Improve Care Delivery Performance through Supply Chain Transformation

– BD Greater Asia Experience

Jimmy Khoo
Agenda

- Introduction – BD
- BD Asia Supply Chain Management & Landscapes
- Supply Chain Performance today
- The Transformation “Fun & Discovery” Journey
- Path forward
Who is BD?

- **FORTUNE 500** company (#332); BDX - NYSE
- Locations in > **50 countries**
- Nearly **30,000 associates** worldwide
- Serves healthcare institutions, life science researchers, clinical laboratories and the general public
- Sells a broad range of medical supplies and services, devices, laboratory equipment and diagnostic products
- Gartner’s Health Care Supply Chain - **Top 25**
A Picture of BD – Video (3min)

“Helping all people live healthy lives”
FY 2013 Revenues: $8.054B

By Segment:

- BD Medical: $4.3B
- BD Diagnostics: $2.7B
- BD Biosciences: $1.1B

By Geography:

- U.S.: $3.353B
- Europe: $2.512B
- Asia Pacific: $1.006B
- Other (1): $1.183B

(1) Other is comprised of Latin America, Canada and Japan.

“Helping all people live healthy lives”
BD’s Strategy is to **Apply Technology and Clinical Knowledge** to Make Healthcare **More Effective, Efficient and Safe**.

- Optimizing Patient & Healthcare Worker Safety
- Lowering the Cost of Healthcare Delivery
- Increasing Healthcare Access
- Improving Patient Outcome and Quality of Care
BD Supply Chain Management
& Landscape

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What has changed over 4 years?

Less

- Country Centric Supply chain decision making
- Uncoordinated Supply Chain delivery network
- Country Specific Sales and Inventory planning
- Inconsistently defined Supply chain cost elements
- Supply Chain Experts locate in the country

More

- Globally Aligned Regional centric decision making
- Coordinated Supply Chain network simplified by RDC
- Regional Optimized Inventory management as outcome of S&OP
- Standardized cost elements - visibility and optimizations
- Establishment of Region COEs for & Country BP
Supply Chain Performance Today

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Supply Chain Performance Dashboard

Customer Service Levels

Line fill Rate
+ 5%

Back Order
-0.5% of Sales
Supply Chain Performance Dashboard

Operations Excellence

Forecast Accuracy
+4% to 5%

Inventory Turn
+6% to 8%

Supply Chain Cost
Down by 6%
The Transformation Journey
“FUN & DISCOVERY”

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The Discovery Journey that is FUN!

“Helping all people live healthy lives”
Benefits of Region Distribution Center

Service Level $\uparrow = \frac{\text{Safety Stock}}{\text{Lead time} \times \text{Replenishment} \times \text{Forecast}}$

Overall Supply Chain Cost

AS IS MODEL

Source
- Europe
- US

Receiving Country
- Country DC 1
- Country DC 2
- Country DC 3
- Country DC 4

LT Ave 40 Days

TO BE MODEL

Source
- Europe
- US

Receiving Country
- Country DC 1
- Country DC 2
- Country DC 3
- Country DC 4

SGP RDC

LT Ave 15 Days
Planning – Center of Excellence (COE)

AS-IS

Countries

- Light S&OP
  - Demand Consensus
  - Finance Commitment
  - Projections
  - Data intensive

- Order Fulfillment
  - Supply Expedites
  - Inventory
  - High transactions

~60% of Country Planners

Region

- S&OP
  - AP demand/Supply
  - Conduit to WWBU
  - Allocations
  - Planning Strategy

- Light S&OP
  - Demand Consensus
  - Finance Commitment
  - Projections
  - Improved productivity

To-Be

Countries

- S&OP
  - AP demand/Supply
  - Conduit to WWBU
  - Allocations
  - Planning Strategy

- Light S&OP
  - Demand Consensus
  - Finance Commitment
  - Projections
  - Improved productivity

90% of Country Planners

Region

- S&OP
  - AP demand/Supply
  - Conduit to WWBU
  - Allocations
  - Planning Strategy

- Light S&OP
  - Demand Consensus
  - Finance Commitment
  - Projections
  - Improved productivity

RDC

- Order Fulfillment
  - Supply Expedites
  - Inventory
  - High transactions
  - Service Level Agreement

X% supply from RDC
Consolidation Opportunity
Supply Chain Specializations

~40% of Country Planners
Customer Service – Shared Service

AS-IS

Local Country Process

Account Set up
Customer Master – New/change
Trigger Credit Release
Letter of Credit

90% of the CS activities are transactional

Complaints Management
Customer Feedback
PIR
Short/Over shipment
Damage
Pricing Errors

Order Management
Standard orders,
Service agreements
Backorder
Order Consolidation
Batch Management

TO-BE Model

Country Business Partner

Customer Care
Direct account management
Distributor Management
Effectiveness
Customer escalations
Local Legal/Regulatory compliance

TO-BE Model

Regional SSC

Transaction Efficiency driven
E-order
Multi-Lingual
Multi-Time zones
Align to EVEREST

Headcount: X
Launch of SCM Metrics Dashboard in FY13:

- Historical trending
  - Good for analysis & improvement
- Multi measurements, Biz aggregations in ONE single view
- Slice & Dice capability
- Understand BU weightage & impact to SCM
- Automation: Drive productivity - country & region
- Color Coding: Better visualization of performance across biz & countries
FY14 Greater Asia Integrated S&OP Process Steps

**Process**
- **Week 2**
  - Ctry Consensus Meeting (w/Demand & Supply review)
- **Week 3**
  - Regional Aggregation & Deck Preparation
- **Week 4**
  - Regional Reconciliation Meeting
- **Week +1**
  - Regional Operations Review
- **Week +2**
  - Regional MBR

**Who**
- **Ctry**
  - Demand Manager
  - Planner
  - Manager
- **Regional**
  - Planners
  - Regional Reconciliation Meeting
  - Regional Leader
  - Ctry Market Leader
  - FIN Analyst
  - Regional Planner
- **Product Mgr**
  - Planner
  - Analyst
- **Regional Aggregation & Deck Preparation**
- **Regional Leader**
  - Ctry Market Leader
  - FIN Analyst
  - Regional Planner
- **Regional Planners**
- **Regional Reconciliation Meeting**
  - Regional Leader
  - Ctry Market Leader
  - FIN Analyst
  - Regional Planner
- **Regional MBR**
  - President
  - Regional Leader
  - Opn Director
  - FIN Director
  - FIN Analyst
  - Ctry Leaders
- **Regional Operations Review**
  - SC Director
  - Regional Planners and Managers

**Process**
- **Week 2**
  - WW Demand Review
  - WW Demand Manager
  - WW Planner
  - GAR Planner
  - GAR Manager
- **Week 3**
  - WW Supply Review
  - GAR Planner
  - WW Planner
  - GAR Manager
  - WW Manager
- **Week 4**
  - WW Integrated Reconciliation
  - GAR Planner
  - WW Planner
  - Platform Leader
  - WW Finance
  - GAR Manager
- **Week +1**
  - WW MBR
  - WW Leader
  - Platform Leaders
  - WW OPS Leaders
  - GAR SC Leader
  - GAR Planners
Path Forward – Customer Centric Supply Chain

• 2020 Logistics Implication in Life Science –
  – Differentiated Supply Chain
  – Direct Distribution to End Customers
  – Geographic expansion
  – Supply Chain Visibility
  – Flexible Manufacturing Supply Chain

• Other trends to watch out
  – Big data
  – Internet of Things
  – UDI (Unique Device Identification)