

RETAIL: AAH PHARMACEUTICALS – PHARMACEUTICAL DISTRIBUTION



“MICROSTRATEGY 9 REDUCED THE DATABASE PREPARATION STAGE OF THE PROJECT FROM 300 IT DAYS TO JUST 25 IT DAYS. IT ALLOWS YOU TO MAP THE SOURCE AND TARGET DATABASE SCHEMA, AND BUILD TABLES ON THE FLY. WITHOUT THIS TECHNOLOGY IT WOULD BE A VERY COMPLEX OPERATION.”
ADRIAN STUBBINGS, MARGIN AND BUSINESS INTELLIGENCE MANAGER, AAH PHARMACEUTICALS

The right prescription

It's when you need a drug and you visit your local pharmacy that AAH comes into its own. Established in 1923, and now the UK's leading full-line pharmaceutical wholesaler with a comprehensive national coverage, AAH offers twice-daily deliveries nationally for the vast majority of its customers, complete with cold storage and a 24x7 emergency delivery service to hospitals.

AAH, the UK wholesale pharmaceutical division of Celesio, is a highly successful company with 19 warehouses around the UK, stocking over 20,000 different products, and a headcount of nearly 3,600 staff.

Keeping track of every detail of over 15 million items that are shipped each week produces terabytes of data that need to be analysed to ensure customer profitability targets are being reached.

Adrian Stubbings, AAH's Margin and Business Intelligence Manager, explains how this works. “Whenever any element of the business performs outside the accepted parameters we have set, we are able to analyse the information further to identify the underlying cause and take appropriate remedial action,”. He continues. “This helps us manage the business effectively and maintain profitability across the organisation.”

Adrian, a management accountant, works within the finance department, and has a specific responsibility to supply information and modelling to the sales force and the board to support effective decision-making. The company operates several databases from Oracle to Access, and has been a MicroStrategy user since 2004.

Single customer view

Adrian describes the challenge that led the company to expand its use of Business Intelligence. “We reached a point where the business



STATS

DATABASE: ORACLE >5TB, ACCESS

DATA SIZE:

USERS: 126, 26 “SUPER-USERS”

DISTRIBUTION: INTRANET

APPLICATIONS

SALES FORECASTING

CUSTOMER PROFITABILITY ANALYTICS

needed a single view of a customer to get a real insight into each trading relationship. However, the information needed to get this analysis is very widely dispersed around the business and in a range of different systems.

“As a business user, the assumption that implementing a system to get all this data into a single normalised repository would cost 300 IT days was very frustrating,” he continues. “However, the advent of MicroStrategy 9, and a small internal shift in approach, unlocked the challenge.”

In early 2009 Adrian and his team set up a Proof of Concept project, using MicroStrategy 9 to create a dedicated virtual data warehouse that pulls only the data that is needed from a wide variety of inputs - not just turnover and profit, but a wealth of information right across the business in operations, supply chain and sales, down to the specific details of each transaction.

“MicroStrategy 9 reduced the database preparation stage of the project from 300 IT days to just 25 IT days,” Adrian comments. “It is also incorporates a very easy-to-use graphic interface that allows you to map the source and target database schema, and build tables on the fly, which makes the task a lot easier. Without this technology it would be a very complex operation, as each data source has its own structure.”

Intelligent Cubes

The MicroStrategy 9 project pulls all the data from the different source databases into a single virtual data warehouse of “Intelligent Cubes”

which also give a high level of performance. A variety of reports can be run to identify not just the key points mentioned above, but exceptions and trends that can affect the profitability of the business as a whole, down to individual account level.

The development of MicroStrategy's Intelligent Cubes has been a major enabler for this project. These create schema that take subsets of data from the database and hold them in MicroStrategy memory, allowing multiple users to run reports that use the information without impinging on the production database.

This capability was a key factor in the choice of MicroStrategy as Adrian confirms. “Building cubes calls for about the same amount of work as structuring a new report, and one of their greatest benefits is that they can be programmed to run time and time again to keep up with changes in the underlying database. This reduces the workload on both the database and staff significantly.

“This new project has been designed to give AAH very timely reporting,” he continues “We can run the cubes overnight, and have fresh reporting up to the end of the previous day by the start of business the following day. This will give us a much more up-to-date view of the business, and be close as we need to real-time reporting. Not only is this invaluable for the business management, we can give up-to-the minute information on trends and exceptions to the sales team to help them improve customer management and produce much more accurate forecasting.”

Business-critical application

Even before the launch of MicroStrategy9, AAH was using earlier versions of the software within the finance department.

“MicroStrategy has proved both its value as a business intelligence platform and its ease of use technically.” comments Adrian. “We appreciate its flexibility and use it to generate many hundreds of different reports, often ad hoc in response to a particular query – as people in the business have got used to the idea of being able to get a report within a very short time of asking for it.

“There are many ‘soft’ benefits of having a good BI system,” he continues. “It provides immense support for improved decision-making by helping us to guide strategy based on accurate information. As we move forward, we will make more use of business intelligence to monitor Key Performance Indicators (KPIs) across the organisation to track how well both the business and its suppliers are performing against their expected criteria.

“Having such accurate and timely information available for each individual customer gives us the confidence that we are doing the right things both for the customer and for AAH. This then allows us to concentrate on making sure we provide the best possible service to our customers.”

“It is without question a key part of the company's management information platform, now and for the future of our growth in the market,” he concludes.