

CUSTOMER SUCCESS STORY

**INDUSTRY**

Pharmaceutical

BACKGROUND

Pharma Nord is a 500-person pharmaceutical manufacturer and distributor with corporate headquarters in Denmark.

CHALLENGE

Finding the right balance between specific out-of-the-box functionality, platform flexibility and open source licensing

SOLUTION

Initially implemented in 2002, Compiere manages Pharma Nord's inventory, ordering, shipments and accounting processes.

RESULTS

The current Compiere solution streamlines the distribution of over 10,000 SKUs through more than 50 subsidiaries and channel partners



Seven Years and Still Growing with Compiere Open Source ERP

BUSINESS OVERVIEW

Denmark-based Pharma Nord is one of Europe's largest manufacturers of preventive dietary supplements and herbal remedies. The 500-person company, founded in 1981, develops, manufactures and markets scientifically well-founded dietary supplements, herbal remedies and medical drugs with optimal bio-availability. Pharma Nord's products are available in 50 countries throughout Europe, Asia and North America.

CHALLENGE

Due to market success with its initial line of dietary supplements, Pharma Nord was continually expanding its product line and markets served. Growth in the regulated pharmaceutical industry, however, requires precise inventory management to address business and regulatory complexity.

"In the pharmaceutical business you don't just sell one product to every country," explains Jacob Pedersen, Compiere Project Manager at Pharma Nord. "You have to respect the national regulations of every country. Different sizes. Different packaging. Different labeling. We have thousands of variants that we need to handle. Even though we have only 50 base products, we end up with a lot of item numbers."

Pharma Nord's ERP solution requirements extended well beyond the standard set of distribution and accounting functionality that performs at a global scale. They viewed the selection of an ERP solution as having a 15-20 year life. For a solution to succeed for more than 15 years, product licensing, ease of customization and confidence in the vendor were as important as out-of-the-box functionality.

SOLUTION

Pharma Nord uses Compiere to manage its sales orders, invoicing, cash collections, purchasing and accounting for its sales subsidiaries and also to manage receipts and shipments in its warehouses.

According to Pedersen, "Compiere helps us manage this whole process. It enforces rules that propose which lot number to ship using 'first in first out' principles. It helps us respect certain customers' requirements that the expiry dates not be too close together."

Pharma Nord liked what they saw in the earliest versions of Compiere in 2001. "Compiere is extremely flexible," Pedersen added. "You can customize the way it works to a very high degree."

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— **Jacob Pedersen**
Project Manager
Pharma Nord

Using knowledge gained at a Compiere training class, Pedersen completed an initial Compiere deployment in early 2002 focused on a single subsidiary. “We did it on the basis that we would probably find things that need to change along the way. And we have. It’s been with us, it’s been upgraded and we’ve changed quite a few things. We’ve been able to migrate to new versions of Compiere all the way from 2002 and now we’re here at 2008. I find that quite impressive.”

Before selecting an ERP solution, Pharma Nord assessed a number of offerings, notably Compiere and Navision. Midway through the evaluation, Navision was acquired by Microsoft. A few months later, the Linux version of Navision was discontinued. These events were eye-opening for Pharma Nord’s information technology and executive teams. The result was an even stronger requirement for the kind of open source licensing offered by Compiere to ensure Pharma Nord’s long-term ERP success.

Services from the Compiere Partner Network and Compiere helped Pharma Nord succeed. For example, the 2001 version of Compiere lacked support for tracking lot/batch numbers and expiry dates—essential functionality for the pharmaceutical industry. Pharma Nord’s sponsorship accelerated the development of this general use functionality. “We

wrote the specification of exactly what the software should be able to do and it was developed by the Compiere team.”

RESULTS

Seven years after initial deployment, Pharma Nord is still going strong with Compiere. Their database has grown over the years as they’ve added business partners, products and transactions. Having transaction history available for analysis and reporting is a nice benefit from using a single product continuously over time.

“What’s great about Compiere is that everything is stored at the most detailed level,” explained Pedersen. “So whenever you need to do reporting, you have a number of dimensions to work with. You can combine each product, different sizes, and different countries. All of those will be dimensions. Since you can report and group on these dimensions, you can get the answer you’re looking for by grouping and merging these data afterwards.”

With its sales and distribution operations productive with Compiere, Pedersen is looking toward the future: “Pharma Nord is also a manufacturing company. We manufacture all of our products ourselves. We know that Compiere is also working on manufacturing capabilities. That is something I see for the future.”