



Bringing Vision into the Supply Chain at CIBA Vision

An increasingly complex contact lens industry illuminated inefficiencies in CIBA Vision's value chain management operations. Looking to lower inventories while maintaining superior levels of customer service, CIBA Vision implemented i2 solutions and, as a result, significantly decreased inventories and kept product availability at 99.5 percent worldwide.

In the last ten years, the contact lens industry has changed dramatically. In the past, the average contact lens wearer changed lenses once or twice a year. Today, weekly and daily disposable contact lenses are the norm.

With many contact lens wearers going from one pair of lenses per year up to 365 pairs a year, contact lens manufacturers had to focus heavily on supply and demand to meet the radically changing needs of the marketplace.

With 120,000 different contact lens SKUs in an array of powers and colors, CIBA Vision understood the challenges inherent in the increasingly customized contact lens market.

"We have a very complex situation," said Hari Pothukuchi, CIBA Vision's Supply Chain Specialist. "When we look at the SKUs themselves from a modeling perspective, they have certain peculiarities and variabilities within the whole supply chain that we need to model and capture efficiently."

With a goal to supply product to its customers — primarily the doctors who prescribe contact lenses — within 24 hours, CIBA Vision made customer service number one in its organization. But its disjointed supply chain operations meant that CIBA Vision found itself reacting to frequent back orders.



Challenges

- Achieve a product availability level of 99.9%
- Centralize fragmented supply chain operations
- Reduce inventories

Solutions

- Unify value chain on a global scale
- Clean supply chain data
- Model efficiently the peculiarities and variabilities of SKUs with the supply chain

Results

- Reduced cycle time for new product launches by 50%
- Maintained product availability of 99.5% worldwide
- Lowered inventories substantially

Company Description

CIBA Vision is the eye care division of Novartis AG, with key brands that include Focus,[®] Fresh Look,[®] and Precision UV.[®] A world leader in health care with core businesses in pharmaceuticals, consumer health, generics, eye care, and animal health, Novartis Group's businesses had collective sales of \$19.1 billion in 2001.

*"In terms of visibility, we used to spend pretty much 70 percent of our time trying to chase down supply chain information. Now, all that information is actually sitting in one place by the end of the day, and all we have to do is run reports. **Supply chain visibility is there—the ease with which we get the information has tremendously improved.**"*

*—Unni Makkuni
Supply Chain Manager*



"We were a highly decentralized operation in terms of supply chain," said Unni Makkuni, CIBA Vision's Supply Chain Manager. "There was no synergy between our groups, so we didn't maximize the efficiencies of our inventories. We had excess inventories in one place and a lack of inventory in other places—so we were not efficient in the way we managed our supply chain."

Why i2?

CIBA Vision knew that a value chain management initiative was vital to maintaining its customer service goals while lowering inventory.

"We had an overall objective of delivering a solution that would help the company achieve a product availability level of 99.9 percent and lower the inventory at the same time," said Pothukuchi.

CIBA Vision executives undertook an intensive review process, looking at several different supply chain vendors.

“We went through a very rigorous quantitative analysis, looking at different customers who were using different supply chain products,” Makkuni said. “We felt that i2 was the best fit solution-wise, one that we could see ourselves operating with, and in terms of what the company could provide us technologically.”

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i2 solutions enable consumer goods companies to simultaneously optimize and monitor inventory; reduce costs and risks through integrated sourcing, negotiation, and procurement; and improve customer service levels and reduce fulfillment costs through multi-division and multi-channel order management.

Additionally, consumer goods companies use i2 solutions to minimize transportation costs and increase service levels through integrated transportation procurement, planning, execution, and monitoring.

CIBA Vision’s executives were also impressed with the customization capabilities of i2 solutions.

“From a technology standpoint, what I see as a big advantage is i2 solutions’ ability to be used almost like a general-purpose modeling tool,” Makkuni said. “You can tailor-make it however you want it. So basically, if you are in a production, transportation, or supply business, here’s a software solution that you can actually tailor to model your business requirements.”

Using i2’s Business Release Methodology, CIBA Vision implemented i2 Demand Planner™ and i2 Supply Chain Planner™ from the i2 Supply Chain Management™ suite of solutions.

“The best part about Supply Chain Planner is that it demands clean data,” Pothukuchi said. “It demands that the parameters we set be consistent with the values that we expect. So we concentrated on data creation and data maintenance, and improved our performance there.”

i2 solutions also allowed CIBA Vision to quickly unify its value chain on a global scale, creating a central hub for supply chain data.

“We have all of the supply chain information from all the different countries—our distribution centers and bulk warehouses worldwide—and everyone is sending data to a central depository of information within the i2 systems,” Makkuni said. “So the ease with which we can get our hands on supply chain information—inventories, back orders, pending orders, allocated orders—means that type of information is immediately available now.”

CIBA Vision's Results

Although it is still early in its implementation of i2 solutions, CIBA Vision is already seeing substantial reductions in its inventories, while still maintaining targeted customer service levels.

"We have been able to look at our inventories and have been able to reduce them pretty significantly for the high volume implementation," Makkuni said. "And we have been able to maintain product availability at 99.5 percent worldwide to meet customer requirements."

i2 solutions have also enabled CIBA Vision to gain visibility into its entire value chain, reducing the product launch cycle times by approximately 50 percent.

"In terms of visibility, we used to spend pretty much 70 percent of our time trying to chase down supply chain information," Makkuni said. "Now, all that information is actually sitting in one place by the end of the day, and all we have to do is run reports. So we have changed the whole dynamic on that. Supply chain visibility is there—the ease with which we get the information has tremendously improved."

This kind of visibility and speed of information delivery is allowing CIBA Vision to make the kind of intelligent decisions that were not possible prior to its implementation of i2 solutions.

"We have increased the velocity tremendously by having the information come to us by the end of each business day," Makkuni said. "So, we are actually making decisions based on information as fresh as the end of the previous business day. In our old way of doing things, this type of information was not available."



The Supply Chain Company™

11701 Luna Road
Dallas, Texas 75234, USA
Phone 1.877.926.9286
Email info@i2.com
Web www.i2.com