GEP | CASE STUDY

GLOBAL PHARMA GIANT DOUBLES PACKAGING SAVINGS WITH GEP'S CATEGORY EXPERTISE



The pharmaceutical industry operates under tight margins and increasing demands for sustainability and innovation. For a $300 billion industry leader, carton procurement across European operations presented challenges involving a €25 million budget, diverse SKUs and IP constraints. GEP integrated 3D printing technology and a data-driven approach to deliver strong results, achieving significant cost savings, sustainability improvements and operational efficiency.

OBJECTIVES

- Manage a €25 million budget for carton procurement across multiple European sites
- Streamline SKUs to reduce complexity and improve cost efficiency
- Mitigate supply chain risks stemming from supplier resistance and IP constraints
- Align procurement processes with sustainability goals by minimizing waste and energy use

APPROACH

- Conducted data-driven SKU rationalization and optimized minimum order quantities (MOQs)
- Leveraged 3D printing for cost-effective, tailored solutions for intricate packaging designs
- Engaged suppliers strategically, focusing on value-added services and sustainability initiatives
- Established standardized operating procedures (SOPs) and market benchmarks for long-term success

RESULTS

- Achieved $2 million in cost savings, doubling the initial target
- Strengthened supplier relationships and secured favorable contracts and payment terms
- Reduced material waste and energy consumption through 3D printing innovations
- Established a replicable framework with standardized procedures and enriched supplier portfolios

Managing a €25 million expenditure for carton procurement across European operations posed significant challenges for the $300 billion pharma industry leader. The company grappled with a fragmented supply chain burdened by an extensive array of SKUs and AGBOs, leading to inefficiencies and elevated costs. Intellectual property (IP) constraints further exacerbated the issue, limiting flexibility in supplier selection for specialized packaging designs critical to the pharma industry.

Resistance from suppliers and operational sites added another layer of complexity. Sites were hesitant to switch vendors due to prior supply chain disruptions, while suppliers resisted adapting to new requirements, hampering efforts to streamline processes. These challenges hindered progress toward cost efficiency, operational excellence and sustainability goals, placing the company's competitive edge and long-term procurement strategy at risk.

Recognizing the need for an innovative, holistic solution, the company partnered with GEP. The client sought GEP's ability to address inefficiencies, foster collaboration with resistant suppliers, and implement advanced, data-driven procurement strategies that aligned with cost and sustainability objectives.

DRIVING INNOVATION THROUGH 3D PRINTING

GEP introduced 3D printing technology as a transformative solution to tackle the complexities of pharmaceutical packaging. Traditional procurement processes often struggled to accommodate intricate packaging designs due to cost constraints and wasteful production practices. By enabling cost-efficient, small-batch production runs, 3D printing addressed the need for specialized SKUs without inflating costs.

This approach also reduced material waste and energy consumption by allowing on-demand production, minimizing excess inventory and aligning operations with the company's sustainability goals. The seamless integration of 3D printing fostered collaboration between internal teams and suppliers, overcoming initial resistance and ensuring operational stability.

To address inefficiencies in the supply chain, GEP also conducted an in-depth analysis of the company's SKU portfolio. The rationalization process reduced variability and complexity, enabling the company to optimize procurement operations. Minimum order quantities were refined to align with actual demand, preventing overproduction and reducing costs.

A network of market benchmarks was established to navigate future uncertainties and build a robust procurement strategy. The use of advanced analytics provided actionable insights, ensuring the company could adapt to evolving market demands with precision.

BUILDING A FRAMEWORK FOR LONG-TERM SUCCESS

Understanding the need for sustainability beyond immediate gains, GEP developed standardized operating procedures (SOPs), detailed blueprints and resource guidelines. These tools captured lessons learned from the initiative and created a replicable framework for future procurement projects.

By focusing on supplier portfolio enrichment and collaborative engagement, GEP ensured the client was equipped to handle ongoing challenges while maintaining alignment with corporate social responsibility objectives.

DELIVERING BEYOND EXPECTATIONS

The collaborative efforts between GEP and the pharma leader delivered outstanding results:

- **Cost Savings:** The initiative achieved $2 million in cost savings, doubling the original target and demonstrating the efficacy of the approach.

- **Supplier Relationships:** Strategic engagement fostered trust and secured favorable contracts and payment terms, minimizing risks and enhancing stakeholder satisfaction.

- **Operational Efficiency:** SKU rationalization and optimized MOQs streamlined procurement processes, reducing waste and improving overall efficiency.

- **Sustainability Gains:** The integration of 3D printing significantly reduced material waste and energy consumption, advancing the company's sustainability objectives.

- **Future-Ready Framework:** The development of SOPs, blueprints and benchmarks created a scalable procurement model for future initiatives.

A MODEL FOR PROCUREMENT TRANSFORMATION

By integrating cutting-edge technologies like 3D printing and leveraging data-driven insights, GEP helped the $300 billion pharma leader achieve substantial cost savings and sustainability gains while streamlining operations. Beyond immediate results, the initiative established a framework for long-term success, positioning the company as a leader in sustainable and efficient supply chain management.

GEP® INTELLIGENCE DRIVES INNOVATION

GEP® delivers AI-powered procurement and supply chain solutions that help global enterprises become more agile and resilient, operate more efficiently and effectively, gain competitive advantage, boost profitability and increase shareholder value.

Fresh thinking, innovative products, unrivaled domain expertise, smart, passionate people — this is how GEP SOFTWARE™, GEP STRATEGY™ and GEP MANAGED SERVICES™ together deliver procurement and supply chain solutions of unprecedented scale, power and effectiveness. Our customers are the world's best companies, including more than 1,000 Fortune 500 and Global 2000 industry leaders who rely on GEP to meet ambitious strategic, financial and operational goals.

A leader in multiple Gartner Magic Quadrants, GEP's cloud-native software and digital business platforms consistently win awards and recognition from industry analysts, research firms and media outlets, including Gartner, Forrester, IDC, ISG, and Spend Matters.

GEP is also regularly ranked a top procurement and supply chain consulting and strategy firm, and a leading managed services provider by ALM, Everest Group, NelsonHall, IDC, ISG and HFS, among others. Headquartered in Clark, New Jersey, GEP has offices and operations centers across Europe, Asia, Africa and the Americas. To learn more, visit www.gep.com.

GEP SMART

GEP SMART is an AI-powered, cloud-native software for direct and indirect procurement that offers comprehensive source-to-pay functionality in one user-friendly platform, inclusive of spend analysis, sourcing, contract management, supplier management, procure-to-pay, savings project management and savings tracking, invoicing and other related functionalities.

GEP NEXXE

GEP NEXXE is a unified and comprehensive supply chain platform that provides end-to-end planning, visibility, execution and collaboration capabilities for today's complex, global supply chains.

Built on a foundation of big data, artificial intelligence and machine learning, GEP NEXXE is next-generation software that helps enterprises make supply chain a competitive advantage.

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