APQC – Process Framework In Action

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Agenda

- Brief Overview
- Establishing The Need for a Framework
- Getting Started
- Value Connection
- The Translation Engine
- What Did We Learn?
- Q&A/Parting Thoughts

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Hospira Overview

Our company

Improving the safety, cost and productivity of patient care

- Global specialty pharmaceutical and medication management company
- Market leadership positions in:
  - Generic injectable pharmaceuticals globally
  - Biosimilars in Europe
  - Medication management systems globally
- Distinguished 70-year history
  - Pioneer in innovation and safety
  - Publicly traded since 2004
  - ~$4 billion in annual revenues
  - Market cap of approximately $9 billion
  - Large, growing global markets of ~$13 billion
  - ~14,000 employees, 13 manufacturing facilities
  - Headquartered in Lake Forest, Ill., USA

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Hospira Addresses Critical Healthcare Needs

Key Products

Specialty Injectable Pharmaceuticals (SIP)

- portfolio of ~200 products
- many differentiated

Medication Management (MM)

- >550,000 installed devices globally

Customers

Hospitals and alternate site healthcare providers

Critical Needs

To reduce:

- costs
- medication errors
- infections

To improve:

- patient safety
- worker safety
- caregiver productivity

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Key Acquisitions & Alliances

Alliances

Stada
– enabled launch of biosimilar EPO in EMEA region

Human Genome Sciences (HGS)
– biosimilar manufacturing capability in North America

StemCor licensing:
– novel oncology device

Celltrion
– expanded biosimilar portfolio

Durect
– licensing agreement for Posidur™, long-acting bupivicaine; expanded acute-care proprietary portfolio

Smiths Medical
– expanded MM portfolio with syringe pump offering

Kiadis Pharma
– licensing agreement for ATIR™, a personalized hematology product for blood cancer patients in need of bone marrow transplants

Acquisitions

Bresagen
– added recombinant protein competency, key for biosimilars

MAYNE PHARMA
– expanded OUS footprint; added oncology products and capabilities; enhanced IP strategy

MD Scientific
– added EndoTool™ glucose management decision-support system to MM portfolio

Pliva Filgrastim
– expanded global filgrastim rights; added biosimilar manufacturing capability

TheraDoc
– added critical MM support technology to monitor and prevent infections

Orchid Pharma
– added beta-lactam SIP capabilities and products; established footprint in India

Javelin
– broadened HSP's SIP pain-management portfolio with addition of Dyloject™; expanded acute-care proprietary portfolio

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Establishing the Need

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An Enterprise Framework?

- Originated in IT
  - Large Transformation Programs
  - ARIS Modeling Tool
  - Previous GPO/Global Construct
- Focused on Driving Common Language
- Still in the Early Stages

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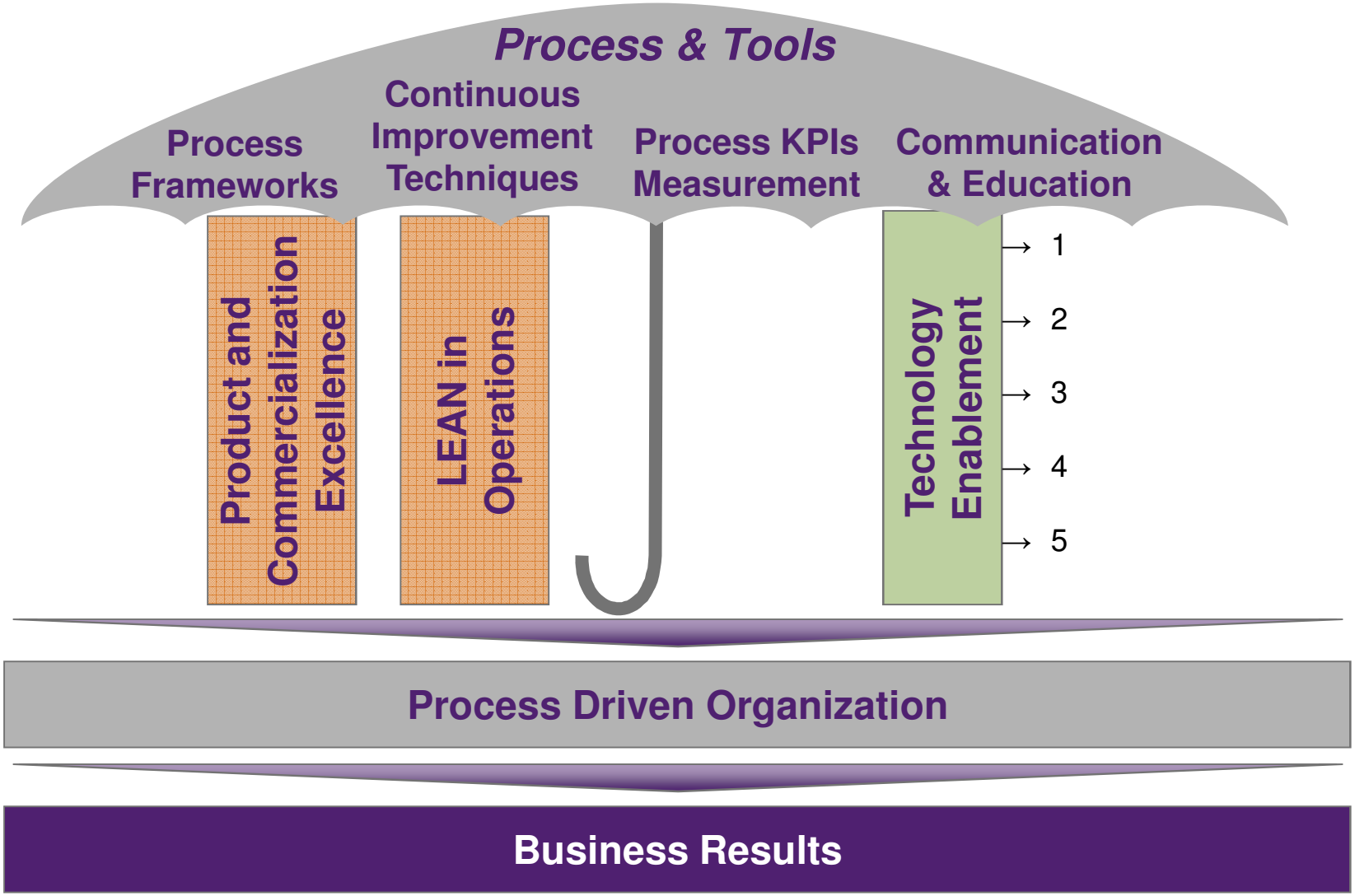
Process is a Fundamental Component



Process work and enabling Tools

Primarily Process work

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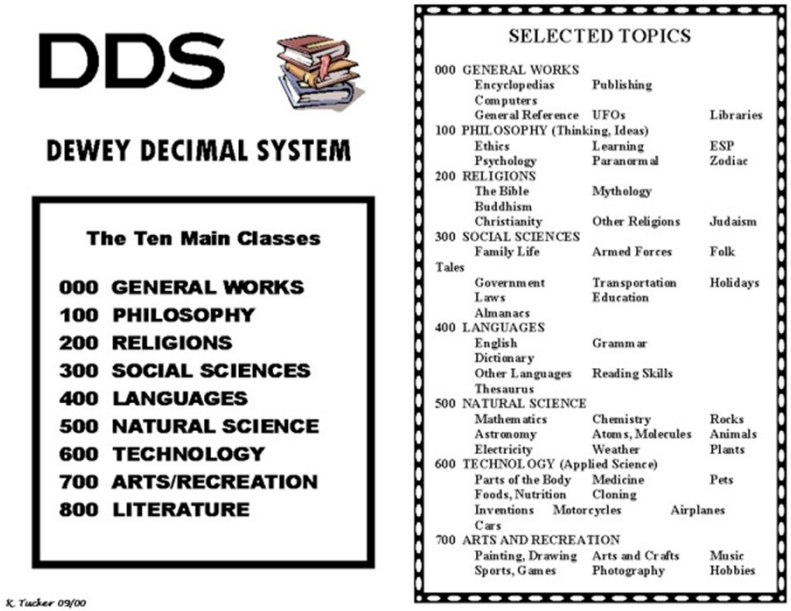
Hospira's framework should …

- Define all business activities, organized by process
- Allow processes grouped into end-to-end chains – Called "Value Streams"
- Provide One global common business process framework
  - underlying procedures and work practices may vary by site or region
- Drive process based performance metrics
  - Enterprise excellence vs. functional excellence
  - Common industry framework enables benchmarking



Establish a common language across the enterprise

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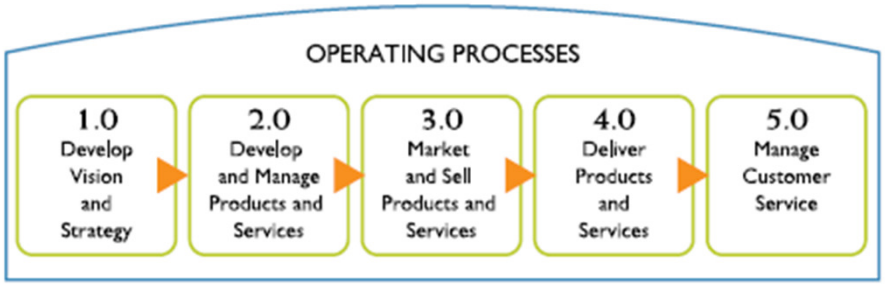
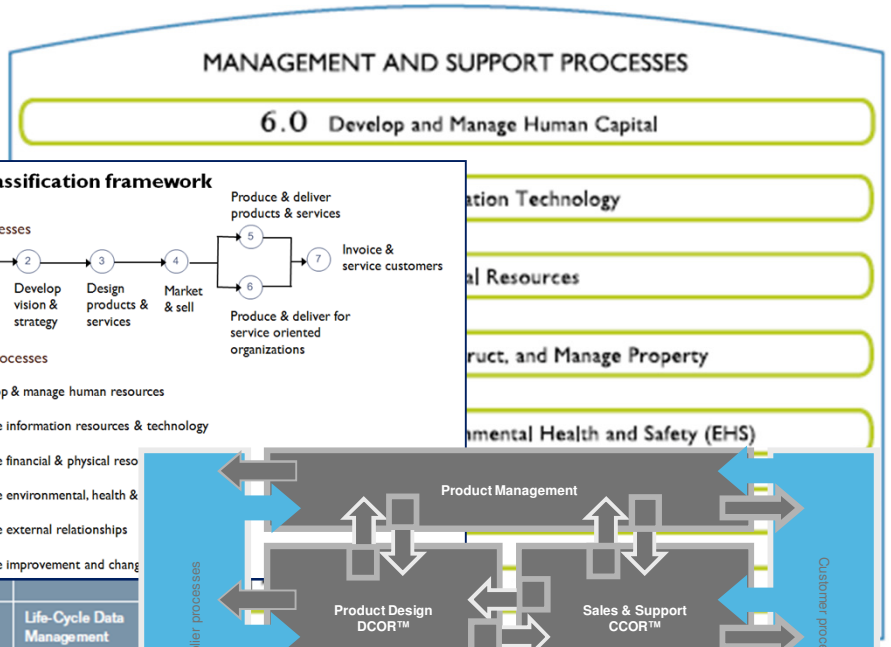
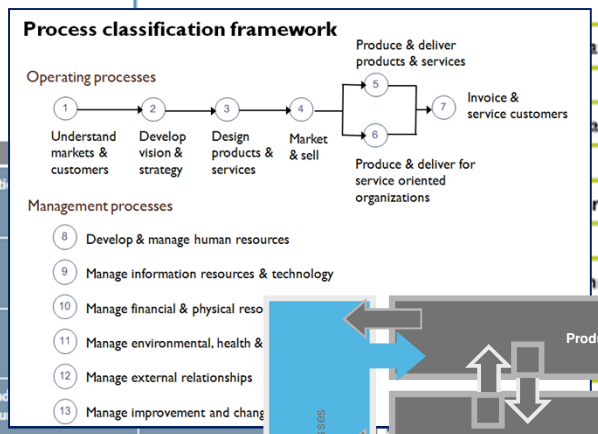
But What Framework is Best?

- APQC (American Productivity and Quality Center)
- SAP
- SCOR (Supply Chain)
- PwC (Price Waterhouse Coopers)
- etc







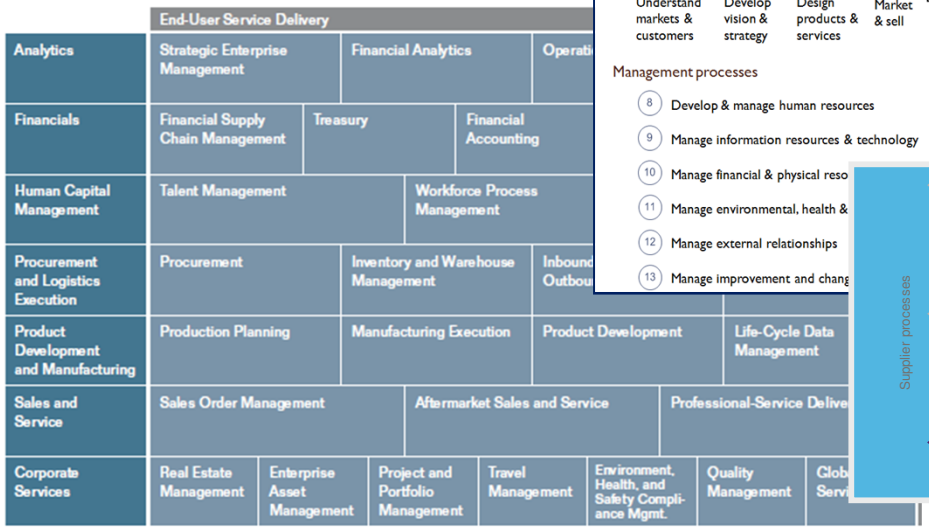
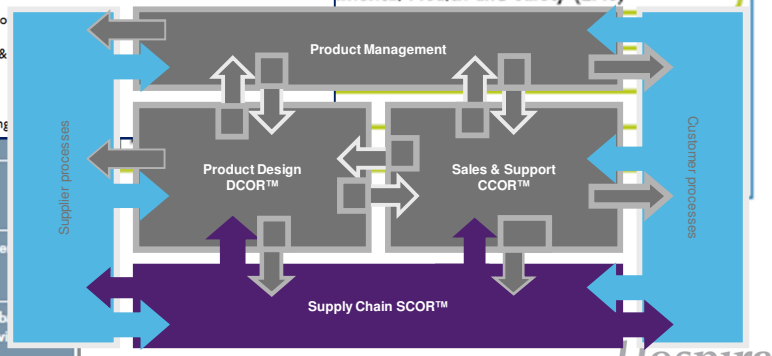


Figure: Solution Map for the SAP® ERP Application



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Hospira Process Framework (The HPF)

At Hospira we started with:

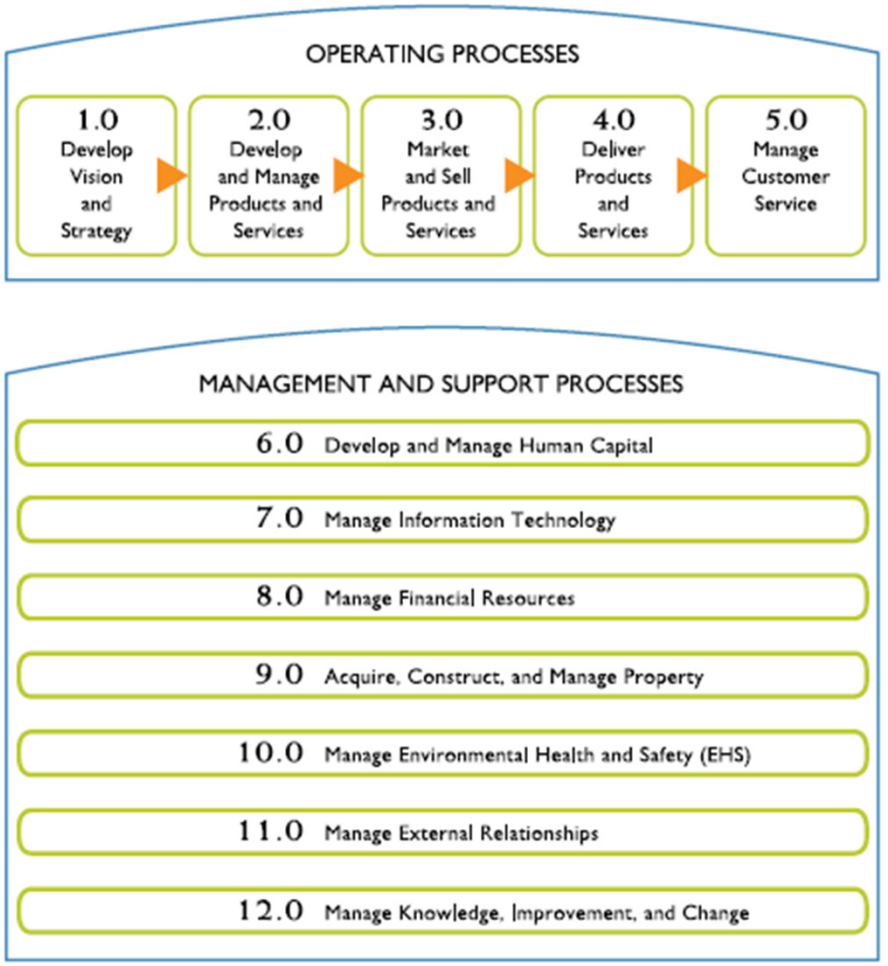
APQC general industry

+ Pharmaceutical industry

+ Automotive Industry

+ Aerospace/Defense

= comprehensive base inventory list of 400 processes classified into 12 process categories



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Getting Started

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What is a Business Process?

A Chain of Activities that converts various inputs into valued outputs

- Characteristics of a process
  - has defined triggers (initiating events)
  - has defined inputs
  - adds value
  - produces defined outcomes and deliverables
  - has customers (internal or external)
  - normally crosses existing organization or functional boundaries
  - Measurable
  - Can have variations
- A Process is should not be confused with
  - A methodology
  - A job, role, position
  - Tasks, activities or transactions

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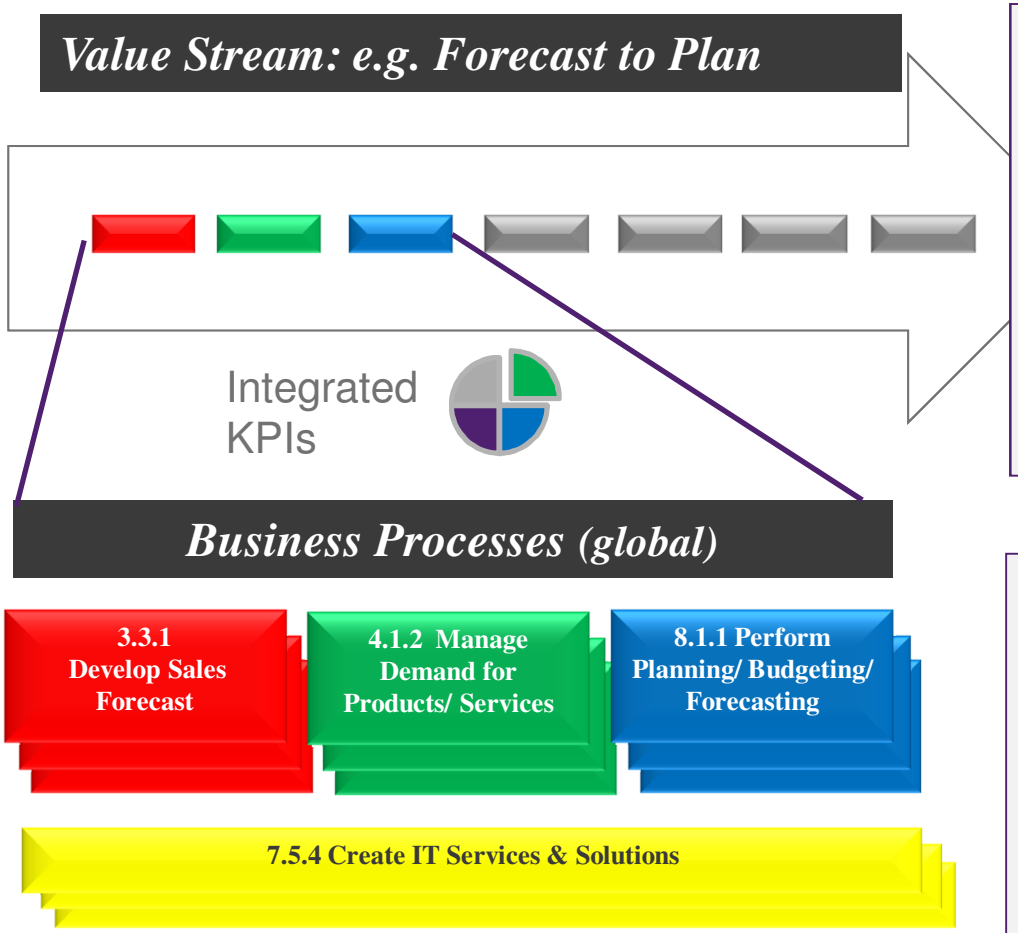
"Value Streams" vs. Single Process



Value Stream Leader

- Highly respected Hospira business leader
- Owns the value stream KPI scorecard and identifies gaps requiring process work
- Accountable for driving process improvements now and in the future
- Collaborates and work closely with Global Process Owners associated with the Value Stream

Global Process Owner

- Globally represents processes within specific value stream/s
- Identifies ways to eliminate, streamline or simplify a process
- Deliver global results across functions and regions
- Design and manage business processes
- Represent process enterprise-wide in decisions affecting processes
- Participates in technology selection and deployment

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Key Messages - Process/Value Streams

- Common *Process Language* will be a critical component to us moving to a process driven organization
- Process Names and the Process Framework Should *stand the test of time*
- *Centralized* management/maintenance is critical to success
- Process owners must collaborate and focus on *complete end to end process*, not just their portion
- Processes are typically *owned by a function*
- While Process focus is Critical, *transformation* efforts typically target on *groups of processes* (value streams)
- Transformation efforts must *consider* all *impacted processes, value streams* and *functions*
- Function is still important – keeping skills relevant, providing structure and accountability within a discipline

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Other Goals/Information

What is this?

Who does this?

2.1 Discover Products (12752)
- 2.1.1 Manage research (12753)
- 2.1.2 Perform research/ licensing (12757)

2.2 Manage product and service portfolio (10061)
- 2.2.1 Evaluate performance of existing products/services against market opportunities (10063)
- 2.2.2 Define product/service development requirements (10064)
- 2.2.3 Perform discovery research (10065)
- 2.2.4 Confirm alignment of product/service concepts with business strategy (10066)
- 2.2.5 Manage product and service life cycle (10067)

2.3 Develop products and services (10062)
- 2.3.1 Design, build, and evaluate products and services (10080)
- 2.3.1A (AD) Manage Configuration (11703)
- 2.3.1B (AD) Develop and implement manufacturing/services (11717)
- 2.3.1C (AD) Plan product resource requirements (11730)
- 2.3.2 Test market for new or revised products and services (10081)
- 2.3.3 Prepare for production (10082)
- 2.3.4 Compile and submit dossier (12763)
- 2.3.5 Manage regulatory requirements (12771)
- 2.3.6A Maintain product/process data (11740)
- 2.3.7A Manage transfers of product data (11751)

3.6A Perform device life cycle management (12496)
- 3.6A.1 Perform installed base analysis (12497)
- 3.6A.2 Perform installed base processing (12498)
- 3.6A.3 Process device information (12499)
- 3.6A.4 Perform device information processing with channel partners (12500)

We should do this – but we don't!

Where is ???

We need to centralize!

The Framework and Value

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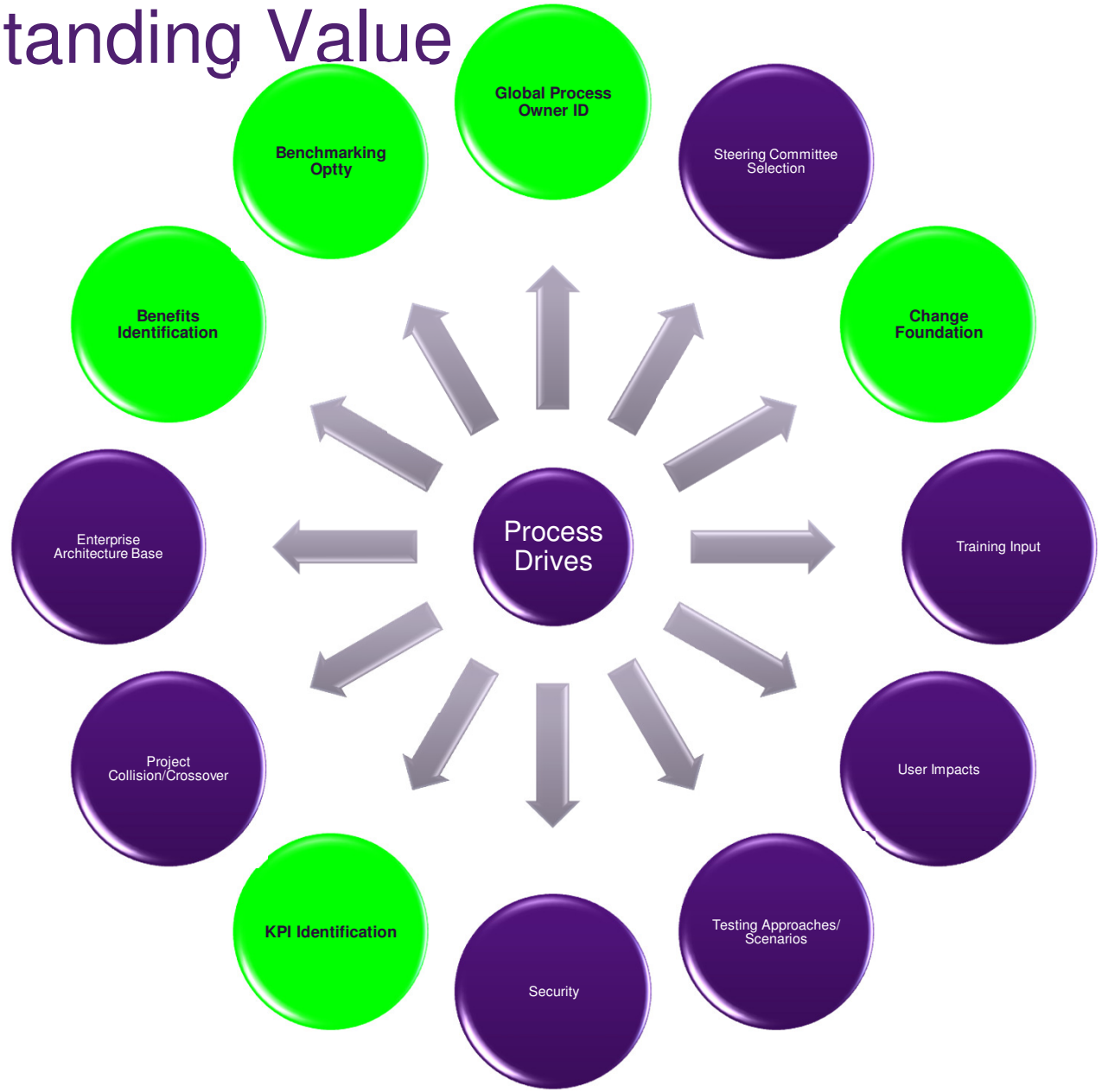
Process Identification is Essential to Understanding Value



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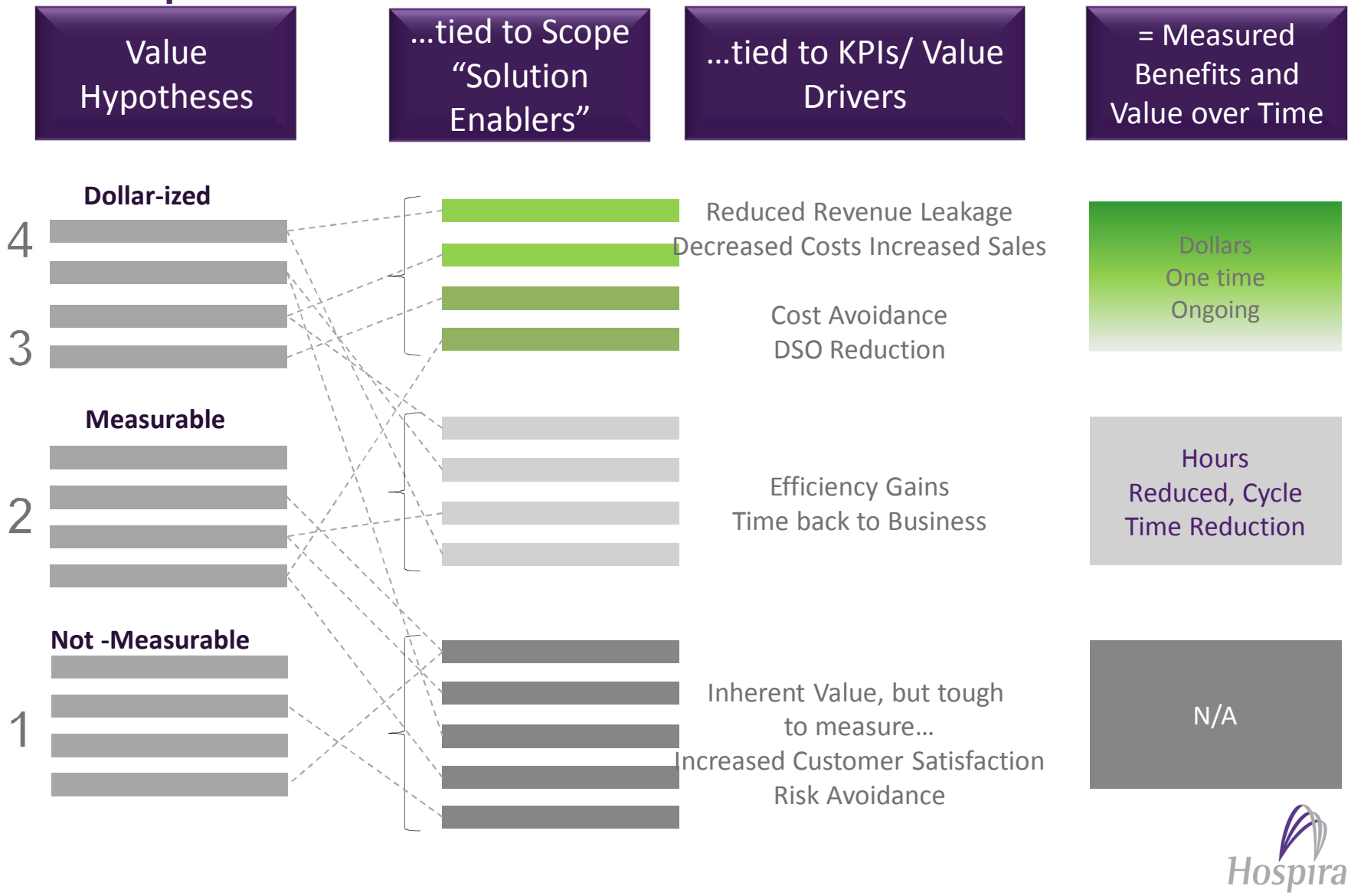
Deconstruct Value and Tie to Specific Scope



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Process Impact on Value Steps

* Approval to Analyze

Strategic Assessment

- Tied to Strategic Imperatives (Investment Council)
- Pre-Defined Benefit Levels
- High Level Process Area (End to End)

* Approval to Start

Preliminary Business Case

- Benefit Types / Preliminary Commitments
- Processes Impacted
- Confirm collision/ synergy with other process projects

Detail/ Refined Bus. Case

- Benefits Baselines Confirmed and Benefit Realization Plan Determined
- Process Impacts Confirmed
- Scope items tied to Benefit areas

Benefit Realization

- Monitor to Benefit Plan
- Measure
- Close
- Capture unpredicted value (post transformation workshop – done with Change group)

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Common Language - The Translation Engine

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Coordination is critical

	LRP	GTM	PACE	HSST	O2	Phoenix	PSID	EPM
Process 1			●		●			
Process 2			●		●			
Process 3		●		●	●	●	●	
Process 4		●	●	●	●	●	●	
Process 5	●			●	●	●	●	●

Common framework critical to ensure one initiative doesn't conflict with another

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Unexpected things

- The numbers are becoming frequently used
- Using to translate with external partners
  - Benchmark organizations
  - Outsourcers
  - Consulting partners
- People are starting to focus on the “where” not “who”
- Creative uses are coming out
  - Master Data
  - What should/shouldn’t be outsourced (process vs people discussion)
  - Financial Policy
  - Compliance Types
  - Prioritization

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What did we learn?

Key Take-Away's

- Different audiences/different messages
- Push vs. pull is important
- Provide context/starting point…. But let it go
- Maintenance is important
- Know your starting vs. future uses
- Pick a primary driver (e.g., technology programs)
- Build on something you already have
- Watch the "points of confusion"
  - Functional ownership (process and activity)
  - Levels
  - Methodologies
  - What vs. How

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Questions?

Thanks

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