

TOP TO BOTTOM

we know

they know

END TO END

## Perrigo prescribes SAP software and IBM System i as the best medicine

### Overview

#### ■ The Challenge

Generic pharmaceuticals manufacturer Perrigo Company operates in the highly competitive store-brand marketplace, where relentless pressure on operational costs contends with rigorous quality control. Increasing regulation and new business developments were straining existing systems to the limit, and prevented implementation of additional SAP software – vital if Perrigo is to take advantage of expanding international opportunities.

#### ■ The Solution

Worked with IBM Rochester Labs and IBM Business Partner Arbor Solutions to size, design and implement a new hardware infrastructure, consolidating 11 Intel-based servers to a single IBM System i5 570 platform. The new infrastructure is not only capable of running the current and new SAP software, but also has the flexibility and scalability to adapt easily to future workload requirements.

#### ■ The Benefits

New SAP applications provide more detailed information management for better quality control and customer service. A single point of control for server management reduces IT workload. Virtualization enables better load balancing between applications, increasing operational efficiency with very high availability. Unicode support provides an opportunity for worldwide systems integration.

#### ■ Key Solution Components

Industry: Pharmaceuticals

Applications: SAP® R/3® 4.6C, mySAP Supplier Relationship Management, SAP NetWeaver® Business Intelligence, SAP NetWeaver Portal, SAP Solution Manager 4.0

Hardware: IBM System i5™ 570

Software: i5/OS® V5R3

Services: IBM Labs (Rochester), IBM Business Partner Arbor Solutions

Perrigo is a global health care supplier and the world's largest manufacturer of over the counter (OTC) pharmaceutical and nutritional products for the store brand market based in Allegan, Michigan.

The Company recently moved into the prescription drugs and API (Active Pharmaceutical Ingredient) market following the acquisition of an Israeli company, Agis. Perrigo employs around 6000 people and generates annual revenues of nearly US\$1.4 billion.

The store-branded pharmaceuticals marketplace is a highly competitive environment. Very large clients – including many of the giant US retail chains – buy Perrigo products, constantly pushing for lower prices. With no brand differentiation, offering very high customer satisfaction is the key to success, which in turn depends on rigorous quality and process control.

Perrigo is also subject to regulatory scrutiny from the US Food and Drug Administration (FDA). As most of its

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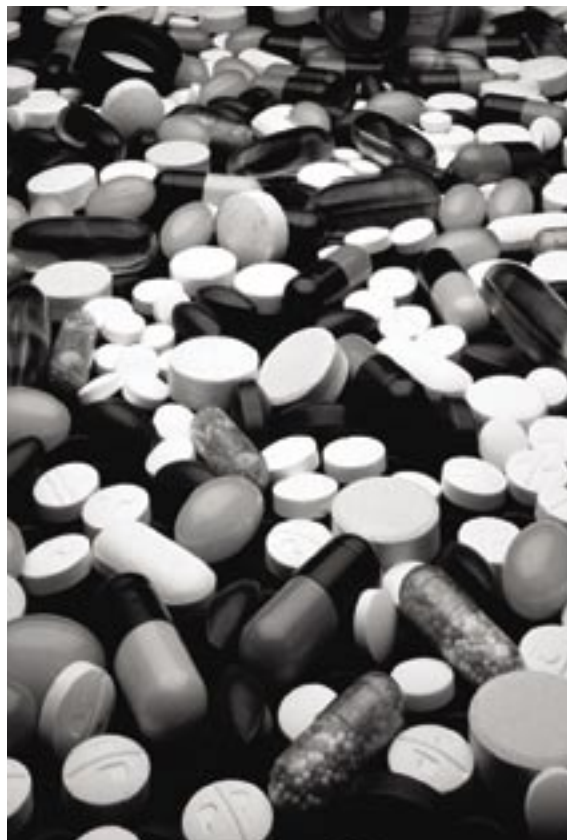
Margie Teppo, Basis Systems Analyst,  
Perrigo

products are designed to be ingested, the company must ensure that foreign objects, broken pills and possible contaminants are totally excluded from its production processes at every point.

#### **Server consolidation**

Part of Perrigo's hardware infrastructure, based on two reliable but aging IBM servers and 11 smaller Windows-based machines, was costly to manage and did not offer the level of performance required to support planned upgrades to some of the company's SAP software environment. In particular, the constant flow of software patches and the need to re-test application functionality was a significant drain on personnel resources.

The company chose to resolve the situation by consolidating the workload of 13 physical servers – SAP BW 3.1, EBP 3.5, ITS 6.20, and SAP NetWeaver Portal 5.0 applications – into a single IBM System i570 server with seven logical partitions (LPARs).



Perrigo subsequently also decided to leverage its IBM System i skills by installing SAP BI 3.5, SRM 4.0, and Portal 6.0, all in Unicode and on Web AS 6.40 with integrated ITS on the new 570 server. Older application versions on the Windows servers were retired as the new versions went live.

Margie Teppo, Basis Systems Analyst at Perrigo, comments, “The IBM System i platform strategy has allowed us to consolidate most of the SAP application environment to a single, highly scalable and much more manageable central location. The IBM System i is where our SAP Basis skills are strongest, and using the System i platform eliminates the monthly patch efforts, removes the need for anti-virus updates, and cuts backup client software updates, saving time and costs for everyone.”

#### **System i virtualization**

To create this solution, Perrigo consulted IBM Techline and the IBM Lab at Rochester, Minnesota, which came up with a proposal for a new infrastructure based around the advanced hardware virtualization technologies of the IBM System i platform.

“A big issue for us, as for most System i shops, was sizing,” explains Margie Teppo. “We wanted a solution that would meet our needs for the whole four-year lease period, but which wouldn't be overpowered and incur high licensing costs. The advice from IBM Techline was invaluable, ensuring we got just what we needed.”

With very different workload profiles, the IBM System i platform allows Perrigo to allocate compute resources within the system to the SAP software as demand arises. The total system is sized to manage the shared average workload, rather than the individual applications' peak workload, allowing

a much more economical and efficient server implementation.

Even if Perrigo does need more from its hardware environment than anticipated, the flexible System i5 architecture will adapt to meet requirements. The On/Off Capacity on Demand feature allows extra processors and memory to be leased for a short period to deal with peaks in demand, while the scalable architecture will enable an expansion from four up to 16 processors if required.

“The ability to increase the available memory as and when we need it is a really useful feature, as we sometimes want extra capacity to support high-demand Java applications,” explains Margie Teppo. “And the scalability of the platform will be vital when we go ahead with a consolidation of our ERP systems.”

#### **Quality control and global operations**

The platform provides a high-performance environment for the 1,200 users of its SAP software, ensuring that all of Perrigo’s SAP systems remain operational 24-7 and operate at a high level of efficiency. “SAP applications have been the backbone of our business for a number of years now, and this upgrade offers us even tighter control of systems and processes,” explains Margie Teppo. “SAP software and the IBM System i5 platform make a great combination for enterprise-wide quality management.”

Perrigo’s comprehensive upgrade of its SAP software also provides support for Unicode – a vital feature supporting the company’s global future. “If we are to provide SAP software support to global operations, we will need to be able to provide multiple languages, which just wasn’t possible with the previous version,” says Margie Teppo.

#### **Saving staff workload**

By reducing the number of servers, workload for Perrigo’s IT staff has fallen dramatically. With all core systems running on the i5-570, Microsoft’s monthly ‘Patch Tuesday’ no longer holds any terrors, and virus-scanning requirements are much reduced as well. Just three full-time staff are required to manage the entire environment.

“The whole infrastructure costs much less to run – and not just in terms of staff time, but electricity and air-conditioning requirements too,” explains Margie Teppo. “Moreover, the SAP software environment averages better than 99.9 per cent uptime. The reliability of the IBM hardware is a huge factor in keeping our systems up and running, keeping firefighting to a minimum and helping the IT team focus on improving the service we provide.”

#### **Leveraging Unicode**

The next steps will be to start a mySAP ERP 2005 upgrade project. Because the software requires Unicode, Perrigo will also seize the opportunity to complete the conversions for all its SAP applications, handling multiple languages, preparing the business for future consolidations and acquisitions.

“SAP applications help Perrigo meet the most stringent regulatory requirements in terms of quality control, and ensure that our customers get the products they want, as they want, when they want,” concludes Margie Teppo.

“Moreover, with Unicode-based multi-language support, our SAP software environment is now flexible enough to support worldwide operations effectively. System i5 is the perfect support platform for SAP applications – a highly reliable, available environment that is easy to manage, keeping operational costs low.”

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Perrigo



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