Objective

Ensure compliance with new industry regulations by standardizing on EDI for all key supply chain communications with wholesale distributors, including invoices, purchase orders and advance ship notices.

Solution

Move from a non-integrated, brokered EDI arrangement to an integrated, hosted TrueCommerce EDI solution for Microsoft Dynamics AX.

Benefits

TrueCommerce EDI provides a comprehensive feature set to help ensure compliance, eliminate errors before they happen, and accelerate everyday business processes that help run the organization.
TrueCommerce EDI for Microsoft Dynamics AX is embedded within AX for a robust and comprehensive integration that maximizes automation, saving time and eliminating manual effort.
A web-based, hosted EDI implementation provides anytime/anywhere, browser-based access for business users.
The TrueCommerce EDI solution offers extensive off-the-shelf and custom reporting capabilities, giving business users on-demand visibility into order and sales data.
TrueCommerce Platinum Support delivers fast and personalized support at a very reasonable cost, providing proactive resolution of issues and outstanding responsiveness to trading partners.

“Without EDI, Kowa would require additional full-time employees just to deal with manually creating invoices and other documents. I’m extremely pleased with TrueCommerce EDI, and very happy with how things have gone this year with the new solution.”

Jim Teegarden, Director of Trade Relations, Kowa Pharmaceuticals America, Inc.

Background

New industry regulations drove the need for a more responsive, feature-rich and flexible EDI environment—and created opportunities to improve order management efficiency as well.

Founded in 2008, Kowa Pharmaceuticals America, Inc. develops and delivers effective solutions in the field of cardiometabolic therapeutics. Like most manufacturers, wholesale distributors, dispensers and other participants in the pharmaceutical supply chain, Kowa was impacted by the Drug Quality and Security Act (DQSA) of 2013, which aims to create an electronic traceability system for pharmaceutical drugs.

Jim Teegarden, Director of Trade Relations at Kowa Pharmaceuticals America, recognized early on that the DQSA would not only necessitate a move to a new EDI environment, but also that a more robust EDI solution presented an opportunity to streamline order processing and enhance communication with Kowa's trading partner community.

"My job is to monitor Kowa's relationships with the wholesale drug distributors that are our trading partners," Mr. Teegarden states. "That includes keeping them informed about product availability, managing their inventories, monitoring their days on hand, and staying in contact and ensuring we're always on the same page."

The DQSA's mandate was the defining moment that accelerated the change.

"When the DQSA was signed into law there were lots of concerns across the supply chain. So that's when I got extensively involved with EDI," clarifies Mr. Teegarden. "I felt it was in my best interest to spearhead the process of ensuring that all our trading partners were utilizing EDI for the exchange of order information."

Standardizing on EDI for Orders

Kowa Pharmaceuticals decided to move proactively to standardize on EDI for orders in compliance with DQSA mandates.

"At that time, we had seven to ten smaller customers that were still ordering via fax," Mr. Teegarden continues. To insure compliance prior to DSCSA timelines, quickly moving these wholesalers to EDI was in everyone's best interest.

The situation called for decisive measures to stay ahead of the regulatory changes.

"I requested that all wholesalers ordering via fax introduce me to their EDI teams as promptly as possible to begin the transition to EDI," describes Mr. Teegarden. "So from that point, the EDI 810 invoice and the EDI 850 purchase order became our sole process for exchanging order information, and that has worked very well."

Upgrading to Integrated EDI

A need to move beyond the limited capabilities of a brokered EDI system led to the search for a solution that would integrate with Kowa's ERP system: Microsoft Dynamics AX.

Kowa's next step to proactively ensuring DQSA compliance was to provide each trading partner with an EDI 856 advance ship notice (ASN) that met regulatory guidelines for transaction history, transaction statement, and transaction information.

Some functionality was already in place: Kowa had been using a brokered EDI service that was not integrated with its Microsoft Dynamics AX ERP system. The system offered few transaction

details.

“We decided it was time to take EDI to the next level,” notes Mr. Teegarden. “I didn’t want to leave anything to chance regarding our supply chain documents, so it was clear our company needed to look for a new EDI system.”

Kowa chose web-based TrueCommerce EDI for Microsoft Dynamics AX, which combines the deepest level of turnkey integration embedded within AX along with a proven and scalable managed services hosting model. Another strong advantage of the TrueCommerce EDI integration for AX ws its configurability to flexibly adapt to an organization’s AX workflow without the need for programming.

Kowa’s TrueCommerce EDI solution for Microsoft Dynamics AX went live on March 1, 2016. Currently the manufacturer has twenty authorized trading partners, including “The Big Three” US pharmaceutical wholesalers with approximately 100 distribution centers (DC’s) between them; as well as 17 smaller wholesalers in the US and Puerto Rico, each with one to seven DC’s.

Improved Efficiency, Visibility, Accuracy and Time Savings

Moving to integrated EDI has had significant positive impacts on both business users and warehouse staff, while also streamlining communications with trading partners.

Today, Kowa receives all product orders through EDI. They are scheduled using the TrueCommerce Scheduler add-on for automated import/export to and from Microsoft Dynamics AX at predefined times. The AX system passes EDI information to and from Kowa’s warehouse management system (WMS).

Mr. Teegarden and other authorized business users can interact with the web-based EDI solution using a web browser. Authorized users can also interact with EDI directly from within AX.

“I work with EDI directly in AX on a weekly basis for the purpose of exporting EDI 844 product transfer account adjustment documents from trading partners, most of which are related to either contract pricing or 340B drug pricing programs,” offers Mr. Teegarden.

The improvements through TrueCommerce EDI have been significant.

“Prior to implementing TrueCommerce, I had to depend on an associate in the warehouse to ensure that I received copies via email of all the brand pharmaceutical orders that we received,” notes Mr. Teegarden. “Now I see PO’s on my end through TrueCommerce in real time. So if there are discrepancies, I have the opportunity to cancel the order, and ask the buyer to place another order, all of which saves us headaches downstream.”

This proactive approach eliminates mistakes, and also removes inaccuracies in the documents sent to trading partners.

Mr. Teegarden continues: “The thing I like the very best about having TrueCommerce EDI is that I no longer must wait until the end of the week for reports from accounting, and I no longer need to ask accounting for midweek sales updates. I can’t tell you how many times I would still be at my desk at 6PM on a Friday evening sorting through sales and order data.”

Those order management headaches are now a thing of the past.

“I now know what our invoices are going to total before end of the day processes—and that is only possible because TrueCommerce offers both built-in and custom reporting to provide it,” notes Mr. Teegarden. “When I see EDI 810 invoices going out via EDI to our trading partners, I know what the dollar amounts are, and I know when those invoices are acknowledged. The same thing goes for ASN’s. “Now I can frequently close out my product distribution business week by Friday morning.”

Partner relationships have expanded beyond buyers and brand managers to include EDI and traceability teams.

“If a trading partner fails to acknowledge receipt of a document in a timely manner, I can check with IT about whether they see a problem on that end,” adds Mr. Teegarden. “If not, I can contact TrueCommerce. On the infrequent occasions when that happens, the issue is addressed very rapidly.”

In addition to improving visibility on order data, the new EDI solution also saves time for both business users and warehouse staff.

“With TrueCommerce, the time it takes me to review orders, ASN’s, outbound invoices, or any of the documents related to communicating with our trading partners that their orders have been picked, packed and shipped is greatly reduced,” says Mr. Teegarden. “Also it now requires much less time for me to keep sales reports, inventory records, etc. up-to-date. Prior to going with TrueCommerce I maintained five different reports that I used at the end of each week; now I only need two.”

Rapid Time-to-Value with TrueCommerce Platinum Support

The highest level of support available from TrueCommerce is both highly effective and affordable.

Compliance demands and trading partners’ high expectations have made supply chain operations reliability a pivotal issue for Kowa Pharmaceuticals. The company decided to take an extra step and become a TrueCommerce Platinum Support customer.

“I’m a big fan of high-level customer service,” Mr. Teegarden asserts. “When I saw how little TrueCommerce Platinum Support costs—just a few dollars a day—I felt like that was a very good bargain, and it’s been working very well for us.”

It turned out to be a winning proposition that helped Kowa put an effective maintenance routine in place.

“I conduct 15-to-30-minute weekly calls with Kowa’s Platinum Support team,” says Mr. Teegarden. “There’s something on the agenda every week for us to talk about, because there are so many changes always taking place across our supply chain: trading partners closing older facilities and opening new, more green-friendly facilities, smaller wholesalers being purchased by larger wholesalers, and so on.”

The approach helps Kowa identify and prevent problems before they impact the company’s supply chain.

“By discussing these issues in advance, we can proactively eliminate potential document errors,” says Mr. Teegarden. “For instance, one of our largest customers advised me that they’re going to make a change to their EDI 844 product transfer account adjustment documents. I discussed that with our Platinum Support contact prior to that going into effect, so the issue is addressed before it gives rise to a problem. I’m really glad we chose to go with TrueCommerce Platinum Support.”
The only option

EDI is no longer optional for pharmaceutical supply chain partners.

Kowa has put the new system in place just in time for the sweeping regulatory changes. For example, manufacturers must provide transaction information (TI), transaction history (TH), and transaction statement (TS) in an electronic document to trading partners for all sales by November 27, 2017.

Mr. Teegarden explains: “At this point, if you’re a new pharmaceutical manufacturer opening your doors, you would be limited to just one option for trading documents and receiving orders from your customers, and that’s EDI.”

Unlike in many other cases, the new regulatory demands actually helped Kowa make their business operations more effective and even achieve additional ROI.

“Not only is EDI a mandate in our industry—it’s the wise way to go,” says Mr. Teegarden. “You can’t efficiently keep track of what’s going on any other way. You cannot handle the volume of invoices and other documents and be able to look at all of them and create the reports you need any other way than EDI.”

With TrueCommerce, Kowa has been able to realize significant ROI through workforce optimization.

“Without EDI, Kowa would require additional full-time employees just to deal with manually creating invoices and other documents,” says Mr. Teegarden “I’m extremely pleased with TrueCommerce EDI, and very happy with how things have gone with the new solution.”