

ACTAVIS PHARMACEUTICAL



“COGNOS PLANNING HAS BEEN A HUGE SUCCESS FOR US, AND FEEDBACK FROM THE USERS AT OUR SUBSIDIARIES IS QUITE FAVORABLE. THEY BELIEVE THAT THEY COULD NOT HAVE HAD A BETTER TOOL TO HELP THEM THROUGH THE PLANNING PROCESS. AND, IN THE BUSINESS FINANCE DEPARTMENT, WE HAVE ACHIEVED GREAT SAVINGS IN TIME AND EFFORT.”

**ULFAR HELGASON, CHIEF INFORMATION OFFICER
ACTAVIS PHARMACEUTICAL**

Driven by an ambitious product-development strategy, an unwavering focus on better and faster access to the latest generic products, and a commitment to delivering a wide portfolio of affordable, high-quality products, Iceland's Actavis Pharmaceutical is one of the world's top-five makers of generics.

Founded in 1956, Actavis now operates across five continents with operations principally focused in Turkey, Germany, Bulgaria, Serbia, Russia, and recently the U.S. Through a series of savvy acquisitions – such as U.S.-

based Amide – the company has expanded from just 100 people five years ago to more than 7,000 experienced pharmacists, chemists, and other professionals. Actavis' recent conditional acquisition of the generics business of Alpharma will strengthen the company's position in the market, bringing the company to 10,000 employees in 32 countries.

The € 1.5 billion Actavis has modern manufacturing facilities in Bulgaria, Malta, Turkey, the US, and Iceland that are EU-GMP (Good Manufacturing Practice) approved. The manufacturing facility in the US is FDA-approved. Additional manufacturing in Serbia currently services domestic and other markets for own-label products outside the EU. The plants produce a variety of medicines in different formulations including tablets, capsules, injectables, suspensions, suppositories, creams, and ointments.

Such manufacturing capacity is supplemented by an extensive network of sales and marketing offices. Strategic acquisitions, the opening of new sales offices, and intensive investment in the development of generic pharmaceuticals are fuelling the growth of Actavis and have positioned the Group to take advantage of future opportunities.

ACTAVIS PHARMACEUTICAL

One of the world's largest providers of generic pharmaceuticals.

Industry

Pharmaceuticals

Geography

Iceland

Planning challenges

- Rapid worldwide growth
- Multiple corporate acquisitions
- Tedious, inflexible spreadsheet-based budgeting process

Previous planning system

Microsoft Excel spreadsheets and e-mail

System solution

Cognos Planning

Solution Provider

IMG

Benefits

- Central control of plans and models
- Broader plans including sales and cost of goods sold
- Local plans mapped to standard corporate plans

COGNOS®

THE NEXT LEVEL OF PERFORMANCE™

THE CHALLENGES

- Extremely rapid worldwide growth
- Multiple corporate acquisitions
- Laborious Microsoft® Excel®-based budgeting process

Faced with exponential growth, Actavis recognized in 2003 that its Microsoft Excel-based planning process would no longer suffice. “We used to issue Excel spreadsheets to our budget contributors across our business,” said Ulfar Helgason, Actavis CIO. “But consolidating these various spreadsheets was becoming increasingly difficult and time-consuming. And, as we acquired more companies, the complexities started to compound our difficulties. We sometimes didn’t even have time to bring new companies into our Excel process, so they would turn in their own budgets that we had to reconcile with our structure. We were starting to lose oversight of the entire budgeting process.

“As a result, our budgeting cycle would run into late December [the last month of Actavis’ fiscal year] – or sometimes even into January. When you’re spending considerable time just collecting and consolidating spreadsheets from budget contributors, that leaves you very little time to review the results, model different scenarios, and make changes. All in all, it was an incredibly difficult process.”

Aiming to raise a tactical budgeting process into a unified, strategic, management-level *planning* discipline, Actavis looked at various commercial-software alternatives. Owing to its positive experiences with Cognos PowerPlay and Cognos Impromptu, Actavis quickly turned to Cognos Planning – and was impressed by what they saw.

“We consulted with our reseller, IMG,” Helgason said. “It was easy to see that Cognos Planning would be an ideal solution to address our challenges with paper consistency, consolidation, analysis, and other aspects of our budgeting and planning process. I knew Cognos from previous jobs I’d held and I knew that Cognos was superior to competitors. Once we saw the IMG demonstration and saw the architecture of the system, we knew this solution was dead-on for a broadly distributed organization like ours.”

Cognos Planning was Actavis’ first rollout of a global application. “It was the first time in our company’s history where we required every subsidiary and division to install and use it,” Helgason said. “It’s not like we had been previously rolling out software and computer systems – this application was paving the way. But because it’s a centralized system, we had a lot of control. We could centrally construct the planning models and roll them out to the different lines of business.”

THE BENEFITS

- Central control of models and plans
- Broader plans encompassing sales and COGS
- Local-plan customizations mapped to standardized central plans

Initially, Actavis deployed Cognos Planning to complete its sales budget and financial plan. However, it quickly saw that the Cognos solution could address the cost side of the equation as well. “As we created a more detailed financial plan for the sales operation, we started to require considerably more detail on the cost of goods sold as well,” explained Helgason. “For example, for the sales budget, they wanted to be able to calculate the projected cost of sales. The scope of our implementation quickly grew – but it grew in meaningful, valuable ways.

“Because we’re growing so rapidly, we’re still figuring out the right ways to address the opportunities that are coming at us so rapidly. For instance, we have many more production sites now – we can produce a drug in Bulgaria or Malta. Who will sell it? Are there inter-company transfers and eliminations to consider? One site might have lower labor or transportation costs, so we want to determine which location makes the best business sense for that production line.

“Another incredibly positive effect from this implementation is that we have standard dimensions and measures across all of our business units. If a sales unit or subsidiary uses a different sales model or structure, we can still easily roll it up into a unified model and budget. So we’re both flexible and standardized: We must be, since our companies have different numbers of budgeting levels, ranging from the very complex (Bulgaria) to the much less so (Nordic region).

“Now, we can consolidate and look at overall production costs. We now have a model that will help us forecast our sales three to four years into the future – and we’re able to do it by brand, business unit, and product line.”

Building an enterprise-wide revenue- and expense-based planning system for hundreds of contributors spanning multiple business units was a considerable challenge for Actavis. “Our business has been growing and evolving, so our planning efforts have to adapt quickly as well,” said Helgason. “It was challenging to bring it all together, but we were able to complete our entire 2005 plan using Cognos Planning. The accuracy of our data and the ability to have one central server with all of our standardized planning and budgeting data was a major, major achievement.”

That’s not to say Actavis isn’t looking to make improvements. On the contrary, according to Helgason, the planning team has been working to create a second-generation of its business plan for the 2006 fiscal year. “We plan to add new functionality within various application areas,” he said. “We’ve redesigned the planning system to make it more efficient and we’re adding new data flows from our various ERP systems.

“It was a very wise decision to choose Cognos for our planning system. Cognos Planning has been a huge success for us and the feedback from our users at our subsidiaries is quite favorable. They believe that they could not have had a better tool to help them through the planning process. And, in the business finance department, we have achieved great savings in time and effort.”

ABOUT COGNOS

Cognos, the world leader in business intelligence and corporate performance management, delivers software and services that help companies drive, monitor and understand corporate performance. Cognos serves more than 23,000 customers in over 135 countries. Cognos enterprise business intelligence and performance management solutions and services are also available from more than 3,000 worldwide partners and resellers.

