

# A Biopharma Success Story with **Value Chain Optimization**

Optimizing Contracts, Finance, and Supply Chain to Reduce COGS

## **The Challenge**

A global biopharmaceutical company that develops and markets innovative drugs faced several significant challenges, impacting its ability to supply patients faster and more efficiently.

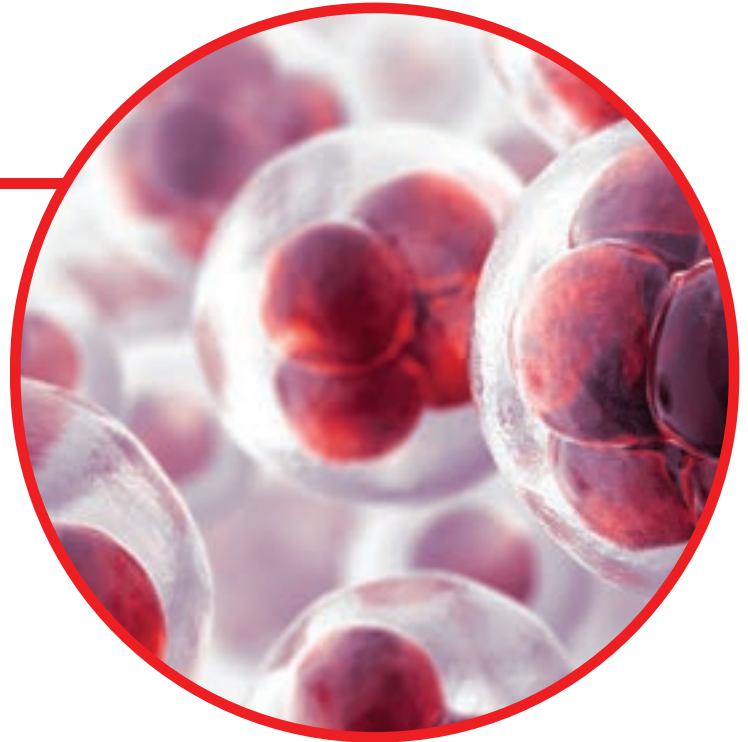
External pressures, such as governments negotiating drug prices more aggressively and the impact of tariffs, also require them to perform deeper, more insightful analyses faster.

### **Key issues included:**

- **Inability to Incorporate Contracts in Supply Chain Planning:** Despite the essential role contract manufacturers play in the company's production strategy, they didn't take contracts into consideration as part of the planning process.
- **Incomplete Integration Across the Value Chain:** While the company had a well-defined traditional planning process, it failed to encompass critical aspects such as financials and contracts, limiting visibility across the entire value chain. This gap resulted in poor alignment between planning, sourcing, and finance, with revenue, costs, and contract terms not being accurately reflected in planning processes.
- **Financial Constraints and Objectives:** Were not effectively addressed, reducing the ability to foresee the financial outcomes of different decisions.
- **Manual Processes and Fragmented Tooling:** The preparation and running of scenarios required substantial effort and time, with methods like spreadsheets, a variety of complex and fragmented tools and rules-based approaches prone to data errors, leading to incorrect decisions.



The Long-Range Planning (LRP) process lacked agility, cross-functional alignment, and visibility.



# The Solution

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The company implemented River Logic's Value Chain Optimization (VCO) solution to address these challenges and replicate operational and financial constraints. The critical components of the solution included:

- ▶ The Digital Planning Twin of the pharma and bio manufacturing network: Offering optimal solutions for network strategy and sourcing in full compliance with regulatory, supplier contracts, capacity, financial, and unique constraints.
- ▶ The solution included Contracts and Renewals, allowing the company to optimize its production strategy considering not only traditional variables such as volume and capacity but also contract terms, renewals, and potential savings.
- ▶ The solution was configured to minimize cost as the business objective. This analysis explored new capabilities and resources, providing a detailed and optimal plan to meet the goal.
- ▶ Integrated Analytics Platform: A centralized platform enables optimal decisions end-to-end, boosts the speed of analysis, enhances risk management, and helps drive network and sourcing productivity gain.
- ▶ Business Continuity Planning: River Logic's Value Chain Optimization solution was configured to assess and quantify the impact of demand fluctuations, new product introductions, and supply chain disruptions across the end-to-end value chain. This insight enables more informed decisions on capacity, inventory planning, and contract manufacturing organizations (CMOs), including site selection and renewals.



# The Results

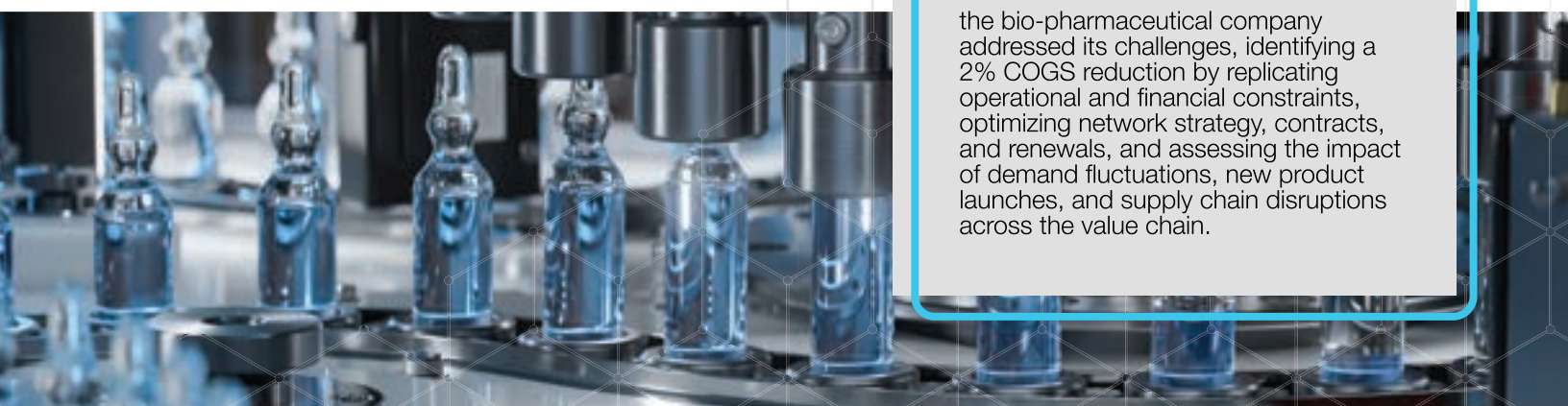
Enabled by River Logic's Value Chain Optimization solution (VCO), the biopharmaceutical company transformed its LRP process, resulting in significant benefits:

- **Reduction in COGS:** The solution identified a 2% reduction in the cost of goods sold (COGS) by uncovering key optimization opportunities.
- **Efficiency Improvements:** Analysis run time was shortened from weeks to days, and scenario input (FTE hours) was reduced by 50%.
- **Enhanced Decision-Making:** The integrated LRP assumptions, analysis, and plans eliminated sub-optimal decision-making and reduced risk exposure.
- **Cross-Functional Integration:** The integrated LRP analytics platform, combined with evolved business engagement, transformed the company's operations from siloed functional operations to an integrated cross-functional apparatus enabling concurrent analysis.
- **Democratization of decision-making:** River Logic's solution allows business users to run their own scenarios. In the past, only technical users with deep technical knowledge of complex tools had access to the decisions, resulting in inefficiencies.



**By implementing River Logic's Value Chain Optimization (VCO) solution,**

the bio-pharmaceutical company addressed its challenges, identifying a 2% COGS reduction by replicating operational and financial constraints, optimizing network strategy, contracts, and renewals, and assessing the impact of demand fluctuations, new product launches, and supply chain disruptions across the value chain.



# About River Logic

River Logic is an experienced innovator in network design and optimization. Its flagship offering, **Value Chain Optimization (VCO)**, is a comprehensive solution designed to quantify and optimize the full potential of your current and future network.

It expands the scope of network design beyond the traditional transportation and logistics focus to provide insights that ensure supply chain strategy aligns with corporate objectives. This expert solution is powered by River Logic's Digital Planning Twin™ technology, uniquely capable of combining a more complete representation of operational variables and constraints with a more accurate understanding of both fixed and variable cost drivers.

## Value Chain Optimization for Strategic Decisions



That's Why We are Real Decisions. **OPTIMIZED.**  
Get in Touch with Us, we are Happy to help!

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