

# The Right Remedy for Corporate Health

## Industry Solutions: Life Sciences

*Dolphin provides SAP® solutions that help companies in the life sciences industry strengthen their corporate immune systems to build a healthy future*

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## INTRODUCTION

The diagnosis is in: Life sciences companies are infected with the uncontrollable growth of Big Data. Symptoms include inefficient processes, limited visibility to information, poor audit responsiveness, increased risk of regulatory fines, and soaring total cost of ownership.

External pressures such as lukewarm U.S. economic growth; a constantly evolving competitive landscape of mergers, acquisitions, and a boom in generic drug companies; an increasingly regulated environment controlled by government mandates and audit demands; and the accelerated pace of clinical trials flooding the market with new product all increase the urgency to compete at the highest level.

Uncertainty is also rising as the Affordable Care Act (ACA) places new demands on the pharmaceutical and biotech industries to help fund the expansion of medical coverage to the uninsured through taxes and fees, but many unanswered questions about the long-term effects remain.

Will the mass expansion of medical coverage lift prescription drug sales enough to offset increased costs associated with the ACA? How long will it take to realize this new revenue? With an uncertain future, the pharmaceutical and biotech industries are bracing to incur over [\\$100 billion](#) in new fees expenses over the next ten years.

CEOs, CFOs and CIOs should look within their own companies to find the cure to offset their challenges to gain a competitive edge. One prescription to ensure a healthy future is a successful data management strategy. The result will be more efficient processes, increased visibility to information and stabilized IT infrastructure costs.

## SOLUTIONS: Remedies that work

As a proven provider of SAP-based technology solutions, Dolphin has its finger on the pulse of the life sciences industry and the looming challenges that it faces. Dolphin's solutions are much more than a Band-Aid®; they add value by properly diagnosing inefficiencies and prescribing the remedies that companies need to quickly regain process control and build a healthy financial future.

By providing solutions that improve and manage business performance, Dolphin addresses three main challenges that stand between companies in the life sciences sector and profit margins – management of Big Data, audit noncompliance, and inefficient business processes. This is accomplished through managing data that fuels the business throughout its lifecycle and optimizing core business processes such as procure-to-pay and order-to-cash.

Dolphin's business process solutions for SAP applications, which are flexible and architected so that they can be tailored to meet the specific needs of each customer, will not only automate but optimize processes for efficiency. They provide a 360-degree view of information which vastly improves access to business intelligence to ensure critical decisions can be made in real time based on 'actual' knowledge.



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Dolphin's information management solutions also help companies manage data throughout the entire information lifecycle as it moves from active or 'hot' use, to nearline storage, archive, and eventual destruction. This process stabilizes database growth, reigns in IT infrastructure spending, and provides quicker access to high-value information while still retaining visibility to all archived data. Focused strategies help life sciences companies realize actual savings of millions of dollars per year through the optimization of business processes and system performance.

## BIG DATA: Fitness for the core

Life science companies are increasingly weighted down by Big Data, which can grow uncontrollably like a virus, hindering IT system efficiency. Companies process and analyze huge volumes of data, which stress IT infrastructure and slow processing systems. Further, maintaining terabytes of information and managing that data throughout its lifecycle can add significant costs. It can also impact core cash flows of the business. Dolphin provides data management strategies and archiving solutions that allow companies to optimize system performance yet have transparent access to their information. The solutions for data archiving include all SAP systems – ERP, BW, CRM, SRM – and incorporate a nearline analytics infrastructure. As part of the overall strategy, data access, content management, migrations and legacy decommissioning, storage options and even data encryption are also addressed.

As an example, to alleviate the performance impact of too much data in the database for one customer, Dolphin introduced the Nearline Analytic Infrastructure (NAI) for SAP ERP. The NAI solution from PBS Software<sup>1</sup> can be used for both SAP Enterprise Resource Planning (ERP) and SAP BW. Data is moved from the live database once it is 'business complete' to nearline storage. The data is easily accessible, can be retrieved almost as quickly as if it were live, but does not add to volume in the live database.

The driving event that pushed one Fortune 500<sup>®</sup> pharmaceutical company to turn to Dolphin for help was an IRS audit with a tight deadline. The bottom line was that they couldn't meet the response deadline to produce the requested documents and incurred a multi-million dollar fine. Dolphin worked with them to develop an archiving strategy and added software to quickly retrieve archive data. We also provided a solution to aggregate specific documents that are addressed by IRS IDR's. Today, they have an ongoing archiving process in place that makes data and documents available electronically through their SAP system. With Dolphin's document navigator solution, they can put in the exact criteria for the information they need and immediately find it no matter where the documents are stored.

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<sup>1</sup> Dolphin is the largest reseller in North America of PBS software and an implementation and development partner PBS Software AG. PBS software has been developed specifically for the SAP environment.



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Nearline storage solutions from Dolphin also enable fast indexing of SAP data archives and shorter response times to database queries. For some customers, Dolphin has helped manage data during acquisitions, reorganizations and shutdowns. Decommissioning older systems can reap significant cost savings by eliminating storage, space, and maintenance costs and offers a host of efficiencies by having all information accessible from one system.

## AUDITS: Prevention is the key to good health

Although your organization can't keep the IRS and other regulatory entities completely at bay, you can implement a strategy to minimize the pain. Information discovery and aggregating specified documents are time-consuming tasks that take away from the day-to-day operation of your business. However, the necessary tools and a successful archiving strategy can generate substantial savings by reducing the time and resources dedicated to audit responses. This proactive risk mitigation will also avoid bottom-line busting fines.

Audits test the responsiveness of companies who are forced to routinely pull both active and archived data from disparate systems, culling out the precise information requested within a stated period of time. Providing too much information or the wrong data can result in further delays, audits and larger fines. Noncompliance can cost a company millions of dollars, which is why a successful data management strategy must utilize the SAP environment and complimentary nearline storage solutions to store information in one location with virtually real-time access.

## DATA SECURITY

International, federal, state and other regulatory bodies are enforcing stricter laws that dictate how companies handle sensitive information. Assembling this information can not only be costly, but can damage a corporate reputation for years, affecting its competitive advantage. One of the methods used to secure this data is encryption. More than ten states now have such laws on the books; in addition, stringent regulations are already in place in Canada and Europe. Business organizations that do not comply face large monetary fines. As a result, CIOs and CFOs are keeping a close eye on this area.

Whether used for eCommerce, governance or for sensitive intellectual property, the importance of data encryption cannot be overstated. As the 'large' data explosion continues, the trend of enacting tougher laws governing data encryption will only continue to expand. For this reason, organizations must take a closer look at not just their encryption strategy but also their overall archiving strategy to ensure that both can function in a complementary manner to get the most from their SAP investment, optimize system performance and to ensure organizational risk mitigation.

Although many companies use encryption today, they are finding the laws also affect data that has long been archived. This has posed two challenges for those running SAP systems:

- 1) How to encrypt data that has been archived
- 2) Monitoring as to whether encrypted data loses its encryption when archived

Dolphin has developed utilities to handle both of these scenarios. Given a short timeline to comply with a relatively new state law that all sensitive data be encrypted, one of our customers knew they were facing fines before they even started archiving. Realizing they couldn't encrypt terabytes of the data they had archived over the years to meet the timeline, they came to Dolphin for help. We developed software to automate the process and managed to finish the task in time.

Tackling risk and compliance requires a data management platform which offers a combination of traditional SAP archiving and other SAP-certified software to meet GRC obligations. The optimal solution uses standard archiving processes, with minimal system performance degradation. For data retrieval, the platform can update SAP Tcodes for end users and auditors to read the archive data, making both online and archived data available.

## **PROCESS EFFICIENCY: Better decisions based on real-time intelligence**

To make sound business decisions, companies require accurate information delivered in real-time. Process efficiency and information visibility are crucial for improved cash flow.

In many organizations, inefficiencies run so deep that they often miss deadlines for early pay discounts or worse, are fined for making late payments. A major medical center turned to Dolphin to reduce its invoice to payment time from nine days to just three. This improved the cash discount take rate and eliminated late payment fees, creating thousands of dollars of actual cash savings each month. Another large pharmaceutical that is growing by acquisition has absorbed handling a 50 percent increase in invoice processing without additional headcount.

Even adding multi-language capabilities to accounts payable processes support standardization plus can pay dividends in getting information faster and improve partner relationships. In addition to multi language capabilities we are finding that scalability is also an important factor for smaller, targeted pharmaceutical and biotech companies that are looking at rapid growth.

Business processes can also delay access to working capital through the ineffective handling of disputes and deduction discrepancies. However, sound procure to pay and order to cash strategies utilizing specific solutions, such as Dolphin's Discrepancy Management module, an enhanced solution for



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Process Tracking System for Accounts Receivable (PTS-AR) in SAP, can settle these disputes quickly, freeing up cash flow.

Dolphin intimately understands your industry, the SAP environment and specializes in driving SAP business performance improvement down to the bottom line. We provide complete, end-to-end solutions for SAP customers in the Life Sciences industry for procure-to-pay and order-to-cash. Unlike competitors, our solutions are built using the SAP workflow engine, leverage your SAP application and have the flexibility to adapt to your processes and environment.

The benefits are a total solution to optimize business processes from start to finish and gain

- Integrated, end-to-end global SAP-certified solution
- Real-time, seamless global access to documents
- Visibility to entire process
- Improved return on working capital
- Fast Payback

## **FUTURE: To health and prosperity**

Dolphin is at the forefront of providing many companies in the life sciences industry running SAP applications with the individualized solutions they need to cure the ills of data management, audit responsiveness, and processing inefficiencies.

Dolphin helps these companies respond proactively to their operating environment and future challenges. In order to remain successful, life sciences companies need flexible solutions by experienced providers to maximize cash flows, provide sustainable cost savings and minimize risk.

## **ABOUT DOLPHIN**

Dolphin leads the way in SAP business performance improvement and is the one partner that manages both data and processes. From data and information lifecycle management to end-to-end solutions for SAP procure-to-pay and order-to-cash processes, Dolphin delivers a competitive advantage that drives cost savings, optimizes cash flows and fosters a lower total cost of ownership. Leveraging SAP technology, Dolphin's data lifecycle and business process management solutions, and SAP-certified add-on applications, have built-in flexibility and are designed to be tailored to each customers' specific business processes and IT environments.

The company was founded in 1995 and has offices in San Jose, CA, Philadelphia, PA and Toronto, Canada. Dolphin's smart, adaptable and proven solutions are implemented by hundreds of companies

across North America and around the world. Among Dolphin customers are more than one-third of Fortune 100™ companies running SAP systems. To learn more, email us at [contact@dolphin-corp.com](mailto:contact@dolphin-corp.com) or visit [www.dolphin-corp.com](http://www.dolphin-corp.com).

## RESEARCH:

<http://biotech.about.com/b/2012/06/29/six-ways-the-courts-affordable-care-act-ruling-impacts-biotech.htm>

- Uncertainty whether new revenue will outweigh the newly imposed regulatory fees and taxes (for example the 2.3% tax on medical devices) to support the ACA
- Biosimilars (generics) will be approved more quickly
- Accelerated development of new effective drugs

<http://www.forbes.com/sites/edsilverman/2012/06/28/what-the-supreme-court-ruling-means-for-pharma/>

- Price cuts will also play a part, in addition to fees
- The biopharmaceutical life sciences industry could incur over \$100 billion in fees and other costs over 10 years
- Rebates cut into margins
- New revenue could make up for lost margins, but it is unclear how much mandated insurance coverage will bring in
- Pharma life sciences companies bear the brunt funding the ACA by closing the donut hole for Medicaid Part D drug plan. Rebates and industry fees.
- Expanded coverage will lift prescription drug sales - will this revenue offset costs?

[http://repository.upenn.edu/cgi/viewcontent.cgi?article=1032&context=od\\_theses\\_msod](http://repository.upenn.edu/cgi/viewcontent.cgi?article=1032&context=od_theses_msod)

- Partnerships, M&A, consolidation, diversification, licensing agreements, downsizing in human and capital resources
- Competition from generic drugs
- Regulatory pressures and weak growth in US market

<http://www.ncbi.nlm.nih.gov/pubmed/17332900>

- Aggressive acquisitions as a way to boost drug pipelines, in addition to restructuring of R&D, licensing deals, and research collaborations, offshore clinical testing – to fill gaps in R&D pipelines

