

ORGANON



“WITH OUR PROFIT SPEND MANAGEMENT SOLUTION, WE ARE ABLE TO MONITOR OUR EXPENDITURE WORLDWIDE, AND AT THE SAME TIME ACHIEVE SIGNIFICANT SAVINGS.”

– BRENDAN MCGRATH, BUSINESS ANALYST/PROJECT MANAGER PROFIT, ORGANON

Organon, a subsidiary of the Akzo Nobel group, is a pharmaceuticals company that has offices in more than 60 countries worldwide. The company's products are sold in over a 100 countries and it has a head office divided between Oss in the Netherlands and New Jersey in the USA. Organon employs around 14,000 people worldwide, and in 2005 had an annual turnover of 2,425 million EUR.

CHALLENGES FACED

- No high level overview of how purchases are made
- Data sources located in a number of different geographical locations
- Incomplete and complex information delivery

Competition in the pharmaceuticals industry is fierce with ever increasing pressure on margins. This means that cost management is high on the agenda. In total, Organon spends hundreds of thousands of EUR worldwide every year on purchasing products and services, ranging from raw materials to electricity and catering services. Due to the fact that information relating to the company's business was stored in a variety of local ERP systems, Organon had insufficient overview over

its worldwide expenditure. “For us to be able to control costs right across the company, we need to know what each operation spends exactly on what products and services - and which suppliers they purchase from,” says Brendan McGrath, who is Business Analyst/Project Manager ProFIT (Procurement Financial Information Tool) at Organon. “Having control over this information enables us to compare our expenditure in various areas and then analyze what is happening so that we can implement a tighter purchasing policy.” However, accessing this information was easier said than done. “Previously, we had to use Excel spreadsheets to compile our data from various ERP systems” explains Mr McGrath. At the prompting of the company's Global Procurement Office, Organon decided to look for an expenditure management solution capable of gathering purchasing data on a worldwide basis, as well as analyzing and reporting on it in a user-friendly way.

STRATEGY FOLLOWED

- Develop best practices for cost/purchasing management
- Implement a data warehouse as the basis for analysis and reporting
- Develop a system that was easily accessible, with a web-based user interface
- Advice, project management, implementation and training provided by Cognos

A scan of the market soon brought Cognos into the spotlight. “Cognos was able to provide us with ready-made

- **DATA WAREHOUSING**
- **REPORTING AND ANALYSIS**
- **WEB-BASED USER INTERFACE**
- **SERVICES**

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products that didn't require major changes" says Mr. McGrath. "Further, Cognos had already carried out a similar project for another customer, so we were able to benefit from that experience for a fast and efficient implementation." This process was based on strategic cooperation, and the result of this cooperation was the implementation of the ProFIT expenditure management solution. Cognos provided Organon with advice about how to proceed with the project and was primarily responsible for defining, planning tailoring and implementation of the solution. Cognos further provided the necessary training.

The foundation of the ProFIT solution is a data warehouse that retrieves all purchasing information from the local ERP systems. Information within the data warehouse is then also available for reporting and analysis. This part of the ProFIT solution is controlled by the Dutch operation. Additionally, an international web portal provides the Global Procurement Office and local purchasing managers, at different levels, with access to the information which can be viewed, analyzed and reported on from different perspectives. ProFIT was first introduced to Organon in Ireland in 2004. Since then it has been rolled out in the Netherlands and the United States. Other locations are scheduled to follow in 2006 and 2007.

BENEFITS REALISED

- Worldwide insight into expenditure and purchasing patterns
- A reliable and comprehensive overview
- Optimum cost management
- Significant savings

ProFIT enables Organon to monitor worldwide expenditure and in doing so generate significant savings. The company can now obtain reliable, up-to-date information straight from its ERP systems, meaning that purchasing can be monitored with a high degree of accuracy. "ProFIT provides us with a highly transparent picture of our purchasing patterns," says Mr. McGrath. "We are able to see whether various Organon locations are using the same suppliers and benefiting from better purchasing terms as a result. Results have been extremely positive in Ireland and use of the spend management solution will be extended in the future to include other sites within Organon. "The big benefit of the Cognos solution is that we are able to achieve results quickly with very little in the way of hardware investment," concludes Mr. McGrath. "In principle, the only thing a user needs is a web browser".

WHY COGNOS?

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