DRIVING GROWTH IN THE LIFE SCIENCE INDUSTRY WITH ERP

Do you like football?

I love watching the game as it deals with the complex task of moving eleven men and a vulcanized piece of rubber (a football to the uninitiated) inch by inch and yard by yard to the end of a 100-yard field for a score; a momentary win. I say momentary because due to the amount of time left in the contest, the other team gets the ball next to try and do the very same thing that the other team just did to them; score. At the end of the contest the team with the highest score wins. Sounds simple right?

Actually, its anything but simple. Football is a game filled with strategy, well devised complex plays, and the sheer will to overcome the opponent in front of you. Football is complex.

Running a business is complex. Success in business takes precise strategic planning, a tolerance for risk, and a willingness to modify or outright change how things get done. During the game, coaches and players review game film snippets to determine which plays are working and which aren't. Similar to football, successful businesses use their own version of a playbook and game film to guide the next moves of the business.

Why ERP?

An ERP (Enterprise Resource Planning) system allows for the integrated management of key business processes. This data is entered by each department (for example; finance, logistics, supply chain, engineering, and technical support, etc.) and delivered in real-time which allows for quicker decision making and better business planning. Growing companies can really benefit from ERPs to gather all their disparate data into one system to provide both big picture visibility and drill-down into the minute details — all in real time. Like in football, where coaches make play adjustments to help the head coach better manage the game, an ERP system helps business leaders make adjustments to their business strategy quickly to adjust course in real time.

A successful discussion around ERP in any industry, begins by defining a business's needs and management expectations. But the business needs of a Life Sciences manufacturer involve substantial compliance challenges that make it a particularly important to not only to define objectives in quality, processes, markets and technologies, but to also explore conformance to intense and often changing regulatory requirements.

The business of life sciences is steeped in **complexity** for it's not only mired (and for good reason) in government regulations but companies in this area spend years devoted to the conceptualization and development of their critical products. After all, these products are primarily designed to extend the most precious of commodities; life.

Imagine some individuals devise a new and innovative way to drastically reduce the recovery time from a common injury.

They form a company and then secure the funding to begin R&D. After some time, maybe years, the company emerges from their R&D and clinical trial phases, then transition quickly into the testing and commercialization stages. Is it time for an ERP system?

It's a New Game

We recommend that Life Science companies implement an ERP system 6-12 months prior to getting final approval and going commercial with their product. Many of these companies are tracking multiple team's KPIs in disparate systems and at different times, making it difficult to get a wholistic view of the business. Additionally, these companies are typically using applications such as QuickBooks, Microsoft Excel spreadsheets or some combination of other applications or systems that are not integrated or providing real-time analytics. So, if suddenly their product passes FDA approval and the company goes commercial, change can start happening very quickly. A good number of life science companies grow significantly in a very short period of time. A growth spurt from zero revenue to hundreds of thousands of dollars in just a few months isn't uncommon for a solid life science company with a strong product offering. Having a well-designed ERP system in place before growth begins can significantly help avoid the

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headaches of data integration, provide visibility, and increase efficiencies to proactively manage the growing complexities of the business.

But not all Life Science companies are looking to continue managing the complexities of the business after growth occurs. We often see a common strategy to rely on a structured acquisition for the exit of many life science startups. So even before the significant growth occurs. these Entrepreneurs are seeking purchasers who may get involved early enough to participate in later stages of development. So even if the plan is to get out of the game, we recommend implementing a well-designed ERP system at least six months prior to final approval of the product. It demonstrates a strong commitment to disciplined procedures, quality, and accurate data that will bode well with potential investors.

Air it Out or Run it?

As the company grows, so does the need to hire more people and/or do more with less. The cloud has become the go-to for cost conscience companies who want to keep

headcount and infrastructure costs low while having access to their data 24/7/365. Cloud computing allows a companies' data to be stored securely in the cloud and removes the worry of building server rooms, managing disaster recovery measures, and hiring an IT staff. Scalability is key to growth while keeping expenses down. Choosing a cloud-based ERP system allows companies to scale up without having to add additional human resources. With our ERP solutions, those who prefer to keep their data in their own hands are free to utilize an onsite solution as well with their own IT admins and data centers. Life science companies have the option to go either way with their ERP system -- through the air or on the ground.

Strategic

INFORMATION GROUP

An ERP system doesn't have to be complicated and expensive to be effective.

FDA

Regulations set by the FDA, known as GMP (Good Manufacturing Practices), provide valuable oversight to the products that life sciences companies produce. Most of the products life science companies produce either go into the body or affect the body in some manner and the FDA strives to ensure that these products are in the best interest of the consumer. Therefore, companies are required to manufacture the product to a certain level of quality otherwise the FDA will not approve the product. Some ERP vendors, such as QAD, have studied the FDA regulations closely to develop functionality that addresses the FDA's specific requirements.

Size Doesn't Matter

In case you haven't yet gotten the message, ERP systems are not just for the big boys. Manufacturing companies of any size, even start-up's, can benefit from an ERP system as long as their focus is on long term sustained growth, such as true with Life Science companies. The initial investment in an ERP system will not deter those companies with solid plans for strong growth.

We recommend that companies make the investment in ERP six to twelve months before they go commercial so the system is in place when they begin to grow the business. If a company waits until after they go commercial, the risk that they will become so bogged down with running the company that the ERP implementation will suffer. Secondly, the critical controls that ERP provides such as distribution, supply chain, invoicing, etc. need to be in place on the first day they begin shipping the product. Without an ERP system, the efficiency and effectiveness of the business could suffer, causing problematic service, lost revenues or even regulatory non-compliance.

Game Changer

Today's life science companies face unprecedented financial pressures, unique market demands and increasing compliance requirements. As the pace of business just keeps accelerating, growing life science companies need better, faster ways to manage vast repositories of data and information.

An ERP system doesn't have to be complicated and expensive to be effective. Industry-focused, Cloud based, integrated, affordable ERP

systems offer growth-oriented companies of all sizes cost-effective options:

- Cloud deployment options make ERP even more cost-effective
- Solutions are flexible and scalable to meet changing business needs.
- Robust, integrated enterprise systems can be up and running in as little as a few months

More than an upgraded version of old systems, a well-designed ERP system offers can significantly help with data integration and management of fast growing businesses like Life Science manufacturers. Today's ERP is a critical management tool that gives organizations better control, valuable insight and visibility, and significant competitive advantage.

Game on.