

Cephalon Uses ValueTrak for Wholesaler Service Agreements



Cephalon, Inc. is among the world's fastest-growing biopharmaceutical companies. With approximately 3,000 employees worldwide, Cephalon specializes in drugs that treat and manage neurological diseases, sleep disorders, cancer and pain. The company is headquartered in Frazer, PA, and markets more than 20 products internationally, with four proprietary products in the United States.

Following the recent move to fee-for-service agreements between manufacturers and wholesalers, Cephalon needed a means to collect data to monitor compliance with their Wholesaler Services Agreements (WSAs). Cephalon is known for establishing and maintaining strong distribution channel relationships, so the move to WSAs would allow the company to more closely monitor activity across all levels of its supply chain.

Cephalon needed a system with the ability to collect real-time EDI data transmissions from 852 (sales & inventory), 867 (product transfer activity) and 850 (order management) transaction sets. The 852, 867 and 850 transactions track inventory at the wholesaler distribution level and sales to the pharmacy or clinic level and also include incoming purchase orders from the wholesalers. In all cases, exception reporting that identifies data anomalies in the transactions is extremely important. Since Cephalon relies on many trading partners for its distribution, the company needed a system with the capability to accept data from each trading partner, many of whom report using a unique mix of data and transmission mode, and immediately validate the data.

In addition to the validation, Cephalon recognized that it had limited internal resources to manually analyze transactions, so the required system would need to generate exception reports, allowing quick focus on any problems. Most importantly, since the company relied on this critical information to grow its business, Cephalon's requirements were on a short timeline; the company needed the system up and running quickly.

According to Randy Bradway, Cephalon's VP, Commercial Operations, "With a growing product base, strong pipeline and scores of trading partners, we needed

insight rapidly into our supply chain. Our feeling was that an on-demand system would quickly contribute to our bottom line by allowing us to benchmark our trading partners, while outsourcing to ValueCentric the technical expertise required to manage such a system."

Pre-processing of inbound orders

Following a review of data management products available, Cephalon selected ValueCentric, a leading data management and performance analytics company that provides on demand services to the pharmaceutical



Shown above (from left): Brian Brown – Senior Manager, Data and Analysis and Mike Makaila – Logistics Manager, both members of Cephalon's Commercial Operations Department, rely on ValueTrak's performance analytics capabilities on a daily basis.

Photo Courtesy Clarissa Crain - Cephalon, Inc.

industry. ValueCentric's award-winning hosted data service, ValueTrak, currently analyzes nearly 35% of the U.S. pharmaceutical industry's sales and product movement. Cephalon is one of more than 20 pharmaceutical companies that rely on ValueTrak to analyze sales, inventory, service levels, Fee for Service performance metrics and supply chain data.

Randy Bradway further comments, "At Cephalon, it is extremely important for us to have a comprehensive system to monitor the downstream activity in our supply

Cephalon Uses ValueTrak for Wholesaler Service Agreements

chain. We also need to be diligent around customer compliance of our wholesaler services agreements. The speed at which ValueCentric was able to implement our requirements in these areas convinced us that we made the right decision in choosing ValueCentric.”

After a focused implementation, ValueTrak was up and running and receiving data from Cephalon’s trading partners. During that time, ValueCentric’s implementation and training team provided extensive training for Cephalon’s users. ValueCentric made the training more applicable by basing the training around Cephalon’s data.

ValueTrak’s Order Management module provides a “pre-processing” of inbound orders to ensure that the quantities requested by the trading partners fall within the desired allocation strategy. Cephalon can set order review parameters by distribution center locations at the item level and are based on factors such as percentage of purchases month-to-date, forecast versus purchases and more.

ValueTrak’s flexible tools monitor Fee for Service terms and desired allocations. In addition, alerts can be triggered through parameters to notify internal staff and customers of unusual activity. With most of Cephalon’s trading partners set up on ValueTrak’s Order Management module, now the company only needs to review exceptions.

Following a short time using the system, Cephalon determined another means by which the system could add value. It needed a means to automatically process emergency and drop-ship orders that are not always available through EDI. By working with the ValueCentric management team, Cephalon was able to articulate its needs. In turn, ValueCentric customized the company’s process by adding capabilities that met these ever-changing needs of Cephalon.

David Janca, ValueCentric’s Founder & CEO, notes that “While we rely on the domain expertise and insights of our staff to aggressively and regularly add new capabilities to ValueTrak, our existing customer base drives a fair amount of product innovation. Our commitment to help our customers stay a step ahead of industry change requires us to incorporate their needs into ValueTrak’s functionality.”

With ValueTrak, Cephalon now has the ability to see products at the warehouse and retail/institutional outlet levels. Specifically, the company has benefited from seeing order history, days on hand information, sales and returns to specific customers.

“ValueTrak has provided us with a measurable return on investment that allows us to continue our industry-leading growth initiatives. By knowing where to pinpoint problems and recognize achievements, we continue to enhance our relationships throughout the supply chain,” says Brian Brown, senior operations manager.

As the pharmaceutical industry continues to change and adapt to new business models, ValueCentric is committed to remaining at the forefront of this change and position its products and services so that its customers can utilize data in a way that adds value to their bottom line.

