



CFO AGENDA 2014
BUILDING A BUSINESS SERVICE CENTRE

May 2014

Lundbeck



PROGRESS
IN MIND

Agenda

- ★ Paul Hansen
 - ★ Senior Programme Director
 - ★ Lundbeck since 2005
 - ★ Global SAP roll-out
- ★ Brief introduction to Lundbeck
- ★ Our strategic challenge
- ★ Why is Service Centre the answer
- ★ How do we build it
- ★ What have we learnt



Lundbeck in brief

*We are a specialized pharmaceutical company
engaged in developing and commercializing
new and innovative treatments for brain diseases*

1915

founded by
Hans Lundbeck
in Denmark

6,000

employees
worldwide

15.3bn

DKK revenue in
2013

52%

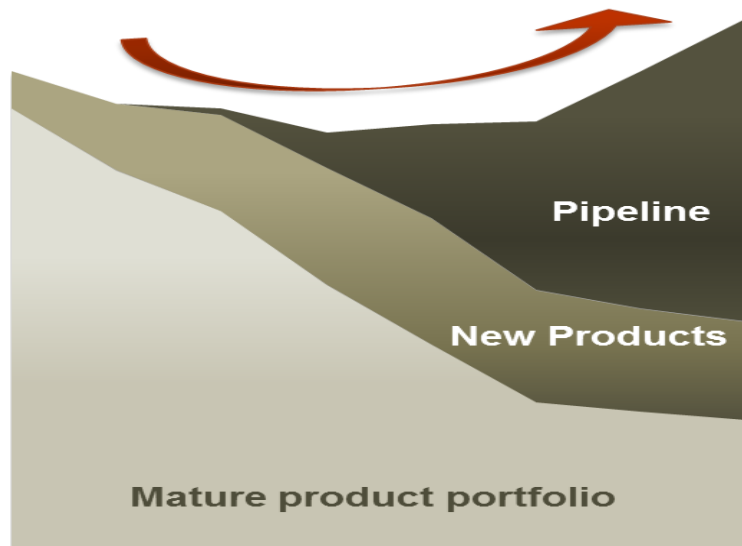
of total revenue
in Europe

70%

owned by the
Lundbeck
Foundation

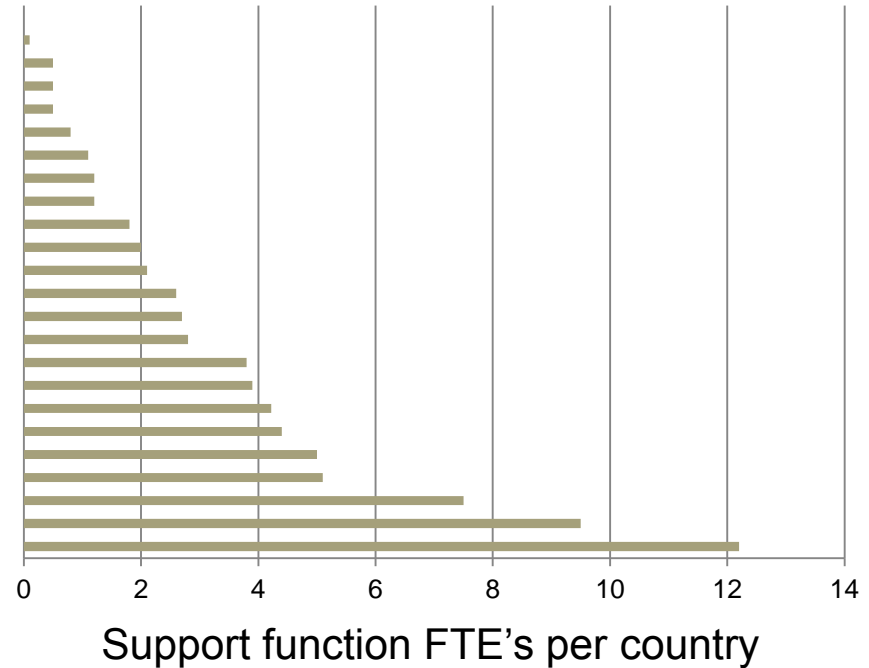
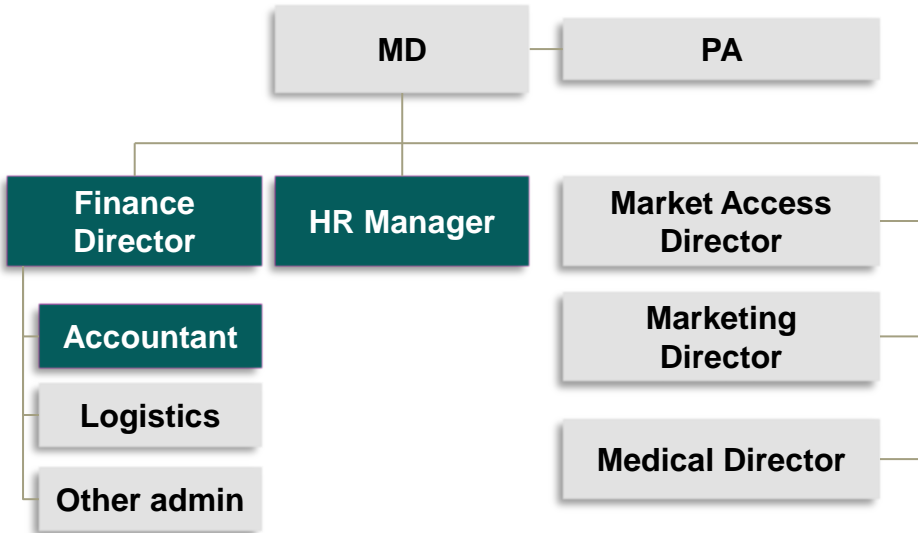
Transitioning from European, one product company to Global, multi-product

Illustrative revenue development



- ★ Expected loss of revenue of more than DKK 4 billion from high margin products Cipralext and Ebixa in the coming two years
- ★ Significant investments in product launches and late-stage pipeline
- ★ Low profit margin from new products during the first years on the market
- ★ Level of long-term growth depends on successful launches

We have 30+ European units with fully fledged but small support functions



Consolidating into 10 Affiliate Units requires changes to the operating model of business services



Reorganise Finance, HR, Procurement and IT for HQ and European affiliates, transferring 130 positions from 30 countries into a Business Service Center in Kraków by 2015

This is how a new set-up of business services will support our transition

- ★ A **scalable and flexible platform** providing us with the agility to quickly adapt to changing market conditions
- ★ **Competence centres** that can drive process optimization and reduce complexity through standardisation and alignment of our service levels
- ★ An **efficient operating model** with cost savings that enable us to free up resources to invest in new products and growth markets

Choosing where to locate the centre

★ Why a captive service centre...

★ Same perception of “urgent”

★ Talent development

★ Why in Europe...

★ European languages

★ Cultural affinity

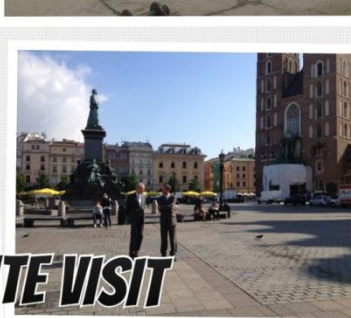
★ Geographical affinity

★ Why Kraków...

★ Experienced, multi-lingual talent pool

★ 80 BPO/SSC companies with 30,000 employees

★ Attractive city with good communications

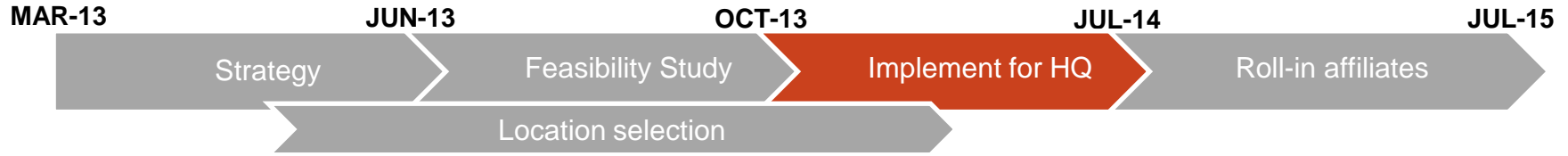


KRAKOW SITE VISIT



AUGUST 2013

We announced our intention in June and decision in October



Objectives

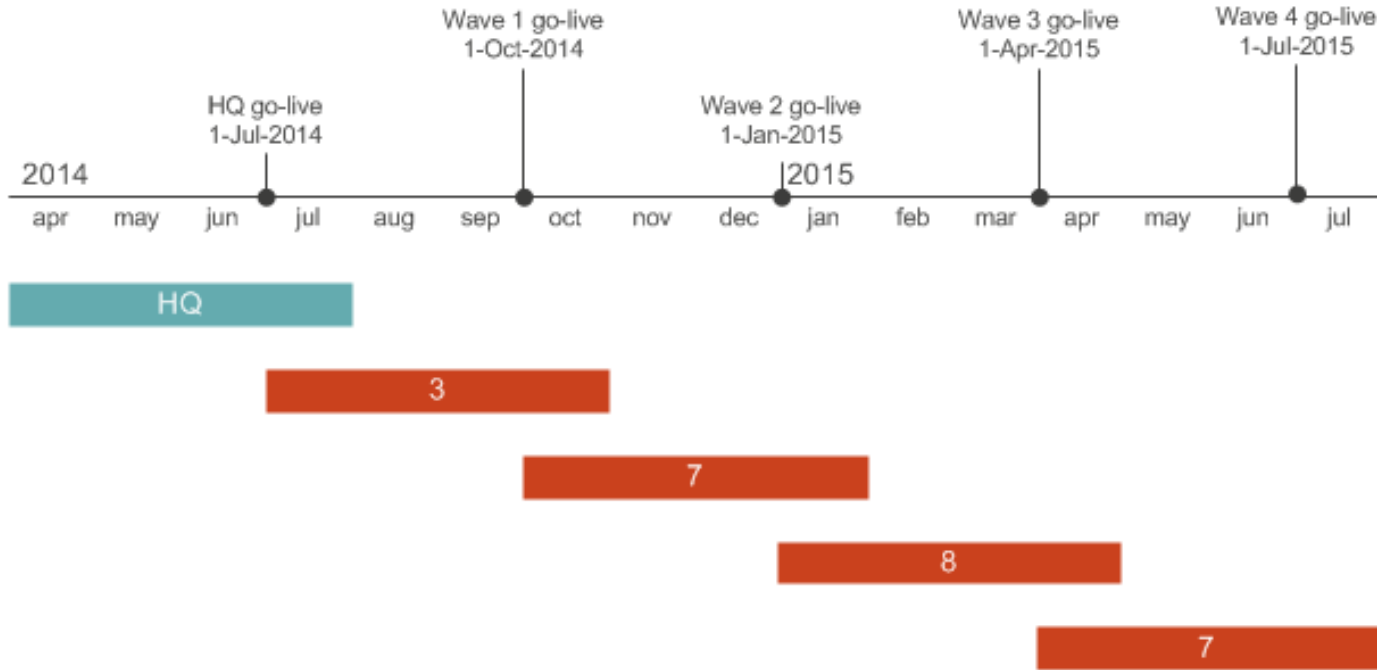
Define hi-level process scope and business case.

Determine future split of activities and implementation road map.

Design, build and test future delivery model for business services.

Structured transfer of business services and activities to BSC.

We begin with HQ to get critical mass followed by a small first wave of affiliates



We have defined what **SUCCESS** looks like

- ★ No major business disruptions
- ★ Support services provided simpler, faster and safer from BSC compared to the current set-up
- ★ Deliver the BSC project without consultants from Aug-2014

The BSC programme include several IT projects



- ★ Extending the SAP roll-out
- ★ 9 countries + BSC
- ★ Invoice Management to all countries



- ★ New e-procurement portal
- ★ New HR portal and payroll provider
- ★ Ticketing system

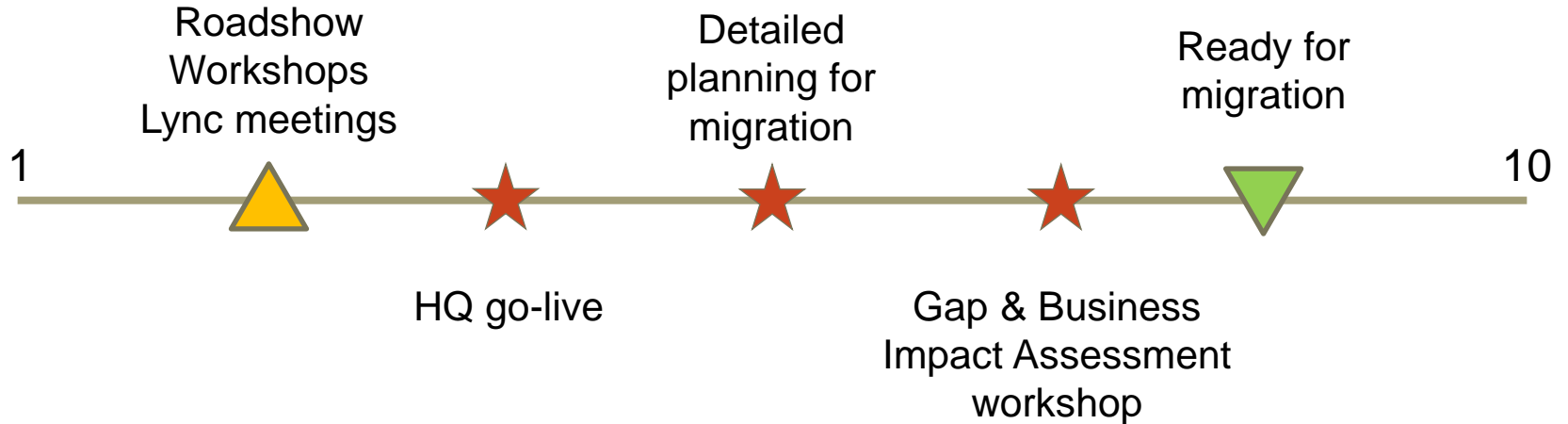


- ★ Landing page and self-service forms on intranet





It takes time to build trust



We are on track for first migration with some key learnings

- ★ Formulating the strategy is important
- ★ Four functions require a lot
- ★ Business process understanding and maturity on different levels
- ★ Communication takes time – also within the project team
- ★ FTE's vs headcount in the business case
- ★ It is about people