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Merck: Revitalizing Master-Data Management

Partner

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Company
Merck KGaA

Industry
Pharmaceuticals, Chemicals & Life Sciences

Products and Services
Pharmaceutical products, chemicals, and medical research and development services

Web Site
www.merckgroup.com

SAP® Solutions
SAP® Master Data Governance application

Partners
CAMELOT Management Consultants AG,
Camelot ITLab GmbH (Implementation)

In spite of worldwide economic turmoil, Merck KGaA continues to accelerate its business and drive operational excellence. As a global player in the chemical and pharmaceutical industries, how does Merck optimize the utilization of its capacities? For globally harmonized business processes based on **accurate and consistent data**, the company relies on master-data governance of its materials data delivered by the SAP® Master Data Governance application.

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The best of both worlds

Merck is the world's oldest chemicals and pharmaceuticals company. Also known as "German Merck," the company was founded in Darmstadt, Germany, in 1668. Today, Merck ranks among the world's largest manufacturers of prescription medication and consumer healthcare products. The focus areas of Merck's current pharmaceutical R & D are neurodegenerative diseases, oncology, immuno-oncology, and immunology.

In the chemicals industry, Merck manufactures pigments, fillers, and advanced materials for use in electronics, lighting, printing, plastics, and cosmetics. Merck is a pioneer in the field of LCD technology and the world's largest producer of liquid crystals.

Laboratory solutions from Merck include products and services for sampling and testing in the pharmaceuticals, foods, and diagnostics industry segments. The company's process solutions focus on products and services for the production of chemical and biopharmaceutical agents. Merck makes laboratory instruments as well as high-purity chemicals, solvents, and reagents for liquid chromatography and high-speed separation.

Headquartered in Darmstadt, Germany, Merck employs more than 39,000 staff in 66 countries. The company operates in 65 manufacturing sites in 22 countries. In 2012 Merck generated revenue of more than €11 billion.

39,000

Employees

65

Manufacturing sites

>€11 billion

Annual revenue for 2012

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A business for a healthier, brighter future

Merck is proud of its past and enthusiastic about its future. As one of the world's largest pharmaceutical and chemicals companies, Merck is committed to helping create a healthier, brighter future for people around the world.

Merck drives a strategy of leveraging its global footprint by making more efficient and effective use of its distributed manufacturing capacities. This strategy aims at improving customer service and sharpening the company's competitive edge. It also aims at enabling Merck to pursue the opportunities of change in today's global marketplace.

At the heart of this strategy, globally harmonized business processes call for a unified approach to the management of master data. With SAP Master Data Governance, Merck can manage its materials data to achieve the quality and consistency of master data critical to process harmonization in a global business environment.

"Only with correct and reliable data can an organization have the necessary transparency to fully understand developments in the business, provide superior service, and make the right decisions to drive a successful strategy."

Karl-Ludwig Kley, Chairman of the Executive Board, Merck KGaA

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Global reach of master-data governance

In a best-practice approach to modernize its master-data management infrastructure, Merck launched an initiative named "M3" focused on master-data harmonization and, ultimately, standardized processes across the company. This initiative called for company-wide data quality rules and data ownership policies. Another key goal of this initiative was to implement lifecycle management to phase out materials across its local transaction processing systems as well as for all the company's global reporting systems.

When Merck assessed a number of potential applications for its needs, SAP Master Data Governance received the highest score. The data model of this application provided a good match with the company's requirements and the global scale of its business. It is built on the same foundation as the major enterprise resource planning applications at Merck. In addition, Merck had the skill set in place – plus the consultants and support experts required – to reap the full benefit introducing SAP Master Data Governance to manage its materials data would bring.

"We were looking for a master-data governance application with a future – one that would enable us to harmonize master data for unified processes across our global business."

Joerg Schwamberger, M3 Program Manager, Merck KGaA

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Big-bang rollout – part of a four-phase program

For the conceptual design of its master-data governance platform and the associated reference specification, Merck turned to CAMELOT Management Consultants. This management consulting firm also provides change management, support and training. Together, business stakeholders from Merck and consultants from CAMELOT MC defined a road map for the harmonization of the company's master data related business processes. The implementation of SAP's Master Data Governance solution was realized by Camelot ITLab consultants. Close co-operation and efficient processes between all parties led to a successful and smooth go-live.

The implementation roadmap is executed as a program called M3 (Material Master Data Management). The program contains four phases: First laying the technical foundation by implementing SAP Master Data Governance; second extending the solution by more sophisticated workflows; third adding advanced data quality concepts and finally rolling out concepts globally to leverage MDM benefits.

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"The MDG-M implementation took Merck one major step further on the way to process excellence in material master data management and more is still to come. One of the most important success factors so far was the close and trustful collaboration between both parts of the team - business and IT."

Marko Schmidt, M3 Program Manager, CAMELOT Management Consultants AG

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Prior to the implementation of SAP Master Data Governance at Merck, a proof-of-concept was completed at SAP. In the days leading up to the rollout at Merck, master data for some 800,000 materials was migrated from the legacy application to the SAP software.

The installation of SAP Master Data Governance at Merck took IT staff only a few days to complete. The software was then customized to the specific requirements of Merck. For instance, interfaces were set up using SAP NetWeaver® Process Integration (SAP NetWeaver PI) technology to the SAP Environment, Health, and Safety Management (SAP EHS Management) application. This supported the integration of data on hazardous materials handling.

The day SAP Master Data Governance was put into productive operation at Merck, the material master-data management functionality in the legacy application was simply switched off. SAP Master Data Governance was rolled out in a "big bang" process over a weekend. Users at Merck didn't experience any disruption of business processes.

"SAP Master Data Governance was implemented on schedule and within budget. The rollout went very smoothly. We were totally at ease during the cutover to productive operation of the software"

Bjoern Ebeling, Associate Director, Information Services MDM and Integration Applications, Merck KGaA

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Good governance for master data

Today, 600 end users at 65 Merck sites rely on SAP Master Data Governance to manage material master data.

Complying with good practice quality guidelines and regulations (GxP) for computerized systems is critical in the pharmaceutical and biotechnology industries. By tracking who changed what data and when it was changed, the governance process helps Merck achieve GxP compliance. Process and change tracking supported by SAP Master Data Governance helps Merck comply consistently with the stringent validation requirements of the Food and Drug Administration (FDA) of the United States Department of Health and Human Services.

For end users at Merck, SAP Master Data Governance provides a straightforward browser-based user interface. SAP Business Suite applications integrate smoothly with SAP Master Data Governance to provide users with relevant information from other areas, such as approval notes for pharmaceutical products or order processing status. And SAP Master Data Governance generates reports that enable managers at Merck to identify and gear up for trends and changes in their lines of business.

"By deploying SAP Master Data Governance, we are able to meet our high requirements for the quality of our master data. This innovative and stable solution also supports ownership policies and harmonized processes in material master-data management.""

Bjoern Ebeling, Associate Director, Information Services MDM and Integration Applications, Merck KGaA

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Improved process quality for better business

SAP Master Data Governance provides Merck with a robust, extensible framework for harmonizing the collection, management, and use of master data globally. When a new material record is added to this framework, the associated item inherits the attributes of similar materials. This approach saves time and effort in creating material master data and helps to improve data quality.

Today, all master data related to materials is managed centrally at Merck via SAP Master Data Governance. The application enables business users at Merck to measure and improve the quality of master data from a central console.

Rule-based workflows, combined with functionality that readily identifies and eliminates master-data errors and inconsistencies, help Merck to achieve significant improvements in process quality. Unified business processes are key to the company's strategy of flexibly allocating production capacities across its global manufacturing sites. This flexibility enables the company to optimize its delivery performance and costs in the regions in which it does business.

"SAP Master Data Governance provides a solid foundation for sustained growth and smooth business processes across the Merck Group."

Joerg Schwamberger, M3 Program Manager, Merck KGaA

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Headed for enhanced transparency

In the near future, Merck will integrate all existing materials master data – including the data currently contained in local enterprise resource planning software (ERP) systems – with its SAP Master Data Governance application.

Merck plans to deploy process monitoring functionality from SAP for real-time visibility into its business processes end to end. The software will help the company observe and analyze its processes on an on-going basis in order to identify opportunities for further improvement.

The company is currently defining a master-data quality management initiative aimed at eliminating data errors and inconsistencies. Supported by reports and scorecards, this initiative will inform decisions related to data quality.

Merck will rely on SAP Master Data Governance to manage master data that spans multiple domains and covers material, customer, vendor, and financial master data. SAP Master Data Governance runs a governance process "on top" of the company's vast array of master data.

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