the historical data as much as possible to ensure work continuity for employees in the field. If they could not view historical customer data, their work continuity might be compromised. In the case of customer balance data, we made sure we preserved all historical customer data so that invoice and payment history could be viewed without any hassles."

Any ERP implementation or upgrade project is going to face psychological resistance, not the passionate support of all employees. Employees tend to feel uncomfortable with the idea of having to face something new. For this reason, change management for users is usually extremely important in an ERP project. Mundipharma Korea’s user change management process was quite inspirational. Mundipharma Korea decided to show how issues at the field level could be resolved.

Seo said, "We wanted to show how the ERP upgrade would make our employees’ work easier. For example, we demonstrated the example of calculating costs by using the recurring journal in many complicated steps and then we demonstrated the scenario of using the function developed by Tectura Korea for a highly streamlined process. That’s how we explained the need and reason for the ERP upgrade."

Unlike the psychological resistance for new functions and procedures, from the outset there was absolutely no user resistance to the user interface (UI). As Mundipharma Korea's employees had been using Windows 7 and Microsoft Office 2007 as the standard desktop environment, the UI of Microsoft Dynamics NAV 2009 was very familiar. The window was almost identical to that of Office 2007. The Excel shortcut keys frequently used by the ERP users were also similar. There were hardly any difficulties with the UI.

With the ERP upgrade, some functions became the focus of great improvement. One such example is the expense journal module. The entire process of expense request and payment approval usually completed using groupware was completely absorbed into the ERP system. Mundipharma Korea had not used groupware before and had the long-term intention of implementing an enterprise portal (EP) for providing a one-stop console for ERP, CRM, etc. Then, during this ERP upgrade, they came up with an idea to make it easier for employees to submit expense requests and obtain payment approval. The company wanted to include the payment authorization process in the ERP system. Seo said, "The upgrade gave us an almost identical payment authorization function to that of a general groupware service, except for the electronic signature function. Now that the number of employees had grown from 100 to 200, without the ERP payment module we would have ended up with an extreme workload for preparing and approving payment-related documents."

Benefits

**ERP with Greater Reliability**

One visible result of upgrading to Microsoft Dynamics NAV 2009 was the increased reliability of data. Previously, with version 3.0, if sales took place after the accounts closed, the historical data had to be edited to correct the costs in the system. This often resulted in discrepancies between the past reports and the data on the system. Since Microsoft Dynamics NAV 2009 uses the Accounting Periods function, it leaves the historical data intact even when corrections are required. Momentary discrepancies in data due to differences at the time of closing accounts and at the time of closing inventories in the system never resurfaced. This means higher real-time data reliability for account closing and inventory closing.

**ERP with the Ultimate BI System**

Leveraging with the system upgrade to Microsoft Dynamics NAV 2009, Mundipharma Korea plans to make the ERP system even more user friendly. Instead of being used by a handful of employees, they want to see the system used by all employees for obtaining all information required for work in every field. Seo said, "Rather than just the users in accounting and sales, users in marketing and other departments are getting more interested in the ERP system. They are asking for more useful information to be on the system. In response, the IT department need to link ERP with CRM and DW to provide a wider range of information. One example would be for studying the correlation between changes in sales and customer management. We could look at synchronizing the data on the ERP system with the CRM system and then using DW to analyze these data sources." Mundipharma Korea is also considering using Microsoft Dynamics NAV 2009 and a CRM system specialized for bio-engineering in order to allow single-point access of Cegedim Dendrite which is currently in use.

Microsoft Dynamics

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| Software and Services | * Microsoft Dynamics NAV 2009 |

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For more information about Mundipharma Korea’s products and services, call 82-2-568-5689 or visit the website at:

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