



Transformation
into a New Takeda



The CCO Magazine

October 2012 Issue 2

Russia: A jewel in the Takeda crown

ALSO INSIDE: Yaroslavl opening | Tetsuya Kuwayama interview | Takeda-ism in action | On the road in Switzerland

Senior executives cut ribbon to mark the end of construction.

Yaroslavl reinforces Takeda's commitment to Russia

TAKEDA'S NEW pharmaceutical manufacturing facility in Yaroslavl is a clear demonstration of the company's commitment to the town and to "the great nation of Russia", Chief Commercial Officer Frank Morich told 160 guests at a ceremony to mark the end of construction at the plant.

Takeda President & CEO Yasuchika Hasegawa was guest of honor at the event in September. Accompanied by the Governor of the Yaroslavl region Sergey Yastrebov as well as the Japanese Ambassador to Russia Chikahito Harada and other civic dignitaries, media representatives and Takeda executives, he accepted a traditional welcoming gift of bread and salt to recognize the company's move into its new home before cutting an official ribbon.

MILESTONES

The group then toured the new plant, where they were presented with a "message in a bottle"—a vial containing the Takeda-ism values and milestones of the construction.

Yasu and the Ambassador then signed the first "packs" to come off the production line—products for marketing will only be manufactured after a manufacturing license is granted and validation completed. That was followed by a press conference and a reception, where traditional

Japanese food was served by a chef from Moscow's finest Japanese restaurant, Sakura.

"The completion of this ambitious project further demonstrates Takeda's transition into a truly global business. Strategic investment into key emerging markets such as Russia is a major part of this strategy," Yasu said.

"Russia is our largest emerging market in terms of revenues, and is expected to contribute significantly to our growth over the next few years. The Yaroslavl facility will enable us to provide locally produced pharmaceutical products to patients and clinicians, as well as bringing significant benefits to the Yaroslavl and Russian economy."

Sergey Yastrebov added: "Takeda is one of the flagship companies in Yaroslavl's pharmaceutical cluster and is the first major international pharmaceutical company to invest in a new world class manufacturing facility in the region."

"This project is an excellent example of the benefits that international investment can bring to the Russian economy. Takeda is working closely with Russian companies to build the plant and will create hundreds of high quality jobs for Russian people in the future."



Traditional Russian dolls have Japanese links

During his visit to Yaroslavl for the ceremony to mark the end of construction, Takeda President and CEO Yasuchika Hasegawa was presented with a set of two "nesting dolls", known in Russia as Matryoshkas.

Matryoshkas are well recognized all over the world and bought by thousands of international tourists to Russia every year. But few of them realize that they have Japanese origins.

The first Matryoshka was created in the estate of the Russian industrialist and patron of arts, Savva Mamontov, in 1890. The craftsmen who created the doll, however, were inspired by a Japanese nesting doll, Fukurokuju, from the island of Honshu, which depicted the features of a wise monk.

The dolls presented to Yasu were replicas of one of the first Fukurokujus and one of the first Russian Matryoshkas.



CCO Global Operations has a “High Performance Ambition”—to change its focus from “manufacturing” to “supply.” So what exactly does this mean, and how will it be achieved?

The power of partnership

MAKING SURE that the right medicines are available in the right place, at the right time, in the right packaging is an absolute minimum requirement for a global pharmaceutical company such as Takeda. Surely it can't be that difficult to achieve, either?

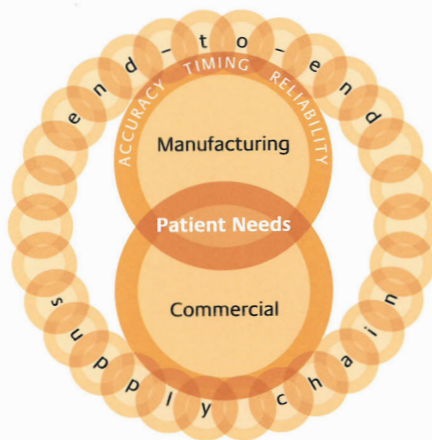
In fact, the smooth running of a medicines supply chain in an accurate, timely and reliable fashion is one of the most complex and risky processes for the industry. And there's a good chance an organization will fail to meet its obligations to customers and consumers if all internal functions involved in manufacturing and supply are not fully aligned in their understanding of what needs to happen, and when.

That's the insight driving Global Operations' “High Performance Ambition” strategy, which aims to not only support the growth of the business by improving production planning, better supporting product launches worldwide and increasing efficiency and flexibility, but also to do so by facilitating stronger working relationships between the manufacturing and commercial divisions.

“To perform better than the competition and grow as a company, we have to acknowledge the changes within the industry and the environment in which it operates, then adapt to meet the challenges they present,” explains Barthold Piening, Head of Global Operations.

“It's not like the old days, when we were dealing with blockbusters such as pantoprazole and just a few key markets. That was relatively easy to manage from a supply chain perspective. As long as you had sufficient capacity to make a product, you just shipped it off to the big markets, where it would fly off the pharmacy shelves and stocks would easily be replaced.

“Today, however, we have a far larger, more complex portfolio of medicines. We sell them in a much wider range of countries too, increasingly in emerging markets, all of which have their own specific demands and requirements.



And we have far greater pricing pressure from governments and payers than ever before, in all areas of the world.

“We can't ignore any of these factors. If we do it will severely affect our ability to ensure product availability and competitive cost.”

The High Performance Ambition referred to in the strategy is to change Global Operations from an organization focused on manufacturing, science and technology to an organization focused on the supply chain as a whole, while still embracing the other components. The ultimate goal is a

true “end-to-end” supply chain, which puts patient needs firmly at the heart of every stage of a medicine's journey all the way through the value chain.

“Collaborating in a more aligned way will help us better handle the interfaces between markets and the manufacturing network,” Barthold says. “It will help us to support more sales to the market and to reduce our inventory of stock, so that more cash can be reinvested in R&D, advertising and promotion to fuel future business growth. And it will enable us to identify opportunities not only for cost improvements, but also for new market segments and skills that will help differentiate Takeda.

“All that will improve customer service significantly. We will be able to deliver quality products that customers value, at a time when they want them and at an attractive price.”

It will, in other words, create a virtuous circle of lower manufacturing costs, reduced prices and higher volumes—and happier and healthier patients.

The inspiration for the Operations strategy is drawn from other sectors, such as the IT and consumer goods industries, which have enjoyed huge benefits through the creation



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BARTHOLD PIENING
HEAD OF GLOBAL OPERATIONS

of an end-to-end supply chain. Takeda wants to be a supply chain driver in big pharma, and Barthold has no doubts that the model will be just as successful as in other areas.

“The biggest challenge is a change in mindset,” he says. “Everyone in Operations needs to understand what Commercial needs, and Commercial needs to understand what is possible from an Operations perspective. The only way they can do that is by talking to each other, so communication will be critical.

“In the past, people were really focused on technical and analytical core competencies to do their job. In the future we will be expecting our Operations leaders to develop more business-driven, customer-oriented ‘soft’ skills, and work in a far more integrated way with their commercial colleagues.”

MEETING DEMAND

This is already happening to great effect in key areas. Russia, for example, now has a fully-fledged supply chain team. This was formed when demand for heart treatment *Cardiomagnyl* soared after a successful local marketing campaign, putting pressure on the forecasting and manufacturing processes. The collaborative working environment within the Russian business, and between Russia, Oranienburg—where the product was made—and Roskilde ensured that the demand was met in the end.

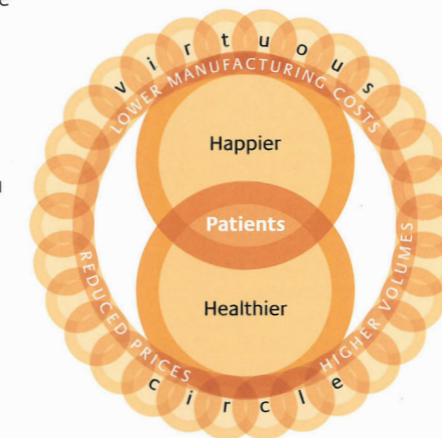
Enhanced interaction between the Russia Commercial organization and Operations has shortened the time to get products to market, increased flexibility and, as a consequence, improved customer service.

It's the same story with pantoprazole across Europe. Despite aggressive generic competition, volume demand

for pantoprazole vials and other tablet presentations is currently running at record levels. Meeting that demand requires supply chain flexibility. “We expected panto sales volume to go down rather than up,” Barthold says. “Our ability to respond effectively shows how a collaborative approach can help you adapt to change quickly.”

He cites Latin America as another success story. “The cooperation between Commercial and Operations in Brazil shows perfectly how our supply chain strategy should work,” Barthold says. “Products sold there are a mix of global medicines from Europe and strong local brands such as *Neosaldina*. Our plant manager spends a fixed part of his working time in the sales offices in São Paulo, so that he knows exactly what the sales needs are.”

Perhaps most topically, the power of flexibility, collaboration and an ability to react quickly has been proved by all of those things helping Operations to meet its artwork, packaging and name-change targets throughout the integration.



An important part of High Performance Ambition is to integrate the key SAP systems within the business on to a single platform. This will improve flexibility and communication, while also providing a foundation on which future initiatives can be built.

The first of these initiatives is a project aimed at improving “replenishment” systems. “Our aim is to make sure that every product in the total of 6,000 stock-keeping units (SKUs) within the CCO organization can be found on the shelves of any pharmacy at any time. Ideally, when a customer buys a pack somewhere, we immediately make and ship another pack to replace it,” Barthold explains.

“With this, we also want to reduce inventory, which effectively represents cash tied up in a warehouse. We're looking for a ten percent reduction by the end of this fiscal year, and savings of more than €50 million on an ongoing basis. It's a delicate balance, but building up our replenishment strategy with clear responsibilities between the parties will ultimately result in fewer backorders at lower stock levels, so that we are able to supply the right sales affiliate at the right time with the right amount of product.”

More projects are in the pipeline and Barthold has a simple message for employees during the “High Performance Ambition” process. “Keep a high engagement level,” he says. “We talk a lot about wanting to be a high-performance organization, and now we have to put that into practice. We need to be open and tolerant, we need to work cross-functionally and we need to be bold. If we do all that, then anything is possible.”

The power of flexibility, collaboration and an ability to react quickly has been proved—all of those things helping Operations to meet its artwork, packaging and name-change targets throughout the integration.

New intranet will connect CCO employees around the world.

A tiger is unleashed

THE INTRANET has become an essential part of how we stay informed and collaborate with colleagues in other locations. Until now, however, employees have actually needed to leave the legacy Nycomed intranet to access the legacy Takeda intranet and vice-versa, or open several different intranets at once. That is about to change.

Since July 2012, a cross-functional team has been working intensively behind the scenes to bring 18,000 CCO employees across the world together onto one unified intranet with a common look and feel. The imaginative name for this new platform, the Takeda Intranet for Global Exchange and Resources (TIGER), was chosen by employees in an online survey. The launch date is set for spring 2013.

"Merging the existing content is a huge logistical exercise," explained Angelika Furnschlief, Corporate Online Communications Manager. "On the legacy Nycomed intranet (iNside) alone, we are talking about 2,200 sites and 11,000 pages. The legacy Takeda platform (Euronet) was actually seven separate intranets with different languages and site navigation."

Additional challenges in building the new intranet include taking into account new organizational structures and recruiting designated editors responsible for content. In some cases, departments are still not fully staffed.

Once TIGER goes live, CCO employees will also have a direct link to other landing pages, such as the intranets of TPUSA (Horizon) and TPC (Sunrise). There will also be input from the CMSO organization, for example, in the medical information on product pages.

A brief "quick start" video and support documents will be available to get new users up and running.

The first release of TIGER will contain a number of interesting features, such as customization for locations, departments and languages. A user in Germany, for example, will have an opening page with the same corporate news as CCO users in other countries, but local news will be in German.

LOCAL NEEDS

The new intranet has also improved functionality. For example, it is much easier to upload and edit information, which will help in keeping content updated. Designated intranet editors in multiple CCO locations have been the first to test the new intranet after receiving introductory training, and their feedback has been very positive.

Some of the most widely used sections of existing legacy intranets are "collaborative spaces" in which colleagues can share documents across national boundaries and time zones. This will continue to be an important function in TIGER. Because extranets are already built into the new intranet concept, Takeda employees will also be able to create collaborative spaces for external vendors.

COOL FEATURES

Prior to the go-live date in spring, emails will be sent to all CCO employees, and countdown banners and teasers will be posted on existing intranets. Once the launch date arrives, a brief "quick start" video and support documents will be available to get new users up and running.

The project team will then start working on version 2.0 of TIGER, which will include access through mobile devices, more multimedia content and integrated social media functionality.

"The first release of our new intranet is all about getting everyone working together on the same platform," concluded Mario Tillmann, Associate Director ECM IS/IT. "Once that foundation is in place, we can add cutting-edge features that will help us work more effectively. The upcoming launch of TIGER is the first step in building something great."

Fast facts on creating TIGER

Intranets migrated:

7

Sites migrated:

2,200

Pages migrated:

11,000

Designated editors:

circa 200

Completion time:

9 months



Understood. Coming soon.