



## Reducing Inventory at Nicholas Piramal India

In recent years, higher production volumes, and an ambitious growth strategy focused on exports and custom manufacturing, have placed increasing strains on the outdated supply chain planning systems of India-based pharmaceutical maker Nicholas Piramal. That's why the health care firm turned to i2 for a more robust production planning solution. Thanks to i2, Nicholas Piramal gained enterprise-wide control over factory planning, improved customer response times, and reduced materials inventories by 35 percent.

Nicholas Piramal India Limited is one of India's largest and fastest growing health care companies. Since first entering the pharmaceutical marketplace in 1988, Nicholas Piramal has grown from the 48th largest to the fourth largest pharmaceutical manufacturer in India, offering one of the broadest pharmaceutical portfolios in the country.

The company has achieved its market position through an innovative mix of organic and inorganic growth, combining selective acquisitions, alliances, and joint ventures with brand building, focused selling, and custom manufacturing.

"We have a complex business strategy that includes domestic and custom-manufactured formulations, and joint ventures for which we do production," said Neeta Sanghi, Nicholas Piramal's Senior General Manager, Planning. Nicholas Piramal was competing in a challenging and dynamic pharmaceutical marketplace. The company's growth strategy—driven by an increased focus on alliances, custom manufacturing, and exports—required a more flexible and responsive planning system.



### Challenges

- Coordinate production and material planning across multiple manufacturing facilities
- Accelerate supply chain planning to meet growth and custom manufacturing demands
- Reduce inventory costs, expediting costs, and customer response times

### Solutions

- Built detailed database on resource utilization and output for key production systems
- Transitioned to a centralized production/material planning and scheduling environment
- Converted from a monthly to a weekly planning cycle

### Results

- Reduced material inventories by 35%
- Cut customer response times from 2 days to half a day
- Reduced production changeovers by 25%

### Company Description

**Nicholas Piramal India Limited** is one of India's largest pharmaceutical companies, with consolidated net sales of more than US\$300 million. With strong brand management and sales capabilities, Nicholas Piramal is a US FDA site-approved plant for on- and off-patent APIs and intermediates, basic research, process innovation, custom chemical synthesis, formulations R&D and NDDS, and is an accredited clinical research organization.

*“The i2 solution has greatly improved our visibility at both the plant and the headquarters level, and because we are all working on the same schedules, we have far fewer coordination issues. This system allows us to institutionalize our planning knowledge base, so we are less dependent on people and manual activities.”*

*—Neeta Sanghi  
Senior General Manager, Planning  
Nicholas Piramal India*



Exports accounted for a large and growing portion of the company's SKUs. At the same time, the firm's volume of domestic formulations had risen by 50 percent. As Nicholas Piramal continued to add production and research facilities, and to support its more active supply chain, the company saw the need for centralized production planning and a more frequent planning cycle.

“Our supply chain includes procurement, planning, distribution, manufacturing, and custom manufacturing, and we are required to do a lot of juggling to meet the needs of our customers,” Sanghi said. “To satisfy those demands, we needed a planning solution that provided greater visibility, faster cycles, and more control.”

### **Why i2?**

Managers at Nicholas Piramal established a number of key objectives for their new production planning system. They wanted a solution that would reduce both material inventory and customer response times. They sought to streamline and accelerate manufacturing planning. And finally, they needed a system that would give them a single, accurate, and company-wide view of planning variables.

***"We are building strong relationships with global pharmaceutical companies, we are investing aggressively in research and development, and we now have a differentiated export strategy with a target of making exports 50 percent of our business within five years."***

After a rigorous review of available planning solutions, Nicholas Piramal India found that i2 Factory Planner™ was the best fit for the pharmaceutical company's needs.

"We chose Factory Planner because the software met our requirements, and because i2 had proven expertise and credibility as a factory planning supplier," Sanghi said. "i2 also had a large installed base in India, and so the company had the resources available to meet our needs."

Factory Planner optimizes manufacturing operations by providing feasible plans to meet both customer delivery requirements and the manufacturer's overall business objectives. Factory Planner can be deployed to reduce planning and manufacturing cycle times, to accelerate delivery performance, and to control both inventory- and production-related costs.

### **i2's Contribution**

Nicholas Piramal India has leveraged Factory Planner to fully transform its critical manufacturing planning cycle.

"Before we implemented Factory Planner, when we received a customer inquiry our headquarters had to check with the plant to confirm material status, resource loading, and production lead times," Sanghi said. "It was a time-consuming and people-intensive process. We used an internally developed forecasting system and had a fairly ad hoc sales and operational planning process. So it

was a somewhat disaggregated process with different things happening in different places, and it resulted in a lot of pain points."

Now, production, scheduling, and material resource data—including requisitions, purchase orders, and work-in-progress items—flow from the company's SAP system into Factory Planner.

The firm can now track daily performance for every production line in every production facility. Managers have leveraged Factory Planner to build a detailed database on resource utilization and output for key production systems.

### **Nicholas Piramal's Results**

Since the deployment of Factory Planner, Nicholas Piramal has reaped a number of significant supply chain benefits.

Material inventories are down by 35 percent, yielding more than \$200,000 in annual interest cost savings. Material visibility and availability have improved, and the company has greatly reduced material-related stoppages. More efficient planning has enabled the firm to reduce production changeovers by 25 percent, while closer adherence to plans has reduced expediting costs and improved average customer response times from two days to a half day.

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Sanghi said. "This system allows us to institutionalize our planning knowledge base, so we are less dependent on people and manual activities."

Nicholas Piramal has also extended Factory Planner to at least one packaging material vendor, making that supplier more visible and responsive.

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Given the benefits that Nicholas Piramal India has received from its implementation of i2 solutions, the pharmaceutical company has immediate plans to deploy i2 Factory Planner to one of the company's newest and largest production facilities.

"We've enjoyed good teamwork between Nicholas Piramal India and i2, and this relationship has been a success," Sanghi said. "We are now working to ensure that the benefits we have reaped with i2 Factory Planner will continue."



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