

## CASE STUDY



**Cardinal**Health

## Cardinal Health

SERVICES OFFERED: **Project Management for Post Merger Integration, Business Advisory Services**

SECTOR/INDUSTRY: **Healthcare (Medical Devices)**



## Project management services for the setting-up of a distribution and replenishment hub in Singapore for the APAC region

“SKP provided excellent support in all phases of the project; right from conceptualization to post go-live support.

Setting-up of the distribution and replenishment hub in Singapore for the APAC region was a key milestone during the integration of our newly-acquired business. This involved cross-functional and cross-regional dependencies.

SKP’s partnering approach helped us in achieving a smooth completion of this challenging assignment without any business disruption.

We are extremely satisfied with the quality of service delivered by SKP and would be happy to engage them again in similar strategic projects in the future. Well done team SKP”

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### Shawn McBride

VP APAC Supply Chain & Commercial Operations and Integration Management Office  
Cardinal Health

### Client Description and context

Headquartered in Dublin, Ohio, Cardinal Health, Inc. (NYSE: CAH) is a global, integrated healthcare services and products company, providing customized solutions for hospitals, health systems, pharmacies, ambulatory surgery centers, clinical laboratories and physician offices worldwide.

The company provides clinically-proven medical products and pharmaceuticals and cost-effective solutions that enhance supply chain efficiency from hospital to home. Cardinal Health connects patients, providers, payers, pharmacists and manufacturers for integrated care coordination and better patient management. Backed by nearly 100 years of experience, with approximately 50,000 employees in 46 countries, Cardinal Health ranks among the top 25 on the Fortune 500.

Recently, Cardinal Health acquired a business segment from another multinational company. The acquired business encompasses multiple product categories in numerous geographies across the globe.

This acquisition necessitated the setting-up of a distribution and replenishment centre in Singapore for the APAC region. SKP supported Cardinal Health in this endeavour by providing project management services.

## Objective

The objective was to set-up a distribution and replenishment centre at Singapore (The Hub) to supply products directly to multiple countries in APAC.

The success of the project was dependent on achieving the ability to:

- Sell finished goods as well as spare parts directly to distributors and Logistics Service Providers (LSPs) in multiple countries
- Handle Order to Cash (OTC) process
- Act as the Technical Service Centre of Excellence (TSE) for the APAC region

The Hub had to become fully operational by the expiry of Transitional Services & Support Agreement (TSA) period.

## Guiding Principles

- No business disruption
- Replication of Cardinal Health's Global Replenishment Centre model with minimal customization were the guiding principles

## Execution

SKP's involvement in the project began with providing a detailed financial analysis of project scenarios. This activity enabled the finalization of overall budget which in turn expedited the process of receiving the go-ahead from Cardinal Health's senior management team. SKP also helped in articulating the charter for the Hub and finalizing the scope of its operations.

The project plan included a detailed work breakdown structure, budgets, timelines as well as contingencies in case of delays. Processes were grouped according to the functional streams such as Supply Chain, Commercial, Information Technology, Legal and Warehouse Operations. SKP conducted country-wise workshops across APAC to gather inputs from various stakeholders. This also facilitated the process of getting their buy-in on the processes.

On the IT front, SKP collaborated with teams working on developing the OTC capability and managing the integration of Cardinal Health's IT

systems with those of the vendor.

The monitoring framework included a weekly cadence with various stakeholders for status updates and escalations, if any.

SKP diligently monitored the progress against planned milestones and highlighted exceptional deviations. SKP also provided advance notice of approaching milestones and helped in co-ordinating information flow between various functions and regions.

## Challenges

Setting-up of a facility, with an OTC process, was being done for the first time in Cardinal Health. The following aspects made the project a unique challenge:

- Involvement of stakeholders from different time zones
- Product management across multiple countries
- Integration of Cardinal Health's IT systems with those of the vendor
- Multiple currency billing feature

## Key Milestones

- Approval by senior management at the global level
- Selection of local execution partners
- Approval of execution and integration plans
- Go-live of IT systems
- Operational go-live of the Hub

## Impact

The Hub became operational as per the schedule. The main objectives of being able to accept orders, ship orders and invoice customers were achieved within the budgeted cost and duration.

## For more information on this case study, please contact:

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