

PROFILE

PHOENIX Clearing Service—Where German pharmaceutical manufacturers and wholesalers collaborate to optimize the supply chain.

SOLUTION SET

GXS Trading Grid® Messaging Services

WHY GXS?

“Through its PHOENIX Clearing Service, GXS has succeeded in unifying the standards employed across the industry, simplifying and streamlining business processes for all stakeholders, increasing the speed of transactions and ensuring reliable and secure data interchange. The dividends for the entire industry and, ultimately, the person on the street relying on us for efficient supply of medicines, are huge. Stripping away the inefficiency of a paper, phone and fax system and moving to this fantastic electronic digital format has reduced costs significantly and revolutionized the way we all do business.”

—ROBERT KOSCH, CUSTOMER LIAISON
LOGISTICS & DISTRIBUTION,
RATIOPHARM

PHOENIX—The German Pharmaceutical Industry

Industry Profile

The German pharmaceutical industry is mature and has a longstanding community of manufacturers and wholesalers supplying the market. Wholesalers have maintained their own sales channels supplying the pharmacy and apothecary chains and independent retailers. Traditionally, manufacturers and wholesalers conducted business using manual, paper-based processes. Wholesalers would fax or phone through their orders to manufacturers, who would then enter the orders manually into their systems and initiate the order filling and shipping process. Although the industry has always been close-knit, with well-established one-to-one trading relationships, the increasing complexity of doing business manually was starting to cause performance problems in the 1990's and the community recognized the need to move to an electronic trading solution.

The Business Challenge

As an industry that already operated as a trading community, many of the traditional communications links between businesses were in place. However, relying on fax, telephone and paper meant that manual input combined with unsynchronized data lead to human errors and inefficiencies that reverberated through the supply chain. No part of the purchase-to-pay process in the pharmaceutical supply chain was electronic and there was no way of ensuring visibility of messages to check the correct status of orders. This made it time-consuming and problematic to ensure that orders were filled accurately, in a timely fashion and not duplicated or incorrectly forwarded.

The first challenge was to replace the paper, fax and telephone coordination between wholesalers and manufacturers with an electronic system. Overhauling the supply chain by transforming messaging and communications processes and technology and finding a reliable partner to effect these changes was crucial to improving competitive performance and managing costs across the industry.

The Solution

The German pharmaceutical industry selected GXS to provide the PHOENIX Clearing Service via its Trading Grid®. The PHOENIX service essentially digitizes the pharmaceutical industry's supply chain, translating the myriad in-house data formats used by the many companies within the pharmaceutical community and transmitting trading data using GXS Trading Grid Messaging Services.

While the industry itself had recognized there was a need for a fresh and more efficient approach to its communications systems, it lacked the means and expertise to effect the improvements by itself. In order to streamline the multitude of one-to-one connections between trading partners, GXS executed cross-industry data exchange processes and built a trading

community on behalf of the pharmaceutical industry. GXS based its PHOENIX offering on the industry-specific document standards on UN/EDIFACT and installed individual mailboxes for manufacturers and wholesalers on the system. GXS also provides full technical support and hotline services, meaning that for users, expertise is instantly on hand.

Since the introduction of PHOENIX, new requirements have been identified and the service has grown. More message types were created based on the UN/EDIFACT standard. Now, in addition to the original order processing messages, PHOENIX members can also exchange invoices and manufacturers are able to send special return orders to wholesalers. This underlines the inherent flexibility of Trading Grid, allowing evolution of services without creating legacy problems.

The Results

The PHOENIX clearing service connects together many wholesalers and manufacturers and allows for the seamless exchange of data, greatly improving supply chain performance across the board. Wholesalers can now order goods from manufacturers in the morning and book them into their warehouses in the afternoon of the same day, enabling delivery to pharmacies early that same evening. This means that it is not only the wholesalers and manufacturers that benefit from the speed and reliability of PHOENIX; consumers submitting prescriptions to a pharmacy in the morning are now able to pick up their medicines later in the afternoon.

The PHOENIX Clearing Service, running on GXS Trading Grid, enables a comprehensive and successful industry trading community, from manufacturer to the consumer on the street. The initial step of moving order transactions from paper, fax and phone to PHOENIX has led to the service becoming one of the most successful UN/EDIFACT based EDI introductions in Germany. From a handful of pilot participants, the community has now grown to the point where the whole German pharmaceutical industry uses PHOENIX as the standard industry system. The systems now serves a total of 220 manufacturers, including GlaxoSmithKline, AstraZeneca, Novartis, Bayer, Ciba-Geigy and all 17 industry wholesalers, including ANZAG, Gehe and PRZ.

Robert Kosch, Customer Liaison Logistics & Distribution at ratiopharm said, “Through it’s PHOENIX Clearing Service, GXS has succeeded in unifying the standards employed across the industry, simplifying and streamlining business processes for all stakeholders, increasing the speed of transactions and ensuring reliable and secure data interchange. The dividends for the entire industry and, ultimately, the person on the street relying on us for efficient supply of medicines, are huge. Stripping away the inefficiency of a paper, phone and fax system and moving to this fantastic electronic digital format has reduced costs significantly and revolutionized the way we all do business.”



About GXS

GXS is a leading B2B integration services provider and operates the world's largest integration cloud, GXS Trading Grid®. Our software and services help more than 550,000 businesses, including 22 of the top 25 supply chains, extend their partner networks, automate receiving processes, manage electronic payments, and improve supply chain visibility. GXS Managed Services, our unique approach to improving B2B integration operations, combines GXS Trading Grid® with our process orchestration services and global team to manage a company's multi-enterprise processes. Based in Gaithersburg, Maryland, GXS has direct operations in 20 countries, employing more than 2,800 professionals. To learn more, see <http://www.gxs.com>, read our blog at <http://www.gxsblogs.com> and follow us on Twitter at <http://twitter.com/gxs>. You can also access our public filings with the Securities and Exchange Commission at <http://www.sec.gov/edgar.shtml>.

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