



### Realise synergies and optimise operations with an integrated approach

The pharmaceutical and life sciences industry faces rapid innovation, evolving market dynamics, and inorganic growth, which present significant challenges to growth and efficiency. Issues like inefficient sales management and fragmented supply chains can impede performance and competitiveness.

This document outlines the key challenges confronting industry players, their priorities for achieving synergies post-mergers and acquisitions, and an integrated approach to optimising operational and financial performance.

#### Overview of the key challenges faced

What are some of the biggest hurdles pharmaceutical and life sciences companies encounter in achieving synergies in their inorganic growth journey?

- Inefficient sales force tracking, leading to poor deployment and customer segmentation.
- Fragmented inventory and supply chain planning, causing delivery delays and underutilised capacity.
- Lack of unified data sources, hindering analytics and visibility into performance.
- Inadequate preventive maintenance practices, leading to machine breakdowns and reduced production efficiency.
- Weak cash flow and working capital management, extending the cash conversion cycle.
- Scalability issues, complicating operations and financial governance.
- Ineffective operating models across people, process, and technology.

#### Key focus areas

What priorities are pharmaceutical and life sciences companies focusing on to realise synergies and consolidate businesses consequent to a merger and acquisition?

-  Sales and operations planning
-  Improving salesforce effectiveness
-  Streamlining distribution channels
-  Enhancing procurement and logistics
-  Effective warehouse management
-  Optimising R&D and plant operations
-  Developing bottom-up annual operating plans
-  Strengthening cash flow forecasting and working capital
-  Establishing robust financial governance and authority matrices
-  KPI-based reporting and efficient period-end processes
-  Advancing data analytics and dashboard insights



# An integrated approach towards operational and financial transformation



Deloitte India's Deal Transformation and Post-Merger Integration team can unlock value and enhance business performance through in-depth analysis and collaborative efforts focusing on sales and operations, supply chain management, financial planning, and cash management with a lens of digital transformation. We are able to facilitate this through following key interventions (this list is non-exhaustive):

## Sales and distribution



- Assist in forecasting demand across customer segments, markets and product categories to facilitate growth and optimise inventory levels
- Optimise CFA and stockist network, standardising terms of trades
- Implement processes to effectively track and evaluate sales force performance
- Centralise marketing efforts and spends
- Develop a standardised product costing and pricing model, along with product mix analysis, to enhance profitability
- Re-engineer business processes (such as order-to-cash [O2C]) to prevent revenue leakage and improve overall efficiency

## Operations management and related costs



- Analyse operational efficiency using metrics such as overall equipment effectiveness, yield, cycle time, and utility consumption, along with preventive and breakdown maintenance
- Consolidate R&D operations by cross-leveraging capabilities to optimise the pipeline portfolio
- Develop a capacity planning process based on key triggers and constraints across the supply chain
- Enhance warehouse efficiency by improving material storage and retrieval processes
- Develop effective planning strategies for manpower and shift allocation
- Identify and leverage opportunities for digitalisation to enhance operational effectiveness

## Supply chain



- Implement strategies for inventory optimisation and establish a cost-effective framework for material requirement planning
- Optimise supply networks to effectively respond to changes in demand forecasts
- Consolidate procurement leading to economies of scale, volume discounts
- Evaluate centralisation/decentralisation of procurement and logistics processes to enhance the procure-to-pay (P2P) cycle

## Financial planning and cash management



- Utilise a cash flow monitoring dashboard and implement a 16-week rolling forecast to manage cash flow effectively
- Streamline accounts payable, receivable and inventory management to enhance working capital efficiency
- Oversee capital expenditures (capex), R&D costs, and project management for better financial control
- Strengthen financial governance processes to ensure accountability and compliance by setting up a robust process of annual operating plan
- Leverage data analytics and MIS dashboards to monitor key business performance indicators (KPIs)



## Key business benefits



What are the key value drivers that enhance profitability and drive business performance? (This list is non-exhaustive)

**Improved demand forecasting and planning** – Accurate inventory management using historical and predictive demand forecasts aligning with growth objectives.



**Effective operations and salesforce tracking** – Real-time insights enable better performance management, sales target planning, and goal setting for improved outcomes.



**Efficient supply chain management** – Precise demand forecasts optimise supply chains, reducing warehousing costs, holding expenses, and write-offs.



**Optimised working capital and cash flows** – Improved visibility enhances cash availability for operations and strategic planning, optimizes working capital costs.



**Strengthened financial governance** – Cutting-edge technologies provide end-to-end supply chain visibility, streamlining operations with a unified data source.



**Enhanced data-driven insights** – single source of data, analytics and real time KPI-driven assessments improve processes and enable proactive decision-making.



To discuss your business challenges and understand industry best practices, do connect with us.



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