



# Aurobindo replaced its manual forecasting and planning process with predictive planning

## CCH® Tagetik Supply Chain Planning



### Company

Aurobindo

### Industry

Pharmaceutical

### Uses of CCH® Tagetik Supply Chain Planning

(formerly Vanguard Predictive Planning\*)

- Demand Planning
- Supply Planning
- Production Planning
- Sales & Operations Planning

### Key Facts

- 20,000+ employees world wide
- 25+ manufacturing facilities
- Present in 150+ markets
- 26 Billion+ diverse dosage forms

### Requirements

Automate and improve forecasting and planning process

*“[CCH® Tagetik] gave us the ability to forecast each customer and wholesaler on a rolling basis. Every day we review incoming orders and compare them to the forecast. We know right away if there is a supply disruption in the market.”*

Dave Palew, Director of Supply Chain, Aurobindo Pharma USA

### The Challenge

Recently, Aurobindo's U.S. market expansion began to outpace its internal planning capability. “We were using spreadsheets to forecast demand and that had become a major problem,” explained Dave Palew, Director of Supply Chain for Aurobindo Pharma USA. “Our expanding portfolio overwhelmed our capacity to forecast demand.”

Until that point, Aurobindo sales and supply planners had cobbled together numerous, complex spreadsheets monthly to generate aggregate demand forecasts and corresponding supply plans. As the portfolio expanded, the spreadsheets became too cumbersome to manage, and too error-prone to be used with confidence. The problem was exacerbated by the nature of the business.

With recent consolidation among distributors, large wholesalers now control a big chunk of the market. It used to be that large retailers, led by CVS, Walgreens, and Rite Aid, were the biggest buying bloc for generics suppliers. With recent consolidation in distribution, three major wholesalers now control the biggest chunk of the market. Meanwhile, myriad manufacturers are vying to supply these wholesalers. A top-slot supplier might provide 90% of the volume of a given drug to a given wholesaler. If that maker has a supply disruption, the wholesaler jumps to the next in line, leaving all topslot makers prone to frequent and dramatic shifts in demand. In other cases, a newly FDA-approved maker underprices an established one to get the business. The result is the same: big volatility in demand (and pricing). This is true for dosage-ready drugs as well as active ingredients. Since demand volumes spike and dip, and shift laterally across product portfolios, manufacturers like Aurobindo frequently phase in new SKUs, often with little or no historical data, while phasing out old SKUs. This makes forecasting extremely difficult. What made it worse for Aurobindo was the fact that the company's forecasting process was essentially static. Its demand forecast was a spreadsheet document, not a living system that users could update mid-planning cycle to adjust for new sales orders, shipments, and other critical events.

## Benefits & Results

- 99% year-over-year increase in monthly inventory utilization by units
- 77% increase in new business offers
- 76% improvement in aggregate bottle growth
- 31% increase in new product families
- 37% increase in new customers
- 25% increase in total NDCs, identifiers for labellers, packagers, and distributors
- 25% year-over-year increase in monthly inventory utilization by dollars

\*Wolters Kluwer acquired Vanguard Software, a global provider of cloud-based integrated business planning (IBP) solutions, extending the award-winning CCH® Tagetik corporate performance management (CPM) expert solution into sales and operations planning, including supply chain planning.

***“We’re able to track and adjust forecasts across multiple key identifiers, such as product code, product family, customer, and national account manager. Using spreadsheets, we would not have been able to handle these volumes, especially not with the level of detailed analytics that we pull daily from [CCH® Tagetik].”***

**Dave Palew**  
Director of Supply Chain, Aurobindo Pharma USA

## The Objectives

Aurobindo Pharma USA engaged with CCH® Tagetik Software to automate and improve its forecasting and planning process. The company chose CCH® Tagetik for its seasoned professional services team, as well as for its flagship forecasting and planning solution, CCH® Tagetik Supply Chain Planning. Once the system was up and running, things began to change.

## The Solution

*“[CCH® Tagetik] gave us the ability to forecast each customer and wholesaler on a rolling basis. Every day we review incoming orders and compare them to the forecast. We know right away if there is a supply disruption in the market”* Palew said.

This lets planners act immediately to ramp up supply if needed. Prior to CCH® Tagetik, a demand spike might go unnoticed for several weeks, or until the next monthly forecast cycle was prepared.

The solution is part technology and part process. Instead of juggling multiple spreadsheets and manually adjusting forecasts and plans to account for the latest month’s data, sales and supply planners let CCH® Tagetik Supply Chain Planning automatically prepare new baseline forecasts. The system imports historical data directly from Aurobindo’s Oracle database. It then determines and applies, automatically, the most accurate forecast method to each product. Forecast results improved immediately without human intervention. Sales and supply planners instead focus their attention on adjusting and overriding the already improved baseline forecasts to add their expertise and insights.

Aurobindo users continually test their forecasts using CCH® Tagetik Supply Chain Planning Exceptions Report, part of a larger reporting module. The Exceptions Report measures forecasts against actual sales or other data and flags the forecasts with the greatest error rate. Aurobindo drills into these forecasts and corrects biases, prior human adjustments, missing data points, and other causes of error.

In addition to improving forecast quality, CCH® Tagetik Supply Chain Planning saves time, automatically guiding users to trouble spots: a zero-effort alternative to combing through thousands of spreadsheet forecasts. From the start, CCH® Tagetik Supply Chain Planning’s forecast engine and reporting capabilities worked beautifully for SKUs and product families with sufficient historical data. However, due to the nature of the business and the rapid pace of product turnover, many products had insufficient historical data to produce meaningful forecasts on their own. CCH® Tagetik Supply Chain Planning solved this problem in several ways:

- Some could be forecast using comparable products, meaning other products with similar demand traits and sufficient historical data to serve as proxies.
- When this was not possible, CCH® Tagetik Supply Chain Planning’s streamlined workflow enabled planners to quickly prepare high-quality demand forecasts based on foreknowledge of buyer activity, rather than on historical trends and patterns.
- As newer products built up their own historical data, they switched to CCH® Tagetik Supply Chain Planning’s automated forecasting process.

***“[CCH® Tagetik] allowed for a manageable database of our ever-expanding catalog of products. We could quickly pull relevant forecast information, make adjustments, or note changes as needed.”***

***“As the number of forecasts being prepared increases, it is not uncommon for forecast accuracy to decline due to lack of resources, unintentional errors, and more. However, as forecast volumes increased dramatically, forecast accuracy actually increased.”***

**Dave Palew**  
Director of Supply Chain, Aurobindo Pharma USA

## The Result and Benefits

With CCH® Tagetik Supply Chain Planning, Aurobindo Pharma USA achieved rapid growth in both inventory utilization and business volume, due in part to dramatic improvement in the ability to prepare forecasts.

With additional analytical and reporting tools, such as the triangle report, waterfall report, and various charts, users were not only able to better visualize and engage with their forecasts, but to easily export data to build custom reports and presentations on the fly.

*“We’re able to track and adjust forecasts across multiple key identifiers, such as product code, product family, customer, and national account manager. Using spreadsheets, we would not have been able to handle these volumes, especially not with the level of detailed analytics that we pull daily from [CCH® Tagetik].”* Palew said. None of this was previously possible. *“[CCH® Tagetik] allowed for a manageable database of our ever-expanding catalog of products. We could quickly pull relevant forecast information, make adjustments, or note changes as needed.”* - Dave Palew, Director of Supply Chain, Aurobindo Pharma USA

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## About Customer

Aurobindo Pharma is a global manufacturer and distributor of generic pharmaceuticals. Since entering the U.S. market in 2004, Aurobindo Pharma USA has been among the fastest-growing pharmaceutical providers. In just over a decade, the division has multiplied its portfolio to more than 125 product families and over 450 individual product packages across a still-widening range of therapeutic categories.

## About Wolters Kluwer

Wolters Kluwer (WKL) is a global leader in professional information, software solutions, and services for the healthcare; tax and accounting; governance, risk and compliance; and legal and regulatory sectors. We help our customers make critical decisions every day by providing expert solutions that combine deep domain knowledge with technology and services. Wolters Kluwer reported 2020 annual revenues of €4.6 billion. The group serves customers in over 180 countries, maintains operations in over 40 countries, and employs approximately 19,200 people worldwide. The company is headquartered in Alphen aan den Rijn, the Netherlands. Wolters Kluwer shares are listed on Euronext Amsterdam (WKL) and are included in the AEX and Euronext 100 indices. Wolters Kluwer has a sponsored Level 1 American Depositary Receipt (ADR) program. The ADRs are traded on the over-the-counter market in the U.S. (WTKWY).

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