



An Executive Primer:

Unlocking the Power of ERP on the IBM iSeries



A Unique Combination for Your Unique Needs:

IBS and IBM Optimize ERP
for Midmarket Distributors



IBS and IBM iSeries Success Story:

API Goes Toe-to-Toe
with the Competition



IBS and IBM optimize ERP for midmarket distributors

*IBM i Solution Edition delivers integrated
functionality and rapid implementation for cost
savings and efficiency*



Highlights:

- Lowers operational expenses through the integration of distributor-specific functionality
 - Provides a comprehensive solution for midsize distributors looking for ways to improve operations efficiencies
 - Meets logistics challenges of midsize distributors with supply chain modules that address lot tracking, rebate and returns, and e-pedigree
 - Offers a scalable solution that grows with the business
-

Wholesale distribution is a balancing act. Midsize distributors must walk a careful line between satisfying manufacturers as well as customers—and remaining profitable. If a distributor increases its prices too much, the manufacturer may choose to sell its products through a competing distributor or directly. And if the distributor substantially lowers its prices, the organization risks going out of business.

With these limitations on pricing, wholesale distributors seek to maximize profits by optimizing operations. An enterprise resource planning (ERP) solution can help distributors streamline inventory management, warehouse management and financials to increase efficiencies and profit margins. However, one-size-fits-all ERP solutions can introduce overhead and limit future business growth. Distributors require scalable solutions built to meet their unique needs while enabling them to take advantage of new business opportunities.

Unique distributors need unique ERP solutions

To help midsize distributors improve operational efficiencies, International Business Systems (IBS) offers ERP software applications focused on supply chain execution tailored for a diverse range of verticals within wholesale and manufacturing industries. IBS Enterprise meets the particular needs of wholesale distributors and manufacturers.

IBS Enterprise is a comprehensive ERP application that provides the seamless integration of specific modules midmarket distributors require to effectively manage day-to-day operations. For example, IBS Enterprise includes functionality that helps distributors meet current and upcoming federal regulations. In addition to general business modules—such as financial management, order entry and inventory control—IBS offers distributor specific modules that minimize the acquisition and management costs of the software. Modules such as lot tracking, rebate and return, and e-pedigree can significantly lower operational costs.





With more than 30 years of experience developing, installing and supporting ERP applications for distributors, IBS competes in challenging markets. Using the IBS FasTrax program, the company can get customers up and running with core ERP functionality within 13 weeks. More complex installations take just a matter of months, deploying modules that address critical logistics challenges.

IBM servers provide power and scalability for markets on the move

Deploying IBS Enterprise software on the IBM® Power Systems™ platform allows midsize distributors to meet demanding requirements for advanced inventory and warehouse management, short response times and large transaction volumes. Thanks to the combination of IBS software and IBM hardware, this solution is able to achieve up to 2.9 million order lines per hour on a single IBM Power Systems server. IBM Power Systems also provide the scalability distributors need to take advantage of business growth.

IBM i provides the integrated operating environment for IBS's applications. By including a relational database, security, web services, networking and storage management capabilities, IBM i forms a broad and highly stable software foundation for efficiently deploying business processing applications.

IBM i Solution Editions are designed to help businesses take advantage of the combined experience and expertise of IBM and independent software vendors (ISVs) in building business value with IT investments. The Solution Editions are built on POWER7® processor-based systems, which represent a true leap forward to more intelligent systems that reduce complexity, decrease energy consumption, minimize downtime and drive down operational costs. Coupled with the total integration delivered by IBM i and the Solution Edition system discount, these solution offerings deliver the performance today's businesses need along with low cost of ownership. Each Solution Edition provides a simplified, easy-to-manage, high-performance IT environment for core business applications.

Midsize distributors must continually streamline operations to lower costs and increase profits. IBS Enterprise is an ERP application developed with the distributor's needs in mind. Powered by IBM i Solution Editions hardware, IBS's ERP application enables improved efficiencies, scalability and cost savings.

“Most of our customers are midmarket companies that would rather focus on their business than on IT. IBS Enterprise on the IBM Power Systems platform allows them to do just that.”

— Mike O'Brien, Vice President, IBS Americas



IBM Power 720 Express (tower)

Solution Editions are offered through an extensive, highly skilled worldwide network of IBM Business Partners that is backed by the trusted services and support infrastructure of IBM. The IBM i Solution Editions are available for the IBM POWER® 720 Express and IBM POWER 740 Express.

Distributor-specific functionality drives ROI

IBS ERP software on the IBM Power Systems platform offers a number of benefits. The seamless integration of distributor-specific functionality helps lower operational costs while helping distributors overcome unique logistics challenges such as inventory management and lot tracking. As a result, distributors reduce their labor cost, IT expenses, distribution cost and inventory levels even as they increase fill rates—because IBS software requires minimal management.

Supply chain modules built for distributors also provide more insight for decision making. Thus, distributors can boost responsiveness while increasing order and inventory turn accuracy. Their customers, in turn, benefit from improved service, all of which simplifies distribution balancing and makes operations far more manageable.

The bottom line

Together, IBM and IBS provide solutions that combine the power of IBM Power Systems and IBM i with the strengths of business applications, along with superior services and support. IBM i Solution Editions can help businesses achieve:

- Increased insight for more assured decision making
- Improved productivity, efficiency and responsiveness
- Reduced costs through increased flexibility
- Adaptability to business change
- Higher productivity
- Competitive total cost of acquisition and proven total cost of ownership

For more information

This IBM i Solution Edition is available as an offering when a customer selects both new IBM hardware and software or services from IBS. For more details, visit ibm.com/systems/power/hardware/editions/solutions.html or www.ibs.net.



© IBM Corporation 2010
Integrated Marketing Communications
Systems and Technology Group
Route 100
Somers, NY 10589

Produced in the United States
August 2010
All Rights Reserved

IBM, the IBM logo, ibm.com, Let's build a smarter planet, smarter planet, the planet icons and POWER, Power Systems and POWER7 are trademarks of International Business Machines Corporation in the United States, other countries or both.

Other company, product and service names may be trademarks or service marks of others.

References in this publication to IBM products or services do not imply that IBM intends to make them available in all countries in which IBM operates.



Please Recycle



Associated Pharmacies Relies on IBS Enterprise to Go Toe-to-Toe with the Competition

Most areas of the United States have an abundance of pharmacies. In fact, one industry publication reported that the typical neighborhood offers consumers a choice of 20 or more locations. Nearly all of these stores are owned and operated by a handful of large pharmacy chains, which together control some 60 percent of the country's dispensing market.

It's no secret that the pharmaceutical distribution industry is an extremely competitive vertical but especially so for independent pharmacies. Independents are meeting this challenge by forming distribution cooperatives that allow them to purchase in volume, just like the big pharmacy chains.

Pharmaceutical Distributor Tackles Efficiency

One such organization is Associated Pharmacies, Inc. (API), located in Scottsboro, Alabama. API is a member-owned cooperative representing thousands of independent pharmacies and a wholly owned subsidiary of American Associated Pharmacies (AAP).

"Our goal is to make our member pharmacies more profitable, and one of the key tools we use to do this is our distribution process" says Clint King, president of API.

Until 2005 API had been pursuing this mission using a variety of software applications in combination with a paper-based fulfillment processes. As the company continued to grow and additional compliance issues such as ePedigree became prevalent, the existing legacy system became an obstacle to their success. API knew it was time to start looking for a new solution.

"Our existing system didn't have the horsepower to lot-track every drug or fulfill our other needs," King says. "To meet new requirements, we felt a more powerful, paperless system was needed to track orders accurately and efficiently."

The challenge was to automate pedigree tracking and order fulfillment without introducing any steps that might increase errors or decrease productivity. King also had to accommodate the expectations of his customers. Pharmacies are accustomed to sending in their orders at the end of the day and having them delivered the next day with free shipping," King says. "Most days that means we have to be able to process 15,000 lines of orders in just less than three hours to catch our shipper."



Serving more than 2,000 independent pharmacies, Associated Pharmacies, Inc. (API) turned to IBS Enterprise to gain control over their entire operation. The successful pharmaceutical distributor is now experiencing increased accuracy; improved efficiencies; managing triple-digit volume increases with ease; lowering their training needs; and meeting tight deadlines.

Proven Solution to Take Operation to Next Level

API's systems administrator, Mike Arndt, had heard about IBS and the company's expertise in implementing solutions for pharmaceutical distribution.

"We looked at many ERP providers, but immediately felt that IBS Enterprise had the functionality and processes to meet our specific requirements right out-of-the-box," Arndt says. "We also valued that IBS understood our business and had the expertise to take us to the next level of performance."

Due to seasonal demands and a key business event, API needed to have their new system in place quickly. Arndt says he challenged the team at IBS with a very tight implementation schedule. Five months later, IBS Enterprise was up and running. API was paperless and meeting ePedigree requirements on day one.

IBS and IBM: A Powerful Combination

API felt the combination of IBS Enterprise running on the IBM Power Systems platform was a good fit for their operations. It allowed them to focus on their business rather than on IT.

"The flexibility of IBS Enterprise and the stability of the IBM platform were key to us. They are a good fit for pharmaceutical distributors like us who do not have a large team to run the systems, yet they both provide the scalability we need to take advantage of future business growth," says Arndt.

Automation and Incentives More Than Double Productivity

When the new IBS Enterprise solution was activated, API noticed immediate gains in operational performance. Where API order pullers had been averaging 120 lines of orders per hour using the distributor's paper-based system, they are now achieving up to 260 lines per hour with IBS. This improvement was the result of new performance tracking capabilities along with a program that incentivized pullers to meet specific targets.

A pick-to-tote program was integrated into the IBS Enterprise system and enabled API to step up its game even more. Employees are now able to use IBS Enterprise to scan and pull up to four orders at a time instead of single orders, as was the case with the paper-based system.

Packer performance improved as well to an average order accuracy of 99.7 percent. Monitoring is provided by a video system that is synchronized with the warehouse management system. If there is an order discrepancy, this video can be reviewed to isolate and solve process-related problems.

The new IBS Enterprise system and API's modified processes have dramatically reduced inventory losses as well. Last year, the firm had less than \$1,500 of shrinkage on inventory valued at \$33 million – a statistic that is unheard of in the industry.

Handling Growth and Moving Forward

IBS Enterprise provides the resources and capabilities to accommodate a recent merger between API and United Drug, another pharmacy cooperative with more than 1,000 stores.

"IBS Enterprise has been flexible enough to handle both businesses," King says. "In fact, we've tripled our volume in the past four years and we anticipate doubling it in the next two years – and the software has been able to handle this growth flawlessly. It's really made us so much more efficient."

King also notes that the new system and processes have helped to further minimize API's overhead and expenses.

"I would put the speed and accuracy of our processes toe-to-toe against any other distributor in our market," Kings says. "Thanks to IBS, we are clearly ahead of our competition."

International Business Systems (IBS), the leading business application supplier for wholesale and distribution software helps companies differentiate themselves on the strength of their distribution operations. Founded in 1978, IBS has over 30 years of experience in the distribution industries ranging from automotive and electronics to paper, publishing, pharmaceuticals, equipment rental, food and beverage. This deep understanding of distribution models and best practices is embodied within IBS Enterprise, a distribution resource management application suite on which thousands of the world's most successful companies now rely. The IBS B share is listed on NASDAQ OMX First North Exchange Stockholm. For more information, please visit www.ibs.net.

