

WHITE PAPER

Creating impact and value with integrated business planning

Challenging the status quo
in the pharma industry

/anaplan

Businesses run on plans but cannot run effectively on concurrent, uncoordinated planning efforts. While each function — supply, demand, finance, sales, and operations — makes its own plans, siloed planning using spreadsheets or business intelligence (BI) tools is error prone, backward-looking, and siloed — all yielding slow decisions. These can become major issues when working in today's supply chain environment, where disruptions can alter one or more plans, and a timely response or necessary pivot is business critical.

The role of integrated business planning in pharma

Pharmaceutical organizations are focused on delivering effective outcomes for patients and strong financial results for shareholders. But it's not an easy path. The sector is defined by strict regulatory scrutiny, long R&D lead times, and volatile demand — all of which can lead to uncertain ROI.

Externally, supply chain disruptions and high inflation add to the pressure. A Connected Planning approach is particularly valuable for these organizations where precision, efficiency, and compliance are required to deliver mission-critical outcomes under tight timelines. Amid these pressures, inventory and supply chain must be managed carefully.





Connected systems, data, and planning

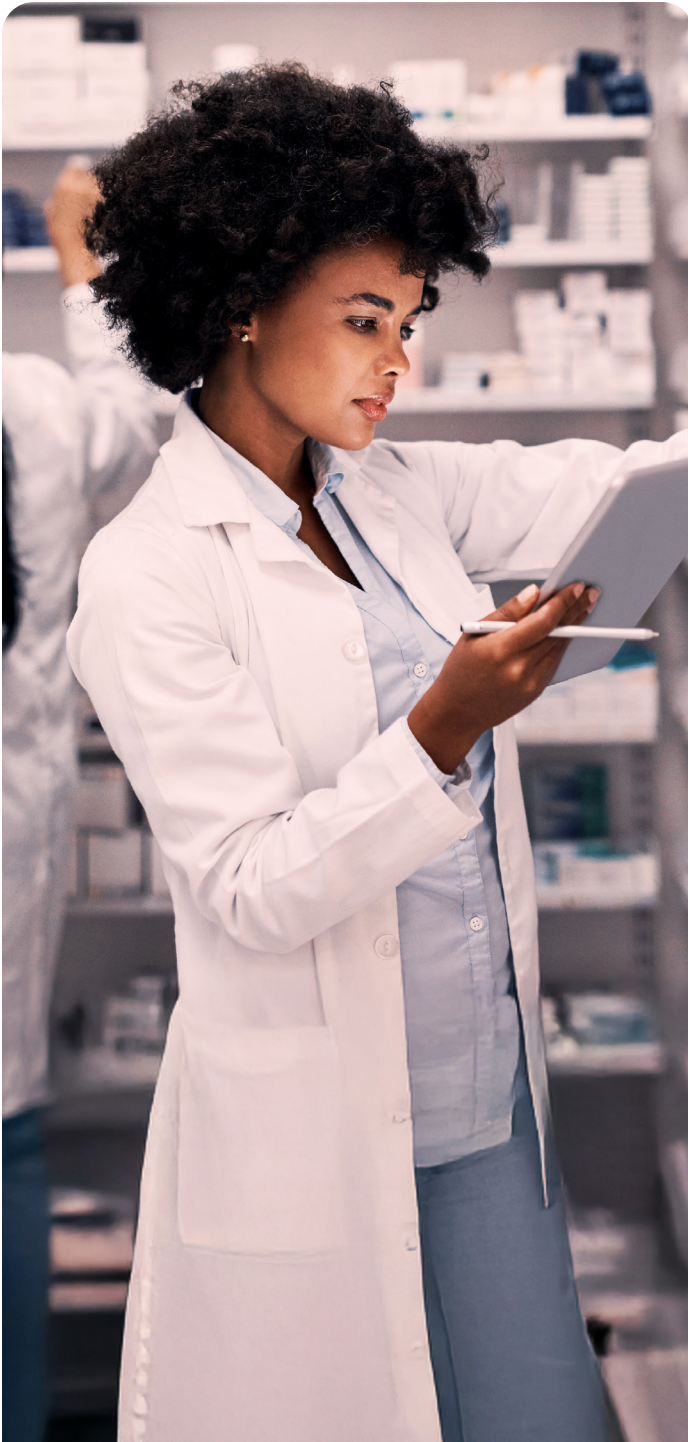
With supply chain disruptions making headlines, no business can really afford to operate with siloed planning processes and disconnected plans. Integrated business planning (IBP) directly addresses this problem, connecting systems, data, and planning across business functions with unified experience, common evidence, and coordination that make better, faster decisions possible. This integration of business plans gives organizations the essential agility they need to deliver the higher revenue, profit, and speed that has often eluded them.

All businesses create plans, and most start with an annual operating plan. The operating plan outlines activities and targets that the organization should execute to meet the objectives set out in the company's strategic plan. These plans set out financial, human resource, and supply chain goals. Oftentimes the leaders of these organizations will create independent plans for financial goals versus workforce or supply chain goals. If these plans are executed independently, it can quickly become challenging and time-consuming to reconcile performance in monthly reviews. Much of the planning process becomes devoted to reconciling conflicting data, correcting plan discrepancies, and delivering a consensus plan fashioned from guesswork.

What is integrated business planning?

The primary objective of IBP is to align the planning process across all stakeholder functions prior to execution, keep them aligned over time, and measure their performance — all with shared data, common decision frameworks, and consistent user experience.

The time-consuming process of data capture and consolidation from across the organization, and the opportunity to use it to inform insights and decision-making, isn't trivial in pharma. The complexity of the industry requires close collaboration within and across business units and often between companies (e.g., suppliers and customers).



Connecting plans to operations

Integration requires plans to be propagated to each business unit and its operating units through coordinated systems and approval processes. In pharma, a business unit could have manufacturing, receiving, distribution, and fulfillment operations. Although interconnected, they have their own strategic priorities and unit-specific plans. Because of this, it is even more critical to performance that these plans and the associated changes are communicated and adopted in a timely manner. This integration is critical for continuous planning, enabled by IBP, which encompasses long-term financial planning and forecasting, capital planning, operational budgeting and reporting and creation of a strategy that aligns to key business priorities.

The reverse is also true once plans are put into execution. Changes in execution (relevant examples are abundant in today's world, with shipping port backups and commodity price increases) must propagate back to planners at the specific level they are taking place, then move through planning hierarchies for continuous improvement of plans.

Considering how many stakeholders are involved in IBP, there are lots of moving parts that can be difficult to coordinate. However, there are best practice approaches for implementation to address this complexity, where the return on invested time and process discipline that comes with IBP can be substantially transformative. At a minimum, IBP protects against supply chain disruptions with high visibility, better decisions, and coordinated effort.

Why traditional planning fails to unlock value?

The pharmaceutical sector faces unique challenges that make conventional planning approaches less effective. Without Connected Planning, these challenges can jeopardize the organization's ability to reach its goals. They include:



Long lead times:

Longer lead times can affect a company's ability to respond quickly to changes in demand or market conditions, potentially leading to missed revenue opportunities, higher risk of shortages, low profitability within the product portfolio, reduced customer satisfaction, and a failure to capitalize on expansion or increased market share.



Waste and supply chain costs:

Inefficiencies or mismanagement in the supply chain can lead to high costs related to freight and warehousing. In an industry where products may have specific shelf lives or expiration dates, inaccurate inventory allocation can result in waste, as treatments may expire before being sold. Expired products not only result in financial losses but may also pose risks to patient safety and regulatory compliance.



High working capital:

In the life sciences sector, working capital is vital for research and development, manufacturing, and maintaining inventory. However, excessively high working capital can lead to issues such as excess stock, stockouts, or inventory obsolescence. In a sector where factors such as regulatory changes, supply chain disruptions, or unexpected market shifts can occur, having contingency plans are crucial for maintaining business continuity.

The industry needs to adopt more flexible and adaptive planning methodologies that account for uncertainty, encourage collaboration, and allow for rapid adjustments in response to changing conditions to be resilient and growth-focused.



IBP: Speed, accuracy, and predictability

IBP's benefits are visible throughout the organization in the form of speed, accuracy, and predictability. In fact, respondents noted that 1) more accurate and faster budgeting and forecasting and 2) accountability and visibility as the top two benefits that their organization has achieved from integrating/aligning financial and operational plans.

While some benefits are realized immediately, others accrue over time as the IBP implementation matures. This can take the initial shock out of adoption since IBP can be rolled out incrementally based on the organization's readiness and comfort level. The chief supply chain officer (CSCO) may already realize some benefits of IBP if a well-run sales and operations planning (S&OP) process is being executed. S&OP is designed to balance demand plans with supply plans to reach a consensus plan for each business units' execution.

The coordination of planning extends beyond the CSCO to include other stakeholders in the executive suite, from finance to commercial and beyond.

Beyond the CFO and CSCO, chief human resource officers (CHROs) will certainly appreciate any solution that brings foresight and stability to their workforce planning processes. As the implementation matures, more wins for more stakeholders materialize.

Ultimately, few individuals desire to play the role of drill sergeant. Most team members want to be part of a collaborative, successful enterprise that IBP helps create. Key success factors to executing IBP are sophisticated technology support for collaboration, data management and decision support along with process discipline.



How are organizations benefiting from IBP?

By adding deeper visibility into key business planning and operations, IBP aligns decision and action across its integrated business functions. Visibility yields business agility, enabling better decision-making needed to effectively respond to changes in business conditions.

For the CSCO, IBP delivers unprecedented visibility across interdependent business functions, their planning, and their impact on supply chain plans and operations. Greater visibility and alignment across supply and demand planning functions in turn yields more accurate forecasting, predictability, and cross-team collaboration — all resulting in higher operational agility to make fact-based decisions faster, adapt in near real time, and execute faster in changing business conditions.

By implementing a robust IBP process, pharma organizations can enhance their ability to forecast demand accurately, align resources efficiently, and make informed decisions that promote growth, profitability, and customer satisfaction.

Higher growth: With IBP in place, companies can reduce lead times to ensure timely delivery of medical products and enhance responsiveness to shifting market demands. With strategic reallocation of resources, such as personnel, funding, and production capacity, companies can transfer focus from less profitable products to those with higher profit potential.

CUSTOMER STORY



MULTINATIONAL BIOTECH COMPANY

In a Multinational Biotech Company, Anaplan drove a \$1B decrease in inventory reduction as well as a 33% improvement in lead time through connecting planning and forecasting processes in various parts of the organization like commercial and supply chain. A process that was otherwise done offline in spreadsheets or other manual ways.



Resilient and efficient supply chain: By integrating supply chain considerations into the broader planning process, companies can create a resilient supply chain that adapts to changing conditions. Companies can use IBP to strategically manage inventory levels, minimize holding costs, and ensure that products are available in the right quantities at the right locations.

Optimize working capital: In an industry where R&D and regulatory processes can be capital intensive, optimizing working capital is crucial for financial health. IBP contributes to more efficient use of working capital, ensuring that resources are deployed effectively. It also supports better supply chain efficiency and risk management, through scenario planning and risk assessments.

CUSTOMER STORY

Johnson & Johnson

With Johnson & Johnson, Anaplan helped enable IBP through a broader change management process, working to better connect key functions like commercial, supply chain and finance. J&J was faced with a lack of harmonized data, disjointed technology, and lack of clarity of P&L impact in supply chain forecasts. Anaplan was able to enhance data visibility through a connected platform and simplified processes.

CUSTOMER STORY



Bayer used to spend days building static forecasts and reports for board-level planning conferences. Now they have a set of models, built on Anaplan, that aggregate divisional and functional planning data, calculate group KPIs, present outcomes in attractive and useful formats, and enable scenario modeling. With Anaplan, decision-making at Bayer is agile and confident in the face of changing business conditions.

Bringing it all together

Businesses increasingly need cross-functional collaboration around key drivers and operational metrics that influence business performance. IBP enables maximum resilience in time of supply chain stress and disruption. By allowing planners to communicate issues and opportunities to the entire business, the entire organization can act in concert to rise to any challenge or opportunity.

Additional resources:

Integrated business planning for pharma →

Anaplan solutions for life sciences →



About Anaplan

Anaplan is the only scenario planning and analysis platform designed to optimize decision-making in today's complex business environment so that enterprises can outpace their competition and the market. By building connections and collaboration across organizational silos, our platform intelligently surfaces key insights — so businesses can make the right decisions, right now.

More than 2,400 of the world's best brands continually optimize their decision-making by planning with Anaplan.

To learn more, visit www.anaplan.com