



A complete, fully integrated European order to cash solution from just one provider

Arvato facilitated Otsuka's transition from one central warehouse to multiple strategically linked European sites – and also provided specifically tailored value-added services

↓ 01 Background

Otsuka was looking for a strategic logistics partner that could not only assist with dismantling their previous third-party logistics arrangements, but would also be able to take care of all procedures and processes concerning their end customers, including customer service, order management, warehousing, transport and all financial processes. This new partner's expertise would also be needed to help Otsuka manage and further develop all order-to-cash processes in the EMEA zone. Otsuka also wanted this change to improve the transparency of their operations in this region.

↓ 02 Vision

The goal was to implement a shift from a centralised distribution model to a decentralised "key market" model by developing a distribution concept in several European countries. The idea behind this was to establish a closer proximity between Otsuka, the market and their customers so as to better fulfil regional demand and market regulations. At the same time, Otsuka wanted to improve customer service, reduce transport costs and implement same-day concepts so as to guarantee faster availability, for example for risk management process (RMP) controlled products.



Otsuka Pharmaceutical Europe Ltd.

Our customer

- Otsuka's mission is to research and develop products that can improve the lives of people all over the world.
- Their portfolio includes medicines to treat diseases affecting the central nervous system (such as schizophrenia) or cardiovascular system, as well as chronic intestinal diseases.
- This global pharmaceuticals manufacturer was founded in Japan in 1964 and currently employs 46,000 people.





The design of a European Distribution network is a fine balance between having a consistent approach across all markets for core activities like customer services, quality standards etc. and staying close to the customer at each market level and minimising costs and delivery times. The hub and spoke network developed in partnership with Arvato has supported us ably on this journey. No doubt we will continue to refine the model in collaboration with Arvato as our business grows and evolves.“



Cheryl Dhillon
Senior Vice President Supply Chain
and Corporate Project Management,
Otsuka Pharmaceutical Europe Ltd

Additional benefits

- The full range of services provided by only one company
- A strategic partner for the whole of Europe
- Optimal cost efficiency
- Utilisation of Europe's synergistic potential while also retaining proximity to customers in key markets
- Complete data transparency along the entire distribution chain throughout Europe

↓ 03 Solution

Since 2013, Arvato has been overseeing Otsuka's logistics for the European pharmacy market. Until 2016, this was all handled from the Harsewinkel distribution centre in Germany. Arvato has subsequently opened two modern storage facilities in Italy and Spain, two of their most significant markets, and expanded the existing distribution centre in Paris. This allows for scalable processes on an international scale, and also enables Otsuka to operate in important strategic markets itself. Their entry into the Swiss market came at the same time with a fully integrated solution, which Arvato implemented in Niederbipp with its strategic logistics partner Voigt. Arvato has also been taking care of Otsuka's temperature-controlled distribution throughout Europe since 2017.



↓ 04 Flexible distribution models

Thanks to a smooth, transparent and extensive system of interconnected, decentralised storage facilities, Otsuka can adapt to a variety of distribution models and to the unique demands of each market, such as emergency pharmacy orders (EPOs) in France. Different kinds of customers are supplied depending on the market: in Northern Europe, Otsuka predominantly serves wholesalers and hospitals, whereas in Italy, Spain and France, the majority of clients are pharmacies. Otsuka's regional proximity to patients gives the Japanese pharmaceutical company supply reliability. This approach also makes it easier for them to conform to each country's specific legal and regulatory requirements.

By expanding the international network of facilities and storage locations, Arvato is able to fulfil the needs of the customer and tailor the supply chain to the demands of the ever-changing pharmaceutical industry. In line with this approach, the locations in Germany, Spain, Italy and France are all equipped with a dedicated customer service workforce. Functioning as a central point of contact, an international Key Account Manager works to coordinate the collective know-how of the most significant departments and also manages local projects.

Alongside the development of the decentralised warehouse structure, Arvato has also been pressing ahead with networking and interconnecting the order-to-cash processes across all locations so that the client's high demands can be fully satisfied from a systematic perspective as well. The international locations are all tied to the unified European quality management system as well as the fully integrated, SAP-based IT landscape. With this, we can offer the customer standardised processes, data security, high transparency (including BI reporting) and holistic training management with MasterControl all across Europe. This also allows for a reduction in the number of interfaces and points of contact.

Key Facts

One SAP-based IT system, plus one QA system, for all locations

Serialisation solutions relating to the Falsified Medicines Directive (FMD), including IT support

Secondary packaging, postponement, late state finishing

ERP system support

Warehousing

Order-to-cash management

Transport management

Continuous temperature control

Support with everything relating to trade

Value-added services

Dunning → accounts receivable communications

ISO Standards, GDP, GMP



↓ 05 **Distribution across Europe**

With all of this, Arvato is enabling Otsuka to monitor all movement of goods as well as the cash flows for all ordering, logistical and financial processes throughout Europe. Arvato also oversees Otsuka's transportation with its transport management service, including track and trace. Expectations are being met with same or next day delivery. Further distribution within Italy as well as San Marino is taken care of from the Calcinante location in Bergamo. Similarly, operations in Spain and the surrounding islands are centred around Alcalá, near Madrid. This makes it possible to guarantee delivery in under 24 hours. Deliveries to France and her overseas territories are made from the site in Chanteloup-en-Brie. The multi-user site in Harsewinkel, meanwhile, assumes responsibility for distribution in all central European markets and is also responsible for replenishing stock levels at the satellite sites named above.

↓ 06 **Additional benefits for the customer**

The solution provided by Arvato enables Otsuka to react more flexibly to the demands of different countries, particularly in relation to changes in the market and different distribution models. By using a single service provider for all of its processes and procedures (international customer service, warehousing, transport, financial processes), the Japanese pharmaceutical company was able to reduce its processing times and transport costs, while also saving the money it had previously spent on services such as linehaul solutions for temperature-controlled transport in local transport networks. All locations are certified according to the highest quality and industry standards with one IT and QA system. Otsuka also benefits from a centralised and efficient risk management process for Europe.

Questions? Please get in touch with us.

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