



## MERCK SHARP & DOHME

“We’ve set ourselves standards for performance and customer service that we simply couldn’t maintain without Warehouse Management.”

Richard Thatcher,  
*Purchasing Manager, Merck Sharp & Dohme.*

## The Customer

Merck Sharp & Dohme (MSD) is one of the world's fastest growing companies, employing over 43,000 people and generating a turnover in excess of \$20 billion. As a global, research-driven pharmaceutical organisation, MSD discovers, develops, manufactures and distributes a broad range of human health products in most major markets.

## The Challenge

- To improve warehouse efficiency and reduce inventory
- To combine customer focus and operational efficiency
- To provide a real time, system directed operation
- To manage non-product items alongside pharmaceuticals

## The Solution

MSD's UK headquarters is home to the UK distribution centre, supplying major pharmaceutical wholesalers, hospitals and appointed pharmacists. Most MSD products have critical time paths, due to increasing financial pressure on wholesalers. Market forces dictate that they must run lean operations to maintain a competitive edge, and as a result they push stock holding back to the manufacturer. As they hold less stock, they expect manufacturers to supply them on a more frequent



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basis. MSD rely on Warehouse Management to meet their responsibilities to their wholesale customers effectively and efficiently. Warehouse Management holds all product inventories by location, lot number and quantity, as well as key information such as product status and expiry date, which is vital in the pharmaceutical industry. This information gives MSD full control of product in the warehouse, enabling shipment by expiry date and batch, allowing the timely manufacture of replacement inventory and removing the need to hold large amounts of stock.

MSD customers expect everimproving service levels, with delivery cycles changing from monthly to twice monthly to weekly. The company handles around 500 wholesale orders monthly, amounting to about 1.4 million product units, and need to meet performance ratings as part of a customer service initiative. The company's initial aim was to dispatch 95% of all orders within two days of receipt, but a short time after implementing Warehouse Management, the warehouse team found itself comfortably exceeding this target.

All MSD customer orders are downloaded daily from the host system, allocated and immediately released for picking and shipment. Warehouse Management then directs operators through the pick sequence around the warehouse, plotting the most efficient route. As the pick progresses and stock levels deplete, real time data from the operators' RDTs enables Warehouse Management to recognise when stocks are running low, and replenishment tasks are automatically generated to ensure that replacement stock is delivered to the pick face in good time. MSD has found that having real time information ready for action without the need for operators to refer to a supervisor for workload allocation is a major benefit in the efficient running of the operation.

In addition to controlling products, Warehouse Management manages the company's stock of pack inserts, according to strict guidelines laid down by the Association of British Pharmaceutical Industries. In selecting Warehouse Management, MSD acquired

a single solution to manage almost every aspect of its warehousing operation, from management of operative resources to receipt of product from manufacturing, and from putaway and storage to the automatic fulfilment of customer orders.

### The Results

- Reduced inventory levels through shipment by expiry date and batch
- Exceeding target to dispatch 95% of all orders within two days of receipt
- Efficient operations through system directed functionality
- Automatically generated replenishments
- System in accordance with the strict guidelines of the pharmaceutical industry

### For more information

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