



Farma-Lepori

Farma-Lepori produces fine chemicals, pharmaceuticals (prescription-based and over-the-counter), and foodstuffs. After almost a century in the pharmaceutical industry, Farma Lepori (a member of the Angelini Group) is now in more than 50 countries in a wide range of health fields including analgesics, painkillers, laxatives, throat medicines, and eye

Project and Objectives

Farma-Lepori needed a globally optimized inventory mix that would reduce stockouts, yet lower inventory costs. Their goal was to improve customer service level while maintaining maximum operational efficiency and logistics costs.

... Day to Day

Farma-Lepori has implemented an inventory management and replenishment system and methodology that address the unique characteristics of their pharmaceutical supply chain, including:

- lot-based production, with lot size fixed by the Ministry of Health
- lengthy replenishment times of up to 3-4 months due to fixed lot sizes
- lot track and traceability
- a mixed demand system: pull for prescription-based pharmaceuticals and push for OTC
- different stock level requirements for three different distribution channels:
 - pharmacies: low urgency level
 - wholesalers: medium urgency level (1 order per week)
 - hospitals: high urgency level (10-12 hour service)

In the system, Farma-Lepori's Supply Chain and Sales Department define Service Level Policies according to restrictions such as minimum service levels for low turnover items and maximum service level for products with a short shelf life. Then DPM's Stock Mix Optimization minimizes the logistics network inventory. To complete the process, replenishment proposals are sent to suppliers.

SAP R/3 and DPM Working Together

With ToolsGroup's DPM and SAP R/3, Farma-Lepori was able to achieve extremely detailed demand modeling (by client, trademark, Nielsen family, etc.) that allowed them to optimize safety stocks, considering factors such as lot expiration, lot size, and higher service levels needed for new product launches and promotions. They were also able to optimize inventories despite lot sizes fixed by the Health Department with replenishment times ranging from 3-4 months to hours, depending on distribution channel.

Farma-Lepori was also able to create a robust solution that:

- defines Customer Service Levels policies
- manages and optimizes inventory levels
- manages the expiration dates of the products
- ensures high Customer Service Level for ethical products



- establishes different service levels for each item (optimization)

Results & Benefits

As a result of implementing DPM, Farma-Lepori has a solution that is robust, economical, user-friendly and efficient, and has reduced inventory levels and increased working capital.

The company now has improved demand modeling accuracy at highly granular levels of aggregation and has defined a global service policy that takes into account expiration dates and lot sizes. This has allowed them to establish higher service levels for selected SKU/Ls; such as newly-launched or promotional products, strategic products, and products destined for the “hospitals” sales channel.

Replenishment proposals are now automatically calculated according to various attributes or aggregation criteria and based on projected lot expiry dates.

“We chose ToolsGroup because of the need to solve our problems regarding safety stock, and improve service levels, without neglecting the value of calculating demand.”

“Another important point for us, was the software ease of integration with our own ERP (SAP R/3), as well as its ergonomic aspect. We think the choice of ToolsGroup is the right one.”

- Enric Vives, Supply Chain Director, Farma-Lepori