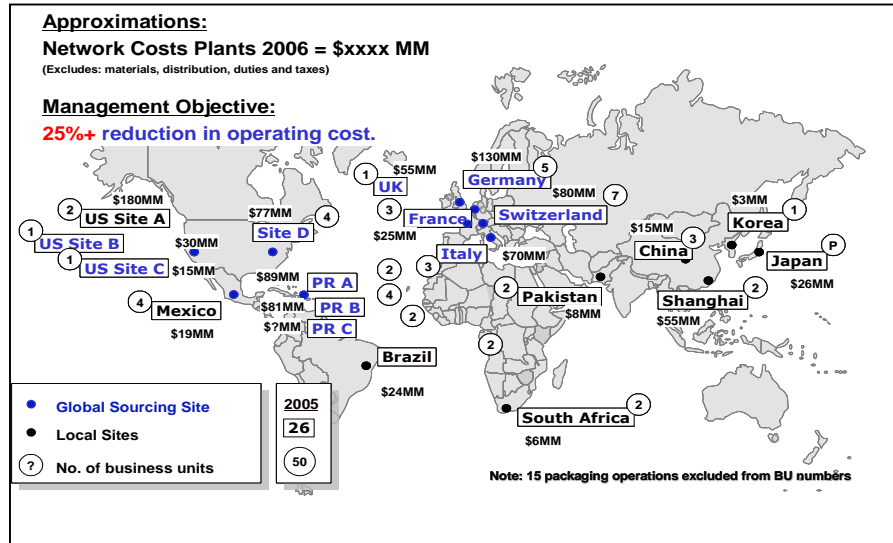


Supply Network Consolidation – Sourcing Strategy

Galenic network – 14 global sites, 12 local sites supporting 'roughly' 50 technology based business units + 15 packaging units + >100+ Ext. Mfgs.



Client Context:

- Global health care business with significant Pharmaceutical manufacturing sites and third party suppliers worldwide.
- Facing a shift in its product and technology portfolio over the period 2005 – 2015 and was under significant cost pressure due to patent expiration on key brands.
- The management objective was to evaluate future 'Blue Sky' options for the supply network.
- Objective was to not only address manufacturing sites but to consolidate technology platforms onto a smaller number of global supply locations.

Network Re-Configuration 2012 - One Scenario Being Considered
 2 Launch, 2 / 3 High Tech & Tax, 2 / 3 Low Cost, 4 Market Access

Outcome:

- The project team identified a series of future network configuration scenarios based on a technology platform concept.
- A plan was formulated to progressively reduce from 25+ sites to less than 8 global supply sites and from 65 technology BUs to less than 20.
- Effective reduction in \$750MM cost base by >25%.
- The staged plan would take between 5 – 7 years to execute and was assessed for economic, social and political impacts.
- Early start projects were identified and business cases submitted for approval.

Site	Mission	Manufacturing – By Technology										
		Solid	CR/ER	Pellet	L&C	Suppos	OC's	Transd.	Sterile/Bio.	Converge	Orphan	Pack
Site x	Exit		Red					Red			Red	
Site x	Launch			Red				Green ?	Green	Red		Green ?
Site x	HT/Tax	Green	Yellow						Yellow	Green		Green
Site x	HT/Tax	Green	Yellow			Red	Red	Red		Green		Green
Site x	Exit ?					Red	Red	Green ?	Green ?			Green ?
Site x	Launch	Red				Red				Orange		Red
Site x	Loc Pack											Green
Site x	RP/LP	Red				Red						Green
Site x	Low Cost	Green				Green	Green					Green
Site x	Low Cost	Green				Green	Red			Red		Green
Site x	Low Cost	Green				Green				Red		Green
Site x	Tax or LC	Yellow?				Yellow?				Yellow ?	Yellow?	Yellow?
Site x	Exit	Red				Red						Red
Site x	Exit	Red				Red						Red
Site x	Exit							Red				
Site x	Exit								Red			
Site x	Exit	Red				Red						Red
Site x	Transfer							Red				
Site x	Transfer								Red	Red		
Site x	Transfer	Red				Red				Red		Red
Site x	Transfer	Red				Red						Red

■ Continues ■ New BU
■ Exit ■ Site Change + Strong EM consolidation – worldwide.