

WALGREENS BOOTS ALLIANCE ACHIEVES INVENTORY SAVINGS

and Improved Service Levels

OPERATIONS

Headquarters: London, England
Platform: IBM

MANHATTAN SOLUTIONS

Demand Forecasting, Replenishment



Walgreens Boots Alliance



CHALLENGE

Walgreens Boots Alliance needed to replace its proprietary replenishment systems to work with enhanced logistics function.

SOLUTION

Manhattan's solutions meet Walgreens Boots Alliance' needs throughout Europe.

PROGRESS & RESULT

Walgreens Boots Alliance reduces inventory and stock-outs, while improving customer service and productivity.

"Manhattan Associates' Demand Forecasting and Replenishment solutions have not only allowed us to reduce inventory; they are enabling us to better understand the value of our stock-holding position at any moment in time. Furthermore, the process improvements we have seen are allowing us to significantly improve productivity."

DEREK TERRELL, WHOLESALE PROJECT MANAGER, WALGREENS BOOTS ALLIANCE

NEW PRODUCTIVITY IMPROVEMENTS

at Walgreens Boots Alliance

REDESIGN OF EUROPEAN LOGISTICS REQUIRES NEW REPLENISHMENT SYSTEM

Walgreens Boots Alliance was formed in July 2006 following the merger of Alliance UniChem PLC and Boots Group PLC. Walgreens Boots Alliance offers a range of products and services to customers in 20 countries through Group owned operations, joint ventures and associates. The Group has two core divisions—pharmaceutical wholesaling and retail pharmacy. Walgreens Boots Alliance leads the retail pharmacy market in Europe with approximately 3,200 retail outlets operating in nine countries. The wholesale and distribution network serves 135,000 pharmacies, hospitals and health centres via 370 depots.

Following the merger, Walgreens Boots Alliance decided to redesign its European logistics function and replace the Group's various proprietary replenishment systems. The solution would be deployed in most of the European countries encompassed by Walgreens Boots Alliance and integrated rapidly to all the company's suppliers. The solution would have to offer a proven, reliable and upgradeable forecasting and replenishment system that would enable the group to:

- Better identify and exploit buying opportunities
- Reduce inventory levels
- Improve service levels
- Improve replenishment processes
- Gain a much clearer understanding of stock value

WALGREENS BOOTS ALLIANCE SELECTS MANHATTAN'S REPLENISHMENT AND DEMAND FORECASTING SOLUTIONS

Most of the goods distributed by Walgreens Boots Alliance are supplied by pharmaceutical companies and manufacturers operating in Europe. Walgreens Boots Alliance stocks the full range of medical supplies. In the UK, this represents more than 30,000 product lines. As a consequence, Walgreens Boots Alliance needed a proven and highly reliable forecasting and replenishment solution that would help its planners throughout Europe make more informed buying decisions and improve the service provided to pharmacies and hospitals.

Following a thorough investigation into the solutions available on the market, Walgreens Boots Alliance selected Manhattan Associates' Demand Forecasting and Replenishment solutions.

"We have no doubt that Manhattan Associates will help Walgreens Boots Alliance strongly improve our replenishment processes and inventory positions across our entire European wholesale operation."

THOROUGH UNDERSTANDING OF REQUIREMENTS AND METICULOUS PLANNING LEAD TO SMOOTH IMPLEMENTATION

Together, the companies assembled a dedicated group of 15 people—including Walgreens Boots Alliance employees from the UK, Holland, France and Italy, as well as three consultants from Manhattan—to undertake a thorough study of Walgreens Boots Alliance' needs. The group detailed the specific business requirements of Walgreens Boots Alliance' European operations, the optimum systems configuration to support those requirements, and the benefits that could be expected from the use of Manhattan's solutions.

Walgreens Boots Alliance' European deployment of Manhattan's solutions was planned meticulously by a core team of local project managers from across Europe operating under the leadership of Derek Terrell, wholesale project manager at Walgreens Boots Alliance.

The UK deployment—the first phase of the European Wholesale project—started two months after Manhattan's selection. The solution went live within six months across an initial group of 20 suppliers. The full integration of Walgreens Boots Alliance' supplier base—close to 1,000 suppliers—took an additional three months. All of Walgreens Boots Alliance UK's forecasting and replenishment requirements were ready to be served by Manhattan's solutions in time for the busy Christmas period.

Following the successful conclusion of the UK implementation, Walgreens Boots Alliance and Manhattan Associates switched the project's focus to the rest of Europe. Implementations in Spain, Turkey and France followed, along with projects in Italy, the Netherlands and Norway.

WALGREENS BOOTS ALLIANCE BOASTS HIGHLY ACCURATE FORECASTS; REDUCES INVENTORY AND STOCK OUTS

Manhattan's Demand Forecasting and Replenishment enable Walgreens Boots Alliance' 15-person UK planning team to make highly accurate forecasts for each of the company's 384,000 SKUs and 30,000 product lines.

Decisions about replenishing stocks are made from forecasts based on sales history, demand estimates and the potential effect of promotions. The Demand Forecasting component runs the forecast calculations and automatically suggests the majority of order quantities, whilst the Advanced Exception Management capability allows users to focus on the smaller but highly significant percentage of orders that can be expected as a result of store promotions or events that may trigger sudden swings in demand. This reduced user interaction has provided Walgreens Boots Alliance with significant productivity improvements.

The Replenishment solution provides planners with advanced reporting functionality that allows them to filter large amounts of data and generate spreadsheet reports, whether on forecast accuracy, out-of-stocks, overstocks, service levels or supplier performance.

In the 'post go-live' period, Walgreens Boots Alliance reported it had reduced the amount of inventory it holds in the UK, whilst maintaining customer service at a consistently high level. Quicker and more accurate forecasts had a very positive impact on the replenishment process, with stock-outs reduced significantly.

"The impressive results we have seen in the UK have made us extremely confident about the current and next phases of the European deployment of Manhattan's Replenishment solution," explains Derek Terrell, wholesale project manager at Walgreens Boots Alliance.

"Manhattan Associates' Demand Forecasting and Replenishment solutions have not only allowed us to reduce our supply chain inventory; they are enabling us to much better understand the value of our stock-holding position at any given moment. Furthermore, the replenishment process improvements we have seen are allowing us to significantly improve productivity. We have no doubt that Manhattan will help Walgreens Boots Alliance strongly improve our replenishment processes and inventory positions across our entire European wholesale operation."

