

November 14, 2007 | Engelhard Arzneimittel introduces SAP Customer Relationship Management:

## Farewell to the Index Card

**Engelhard Arzneimittel has just successfully introduced SAP Customer Relationship Management 5.0. In a well timed move, a carefully planned IT environment has emerged from a heterogeneous system landscape – the CRM implementation was one of the last big pieces of the jigsaw.**

The days are getting shorter, temperatures are falling, and susceptibility to infection is rising, especially among children. Parents looking for medical products with natural ingredients for their offspring are frequently recommended Prospan by pharmacists and pediatricians. This cough mixture made from ivy leaf extract is produced by Engelhard Arzneimittel.

Around 50 pharmaceutical representatives at Engelhard Arzneimittel take care of field sales in Germany. Until just a few weeks ago, these staff were still planning their sales rounds using a system of index cards holding key customer data and discussion notes. Although it was quite successful, this manual procedure was not enough for CIO Matthias Wiedekind.

Right on time for the cold season, SAP Customer Relationship Management 5.0 (SAP CRM) ensures Engelhard Arzneimittel a complete overview of its customers. The application shows the sales history for doctors and pharmacies and creates greater transparency for all field staff activities and appointments. Index cards have become a thing of the past. The pharmaceutical representatives now issue all samples using the software, manage visit and contact times, keep sample accounts up to date on a daily basis for each doctor, and process their travel expense accounts and expense management independently. This data no longer needs to be re-entered in the internal sales department, as was previously the case, and all information is now also available to field staff offline on laptops.

## IT adapted to the modern company

When Matthias Wiedekind joined the company in 2000, IT modernization was already an issue for him. Engelhard Arzneimittel found itself in something of a contradiction. Its products had a long and respected history. Even Theodor Fontane mentions Icelandic moss pastilles in one of his novels, and star tenor Luciano Pavarotti swore by them to keep his voice in trim. This formulation, developed by Karl Philipp Engelhard in Frankfurt am Main in 1860, was Germany's first industrial drug. His descendants are still on the board of management at Engelhard Arzneimittel today. The manufacturer has now grown to 215 employees, with production operations today in Germany's Main-Kinzig area, and exports to over 70 countries. After 150 years, the company has long established itself in terms of its headquarters, production tools, and product range.

Yet as far as IT was concerned, Wiedekind was faced with a heterogeneous system landscape with inadequate structures. The ERP solution used consisted primarily of components developed in-house. "From an IT perspective, there were no end-to-end process chains in place, as various applications, ranging from Excel-based solutions to Access databases, were managed as stand-alone systems," he remembers.

Wiedekind and the board of management decided at that point to create a standardized IT infrastructure for hardware and software. "We attached great importance to introducing and developing security guidelines and standards appropriate to the pharmaceutical sector," he says, explaining why the company chose SAP software. Following SAP R/3 in 2003 and the release change to SAP ERP in 2006, Engelhard Arzneimittel implemented a system for recording operating data that is based on the SAP NetWeaver platform and uses the latter's business intelligence component.

The pharmaceutical representatives in field sales were then integrated into the portal and communication systems using laptops. At New Year 2007 it was time to support sales and marketing processes by using an integrated CRM solution. The aim was to ensure tighter integration of field and internal sales staff and give them greater control over their operations by providing them with more information about customers, sales, and marketing campaigns.

## Process-oriented vendor selection

“We first recorded all company-relevant processes to be mapped in a CRM system and documented them in a performance specification,” says Wiedekind. Key points included analysis of customer activity, sales controlling, and CRM-related processes for marketing to make campaign management more transparent and improve customer segmentation. Wiedekind approached several CRM vendors with his list of around 500 individual questions. This was followed by a selection procedure that was ultimately decided in SAP’s favor due to the processes it had in place for meeting this list of requirements and the opportunity it allowed for smooth integration into the existing ERP solution.

Engelhard Arzneimittel drove the project forward at a rapid pace. To do this, Wiedekind deployed a team made up of staff from sales, marketing, and IT, and four consultants from service provider maihiro. The first kick-off meeting to define processes was held at the start of May 2007. Among other things, this specified how visit and contact details are managed, who is responsible for managing product master data, and how internal marketing processes are communicated. Engelhard Arzneimittel released the resulting concept at the end of June. The CRM application was already at the quality assurance stage by mid August and had to undergo extensive testing. Preparations for the live environment started at the beginning of October. At the same time, training programs were developed. The rollout began four weeks later, one month earlier than planned.

The industry-specific approach of maihiro GmbH, a special expertise partner for SAP for Life Sciences, paid dividends in this rapid implementation. For example, the project harnessed preconfigured pharmaceutical processes for over-the-counter (OTC) business using products that are only available from pharmacies, and ethical pharmaceutical business using prescription drugs. The prototype utilized by maihiro for analysis in the initial workshop was assigned the process templates relevant to the industry.

## Analysis and control options enhanced

The CRM processes were quickly integrated into the existing SAP process landscape at Engelhard. For instance, thanks to the close integration of SAP CRM and SAP NetWeaver Business Intelligence, the office-based sales staff now have better opportunities for analysis and for evaluating unit sales and sales revenue for each customer or based on samples issued and reports on visits. The marketing department and field sales can now classify customers more accurately in the future and offer customized product information and training to pharmacists and doctors, enabling marketing and sales campaigns to be targeted more effectively.

The standard analysis functions also available to the sales and marketing departments encompass local reporting options for end-of-day balances, including customers visited and jobs entered, weekly overviews, and customer files. Crystal Reports are available offline to the field service staff. Unit sales and sales revenue data at product level is now aggregated, loaded into SAP CRM, and distributed to the pharmaceutical representatives’ mobile clients. To do this, maihiro implemented a ready-for-release expansion to the standard version of SAP CRM that distributes relevant BI data in a delta process. Each pharmaceutical representative thus receives only the data relating to pharmacies or doctors in his regular sales area. This results in a much lower volume of data being transferred. By way of comparison, while Engelhard’s customer database comprises some 300,000 data records, only around 40 to 100 data records are loaded using the delta process in a daily data exchange procedure.

These results were reason enough for Matthias Wiedekind to consider extensions immediately after the successful implementation. “As a next step, we are considering integrating additional CRM processes and possibly optimizing our order input system,” he says.

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**Mark Roes is founder and managing director of the CRM consulting company maihiro. In this role, he signs responsible for the CRM project business in the pharmaceutical and consumer goods industry. From 1995 to 1998, Mark Roes worked as a consultant and project manager at Kiefer & Veitinger. Between 1998 and 2000 Mark Roes assumed responsibility as a consulting director for the consumer packaged goods and retail industry at SAP CRM CONSULTING. For many years, maihiro has been SAP Special Expertise Partner for SAP CRM. maihiro focuses on designing and implementing industry-specific CRM processes in Marketing, Sales and Service.**