

SHANGHAI PHARMACEUTICALS CREATES AGILE AND INTELLIGENT SUPPLY CHAIN

OPERATIONS

Headquarters: Shanghai, China
Over 170,000 sq ft. (16,000 sq. m)

MANHATTAN SOLUTION

Warehouse Management
for Open Systems



CHALLENGE

Due to exponential business growth, Shanghai Pharma realised the importance of streamlining its warehouse operations so that it could centrally manage and improve the overall efficiency and cost-effectiveness of its supply chain.

SOLUTION

Manhattan's WMS uses advanced algorithms to mathematically organise and optimise warehouse operations, and has transformed Shanghai Pharma's distribution and inventory management operation into a critical strategic component in its supply chain.

PROGRESS & RESULT

System has provided necessary degree of scalability needed to handle high volume throughput and ensure continuous smooth operation during peak periods. It has also reduced daily operational and logistics costs.

"Manhattan has been a trusted partner for many years and its services team has a deep understanding of our operations and requirements. We have great confidence in the ability of Manhattan's solutions to help us build on the significant benefits and value we were able to derive from the original system implementation."

LOGISTICS DEPARTMENT,
SHANGHAI PHARMACEUTICALS

PUSH POSSIBLE

 **Manhattan**
Associates®

SMOOTH OPERATIONS AND REDUCED COSTS

at Shanghai Pharmaceuticals

PHARMACEUTICALS GIANT DEPLOYS WMS TO SUPPORT NEWLY OPENED WAREHOUSE AND STREAMLINE SUPPLY CHAIN

As a national pharmaceutical group headquartered in Shanghai, China, Shanghai Pharmaceuticals Holding Co., Ltd. (Shanghai Pharma) (SEHK: 771; SHSE: 601607) was the first pharmaceutical group to be listed on both the Shanghai and Hong Kong Stock Exchanges.

Shanghai Pharma primarily operates in three business segments: pharmaceuticals production (manufacturing and research and development), distribution and supply chain solutions, and pharmaceutical retail. It is the only integrated pharmaceutical company in China and an industry leader in both the development of pharmaceutical products and pharmaceuticals distribution. With an extensive distribution network consisting of more than 40 subsidiaries and more than 30 logistics centres and warehouses, Shanghai Pharma has built a highly successful business to serve one of China's largest industries, and one which is extremely demanding in terms of service levels.

SHANGHAI PHARMA'S EARLY DEPLOYMENT OF MANHATTAN SOLUTION

As one of the fastest-growing pharmaceutical companies in China, Shanghai Pharma has been aggressive in innovating across its supply chain for a number of years. Nine years ago, the company announced a significant investment to upgrade its logistics and IT facilities and construct one of the most advanced distribution centres in Asia.

"We gave Manhattan a tight timeline to work to, but its experienced services team managed exceptionally well under the pressure and exceeded our expectations."

Shanghai Pharma subsequently selected Manhattan Associates as its primary supply chain solutions partner. With the initial deployment of Manhattan's leading warehouse management system (WMS), Shanghai Pharma successfully optimised inventory positions and was able to determine an optimal storage, receiving and picking pattern based on different products' turnover rates. This, in turn, resulted in a more efficient distribution operation, meaning the company was able to focus on its business expansion and solidify its leading position in the industry.



AN ADVANCED SOLUTION FOR ITS NEW WAREHOUSE

More recently, due to Shanghai Pharma's tremendous growth, the company decided to take on an additional 170,000 square feet of warehouse space. This, combined with its original facility, provides a firm foundation on which Shanghai Pharma can continue growing its business well into the future. The new warehousing facility also relies on an upgraded version of Manhattan's Warehouse Management for Open Systems (WMOS) to help improve service levels for customers whilst reducing operational costs. The new warehouse handles more than 110,000 stock-keeping units and the deployment project involving Manhattan's system was completed in two phases, with phase one focussing on the first 86,000 square feet at the facility.

According to Shanghai Pharma's Logistics Department, "We benefited hugely from the original implementation of Manhattan's supply chain technology. For the new warehouse, we wanted to establish an even more advanced supply chain systems capability that would not just manage the warehouse and logistics facilities, but would also serve as an independent, open and intelligent supply chain IT platform that could help

further reduce human errors, drive down costs throughout our distribution network and successfully integrate a number of our warehouses."

Given Shanghai Pharma's previous experience using Manhattan's solutions and services, Manhattan was a natural choice for Shanghai Pharma to once again help optimise its supply chain—this time with a more advanced solution. Shanghai

Pharma decided to deploy the latest iteration of Manhattan's Warehouse Management for Open Systems (WMOS) solution at the new warehouse. The advanced WMS enables user companies to gain a truly measurable ROI and achieve productivity gains in inventory, labour, physical space, time and costs. Going far beyond basic picking, packing and shipping, Manhattan's WMOS leverages the software vendor's experience in the pharmaceutical industry to transform warehousing and inventory management operations into a critical strategic component driving pharmaceutical companies' supply chains.

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and requirements. We have great confidence in the ability of Manhattan's solutions to help us build on the significant benefits and value we were able to derive from the original system implementation."

THE DEPLOYMENT

Following the original deployment of Manhattan's solution, Shanghai Pharma has continued to switch on new functionality options and configure the system in a way which helps Shanghai Pharma continue to meet its changing business and operational needs. For the latest deployment, Shanghai Pharma wanted to have even more configuration options to support its business well into the future.

The new project presented a number of challenges, namely the limited amount of time in which Manhattan had to prepare before going live. The team worked closely with Shanghai Pharma to prioritise and complete the most critical work so the company could launch the new system in a timely and efficient manner.

"We gave Manhattan a tight timeline to work to, but its experienced services team managed exceptionally well under the pressure and exceeded our expectations," added Shanghai Pharma's Logistics Department.

OPTIMISING SYSTEM INTEGRATION AND TESTING TO ENSURE A SMOOTH DEPLOYMENT

The pharmaceutical industry has some of the most complicated requirements of any industry, with a legion of medicine names and categories, regulatory mandates, requirements on storage temperature and humidity, frequent turnover of inventory and a requirement to track product expiry dates. As a result, the industry imposes many stringent requirements for the design and management of a pharmaceutical warehouse. Shanghai Pharma needed to ensure the facilities within its warehouse--such as the cooling system, fire control system and storage racks--were positioned in the right place before embarking on the system deployment.

Manhattan had a really tight period to complete the onsite integration and testing to get the warehouse ready to go-live on time and on budget—a process that normally takes around 30 days. To address the time constraints, Manhattan conducted some of the testing offsite to speed up the process.

"We are extremely satisfied with the services and solutions delivered by the Manhattan team, especially the quick and smooth nature of the whole deployment process. With its expertise and solid experience in carrying out similar projects around the globe, the team was able to turn challenges into opportunities. The success of this deployment has again proved that Manhattan is a trusted and reliable partner to assist us with our ongoing business expansion."



DELIVERING GREAT RESULTS

With the help of a dedicated Manhattan team, late last year, Shanghai Pharma completed the upgrade project on schedule and has since been reaping the benefits offered by the latest version of Manhattan's advanced Warehouse Management solution. The new WMS is facilitating a smooth running operation, is satisfactorily accommodating the peak volumes being experienced by the business, has reduced overtime hours worked and improved overall operating efficiency.

SIGNIFICANT COST REDUCTIONS

Since deploying the Manhattan solution, Shanghai Pharma has been able to integrate material handling equipment from its different warehouses with the WMS. This has, in turn, reduced daily operational and logistics costs.

IMPROVED EFFICIENCY OF ORDER FULFILMENT

The scalable nature of Manhattan's Warehouse Management solution means Shanghai Pharma has been able to effectively and comfortably handle its order volume peaks each week, when throughput volumes can surge by 200 to 300 percent. Today, Shanghai Pharma is processing a daily fulfilment volume of up to 35,000 cases per day.

FUTURE COLLABORATION

Commenting on the new deployment with Manhattan, Shanghai Pharma's Logistics Department, said, "We are extremely satisfied with the services and solutions delivered by the Manhattan team, especially the quick and smooth nature of the whole deployment process. With its expertise and solid experience in carrying out similar projects around the globe, the team was able to turn challenges into opportunities. The success of this deployment has again proved that Manhattan is a trusted and reliable partner to assist us with our ongoing business expansion."

As a direct result of feedback from Shanghai Pharma, new functionality is being developed within the Manhattan Warehouse Management solution which will result in enhanced user features and enable the company to deliver further improvements in inventory accuracy and operational efficiency.

The solution enhancements will also allow some of the interactive data exchange rules to be re-defined and improve the timeliness and accuracy of data sharing between the Manhattan WMS and Shanghai Pharma's ERP technology platform.

Shanghai Pharma's next step will be the deployment of Manhattan's WMOS solution in Ningbo, Zhejiang Province. The company's long-term goal is to implement its "7+1 plan," which involves expanding the deployment of Manhattan's solutions to its seven warehouses outside Shanghai and another one in Pudong district in Shanghai.

