



teva

**NEXT GENERATION SUPPLY
CHAIN TRANSFORMATION
BY DIGITALISATION AT TEVA, A GLOBAL
PHARMACEUTICAL COMPANY**

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NEXT GENERATION SUPPLY CHAIN TRANSFORMATION

BY DIGITALISATION AT TEVA, A GLOBAL PHARMACEUTICAL COMPANY

Eran Ebert, Head of Global Supply Chain Transformation and Center of Practice at Teva Pharmaceuticals on the company's commitment to improving the lives of patients through transformation and innovation.



BASED IN TEL AVIV, ISRAEL, TEVA PHARMACEUTICALS INDUSTRIES LTD. SERVES 200 MILLION PATIENTS PER DAY IN MORE THAN 60 COUNTRIES AROUND THE WORLD. THE COMPANY EMPLOYS APPROXIMATELY 40,000 EMPLOYEES WORLDWIDE AND OPERATES OVER 50 MANUFACTURING FACILITIES AND 12 R&D SITES.

In March 2021, Teva launched a new supply chain strategy that aims to manage and optimise the post-Covid changes and consequences that have affected the pharmaceutical industry.

Representing the company's Global Operational Division is Eran Ebert, Teva's Head of Supply Chain Transformation and Center of Practice, who sheds light on this exciting chapter of transformation and innovation at the business.

Eran and his team are responsible for the governance and rollout of the new supply chain strategy across the entire company and they are

also in charge of the company's Supply Chain Center of Practice – an innovation hub where strategies are refined into new methodologies, processes, standards and tools at Teva.

HOW IS TEVA EMBRACING TRANSFORMATION AND INNOVATION?

“Our strategy is all about transformation by digitalisation,” answers Eran. Elaborating on the process, he explains that there are three stages to changing the company's supply chain strategy: first is strengthening the foundation, the second involves enhancing connectivity, and the last stage is forward-



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looking, towards 2030 and beyond – “looking to the future.”

Each stage entails several projects and initiatives relevant to the respective time frames.

Eran explains that Teva used to focus on transformation efforts within the Planning Excellence

team, but the culture and vision have since shifted to channelling this quality on the ground and making things happen. Hence, the rebranding from a Planning Excellence team to working as the Supply Chain Center of Practice, where the focus gravitates around executing procedures and methodologies, putting things into

practice, not just preparation and theories.

STRENGTHENING THE FOUNDATION

Expanding on the first stage of Strengthening the foundation, Eran explains the background of how for the past 30 years Teva’s growth strategy relied on external

acquisitions. Acquiring other companies brought a lot of value to Teva, yet there was not enough standardisation of processes and tools between Teva’s entities. For example, several different ERP systems. At some point, a few years ago Teva decided to make a brave and transformational move, to unify the way all the business



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“To achieve the new Teva strategy, we, in supply chain, needed to adjust and change the way of working by using a centralised and consistent approach,” says Eran. “It is then a question of deploying the second stage of transformation where we enhance connectivity by bringing in advanced new technologies to enable the digitalisation of our operations.”

Before Teva could embark on the second phase of transforming its supply chain strategy by enhancing connectivity, Eran and his team brought in new technologies within the strategy rollout during the foundation-Strengthening first stage to prepare themselves for the transformation.

“We decided on a few technologies that would really take us to the next level

units are working, to have one language, one process, one supporting platform: ‘One Teva’.

“We really put a lot of effort into the integration,” says Eran. “We worked diligently with our partners from IT to make sure Teva operated on the same platform, speaking the same language to coordinate the same processes across the board, creating standardisation. We put our focus on ensuring that all manufacturing sites, all other business units and all our markets were on the same

system executing the same way of working. It was and still is a huge change, a real transformation.”

“In order to strengthen the foundation, we needed to ensure that all the manufacturing sites and commercial markets moved to the one Teva platform, using the same system and blueprint. That has a lot to do with changing the way people used to do their day-to-day work while showing them the value for them or for the

company. In fact, that was the real transformation, going through this change management journey with the people. And it is not always easy, sometimes you have to pay more attention to certain areas and put more focus and resources to support the journey. Implement Consulting Group provided us with advanced support on this piece.”

Streamlining to one system across multiple manufacturing sites at Teva went hand in hand with transformation to the logistical side of the company’s operations.

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of planning and supply chain capabilities. These were things like direct seamless connectivity with external suppliers, machine learning and AI for savings predictions and better forecasting, robotic process automation (RPA) for some of our processes and process mining and advanced analytics for identifying areas to improve.”

Eran also describes how Teva has made significant strides in terms

“WE BUILT A PARTNERSHIP WITH CONTROLANT WHO CAME IN WITH A DIGITAL SOLUTION THAT ALLOWS US TO MONITOR THE LOCATION, TEMPERATURE AND SECURITY OF OUR SHIPMENTS IN REAL-TIME”

of digitalisation around shipping visibility and monitoring in the past few years as compliance and regulatory standards evolved. “Here we built a partnership with Controlant who came in with a digital solution that allows us to monitor the location, temperature and security of our shipments in real-time,” says Eran. “We work together and use their sensors to provide patients with the high-quality products they need in the safest manner possible.”

ENHANCING CONNECTIVITY

One of the most impactful projects within the digital transformation process is Teva's Integrated Business Planning (IBP) project which aims to enhance connectivity across all functions an advanced End-to-End platform.

“IBP is the next generation of our sales and operations planning (S&OP). While many times S&OP is more a set of sequential

separated steps taken by finance, commercial and supply chain to get a consensus on the rolling business plan, IBP is about a truly integrated, mutual and simultaneous planning by all functions with real-time data of volume and value. For a company the size of Teva, to guarantee seamless connectivity between all the relevant functions, this vision has to be supported by the right technologies, putting everyone in one platform,”

elaborates Eran. “This is an important, significant and transformational project in Teva. In order to gain future integrated planning, this programme is actually being led by leaders from finance, from supply chain and from IT, working together towards one goal.”

Eran further explains that the traditional process would normally start with supply chain departments providing their predictions and data, and then they would work with the commercial teams to agree on the numbers for the future plan – meanwhile, other departments like finance generate similar inputs based on their own considerations and findings, related to the financial targets. The issue is, that multiple teams provide several recommendations, and it can pull a company in too many directions – which the traditional S&OP process tries to mitigate.



And it is not an easy task. The goals for this project are very aspirational but crucial for Teva: align planning processes and calendars between functions, achieve shorter and more effective cycles, business decisions based on real-time data across the organisation, one set of numbers to enable clarity and transparency with scenario planning as an enabler.

multiple teams – such as global supply chain, operations, finance and commercial – involved in strategy decisions come together to use one system and advance the company forward leveraging SAP IBP and SAC technology.

“KPMG was selected as the leading partner for the implementation of our IBP project. There’s a great team over there and we’ve

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However, for a company like Teva which generates approximately \$15 billion in annual revenue, it is imperative there are high levels of visibility to ensure that decisions are made optimally and effectively for the company as a whole. Eran applauds how the company now achieves a real global optimum for decisions.

With its innovative IBP project, Teva is embracing a cohesive planning approach where the

established a fantastic way of working together.”

But how does a large, global company like Teva take widescale transformation efforts like the IBP project or implement unified technology platforms in its supply chain and ensure that these strategic initiatives are unfolding on the ground?

Eran says that change management is always challenging, and it begins with a



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clear vision and direction for the strategy. Then it requires unified, consistent messaging at all levels to execute transformation successfully, so it is understood and embraced at all levels.

“So first of all it was about establishing the right vision in a

way people will relate to and feel close to,” explains Eran. “We had the entire supply chain leadership aligned and conveying the same message. Then we identified who are our stakeholders, who should hear about our new strategy? Who are the key influencers? Who are the people that can support us?”

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Who should do something about it? Who will be most impacted? And so on. It's not just about you and your team, it's about us as a company, the people on the ground. We structured a very tight communication programme with different channels like town halls, road shows to all functions in Teva, webinars, newsletters and gamification to promote the vision and strategy for our digital

transformation. The goal was to ensure people understand what's in it for them, what's in it for Teva and what's in it for the patients.

“One of the reasons that my team tries to visit the sites around the world constantly is to talk to and work with the people in the markets and manufacturing sites. Having a face-to-face meeting is much, much different than virtual meetings. The

impact is different. That's why for us it's super crucial to go there and see the transformation with our own eyes, understand problems and lean into opportunities. Again, we want to put things into practice, we want to make sure that the vision becomes a practice.”

LOOKING TO THE FUTURE

Stage three of the digital transformation at Teva is looking to the future, 2030 and beyond.

“The pace and speed of change is staggering, not only in supply chain, but generally in our world in terms of technology, people, economics and more,” says Eran. “At Teva we believe that by 2030 the global supply chain in the industry won't look the same.

“Everything will be completely different. We cannot predict the future, but we would like to be as ready as we can for it.

“So we established a dedicated stream for supply chain innovation. The sole goal of this team is to try and anticipate and plan for 2030 and beyond. Their job is to talk to professors, tech companies, researchers, thought

leaders and scientists to try and come up with possible scenarios for the future of supply chain we can proactively anticipate and adapt our long-term plans accordingly. We are just trying to be ready.

“One of the reasons we are looking so far ahead is that Teva is a giant company and if we want to make big changes for 2030, believe it or not, we have to start the planning now because it's a huge ship to turn.

“For example, one of our visions for the future is to have seamless real-time connectivity through the entire supply chain, vertically and horizontally. Meaning, we believe that in the future we will be able to get a real-time signal the second someone purchases our product in a specific pharmacy in a specific city around the world. Gathering all these signals will allow us to identify trending demands which will flow to our planners at the markets and our manufacturing sites, while this trend will also be translated to requirements from our suppliers so they can be ready on time to ship the necessary materials. Needless to say, we will probably also have full transparency of our

suppliers' ability to commit to our needs so we will know exactly the status of each node in our supply chain. All of this will happen automatically using, most probably, a mechanism based on ML and AI capabilities, real end-to-end connectivity and real-time

Added Value

FURTHER READING

Eran recently read the article **‘Maverick Research: The Digital Era – The End Of S&OP?’** by Pia Orup Lund and Cristina Carvalho which he found fascinating.

“I keep thinking about this article because it raises a challenging question, prompting readers to think outside the box about planning,” says Eran. “Everything changes so quickly nowadays, and the article questions if the monthly cycle for the S&OP process is now redundant. Why are we still working according to a monthly cycle? Should we be working with no cycle?”

demand sensing. That's the dream, that's the vision.”

Learn more about Teva Pharmaceuticals at their website tevapharm.com.



Connect with Eran



PASSION FOR THE JOB

Eran channels tremendous passion for the work he and his team do at Teva.

“I have the best team with the best people one could ask for, and you know, I am really passionate as a supply chain transformation lead, I am fuelled by the combination of having a great team with driving significant change, problem-solving, collaboration, continuous improvement, and the global perspective that comes with my role. These factors make my job fulfilling, intellectually stimulating, and essential for the success of Teva.”

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