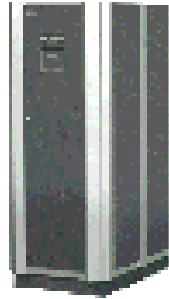


mySAP Case Study

Tanabe Seiyaku Co., Ltd, Japan

mySAP Business Suite



UNIX PRIMEPOWER

When Tanabe introduced SAP® R/3® to migrate from their legacy systems and restructure their business, Fujitsu's PRIMEPOWER UNIX® server was chosen as the system platform!

Tanabe Seiyaku Co., Ltd., a Japanese pharmaceutical company, successfully commenced production operation of SAP R/3 Human Resource, Financial, Production Planning, and Material Management modules of SAP R/3 in April 2002. This was a major milestone in the achievement of its core business system reconstruction project. They chose Fujitsu's UNIX® server PRIMEPOWER for their IT platform. Fujitsu then contributed as a partner in the project to construct their new core business system by performing BASIS and infrastructure services related to SAP R/3.



Kaoru Fumimoto,
Section Manager, Information
System Division



Hiroyuki Murayama,
Information System
Division

Guaranteeing competitive edge by concentrating resources on areas of expertise

Japanese pharmaceutical companies now operate in a highly competitive business environment, driven by

the market entrance of new foreign players and a price reduction in medical supplies in line with government deregulation. In addition, the epoch making research into the human genome, while creating great opportunities and expectations for genome based medicines, has led to soaring medical research and development costs putting even greater risks on achieving profit from such R&D related investments.

Mr. Fumimoto, section manager of the Information System Division. at Tanabe Seiyaku Co. Ltd., says "with our aims of improved efficiency and fast-tracking of new medicine development, we at Tanabe are actively promoting cooperation with European & American drug manufacturers. This means that rather than one company pursuing everything from concept to manufacture, our policy for guaranteeing continued competitiveness is the interweaving of appropriate alliances with other companies." Such a bi-lateral atmosphere already exists between Japanese drug manufacturers where they define administrative areas as non-competitive, enabling them to work mutually for industry-wide efficiency improvement. Tanabe Seiyaku is a supporter of this idea and has tried to share such scope information with others.

SAP R/3 decision to achieve system migration and business restructuring.

In April 2000, Tanabe Seiyaku started its core business system reconstruction project as part of its overall revised business plan. The circumstances at that time are explained by Mr. Murayama of the Information System Division. "Our former system had been developed individually for each part of the business. Modules such as accounting and purchasing were then linked together through batch-processing on a mainframe. We had taken care of the system for approximately 20 years and by then it took all our ability to keep the mainframe-based system stable and available for end users while holding down running expenses to an acceptable range. Thus we were in some difficulty when requested by end users to support additional features."

Given this situation Tanabe Seiyaku decided to restructure its core business system based on an ERP methodology. "There was opposition to renewing the established 20 year-old system. But with a firm message from top management that, 'the company should pursue substantial business reform,' a project team was organized with leaders from not only



mySAP Case Study

Tanabe Seiyaku Co., Ltd, Japan

Information Systems but also several other key business departments. We chose SAP R/3 as our tool for ERP because we felt it gave assurance in terms of strict compliance with the standard for medical supply production and quality control, namely GMP (Good Manufacturing Practice), that by then some pharmaceutical companies had introduced with SAP R/3. In addition a range of implementation information was already being shared within the industry." Mr. Fumimoto reflects.

Fujitsu designated as platform partner and PRIMEPOWER chosen

Tanabe Seiyaku was prudent in their selection of partners for the project. They picked The Japan Research Institute Ltd., as their project management partner for its accumulated systems integration expertise with pharmaceutical companies. They then designated Fujitsu as the BASIS/platform partner by evaluating its credibility born out of the mainframe age and its comprehensive capability as an IT vendor.

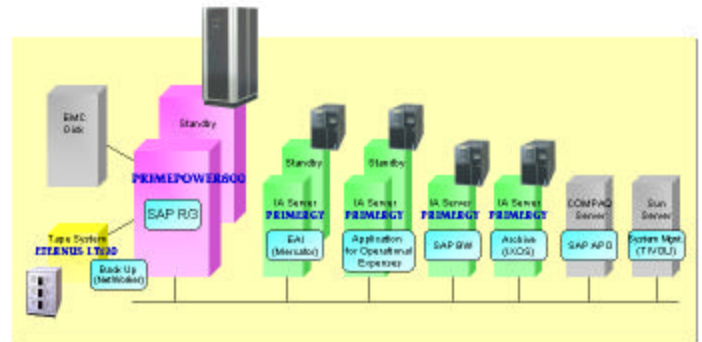
Mr. Takada of the Information System Division. states that, "Recently we had found that some IT vendors only concentrated on system's integration business while acquiring hardware from other vendors on an OEM basis. In justification, Fujitsu is a company who endeavored to carry its own hardware development capability. This brought us much assurance that Tanabe could rely on Fujitsu in cases where problems occurred in the infrastructure."

Regarding their selection of servers, Mr. Takada explains. "The platform for the new system was to be UNIX in order to guarantee the necessary reliability. At the time of the selection, however, Fujitsu's PRIMEPOWER was very new and there were few actual installations. We decided to visit Fujitsu's Numazu factory, which was the production site of PRIMEPOWER, and discuss the matters of development philosophy and quality assurance directly with the factory management. Fujitsu then offered us a system verification test combining SAP R/3, an Oracle database, Solaris™ Operating Environment, storage devices from EMC Corporation and PRIMEPOWER. Tanabe took the offer and found that the combination worked fine."

No problems with Fujitsu's platform; final evaluation comes a year later

Tanabe Seiyaku entered production operation of the Human Resource module of SAP R/3 in April 2001.

Financial, Production Planning, and Material Management modules commenced in April 2002.



They plan to complete all construction processes of their new core business system with the addition of the Sales and Distribution module to their production environment in April 2003.

In April 2002 when Tanabe Seiyaku migrated to the new system from their former one, they took the bold approach of stopping the production lines for 3 weeks after building up products in stock. Mr. Fumimoto explains the reason, "This ensured us a stable migration and enabled us to avoid any potential overhead expenses. We also benefited from the availability of factory staff for intensive end user education on the new core business under actual system environment conditions."

Six months after migration the new system was running smoothly and responding well to online transactions. Mr. Takada commented that, "To date we have seen no need to switch over to the standby system set up in preparation for any serious problem."

With the introduction of SAP R/3 several business advantages have been observed. These include the earlier settlement of monthly balancing and integration of the accounting organizations spread across the factories. On the other hand, some end users have voiced concerns. "We are forced to work harder," "The New system is not as familiar as the former one." In this regard, Mr. Fumimoto calmly responds with his idea, "I am requesting end users in



mySAP Case Study

Tanabe Seiyaku Co., Ltd, Japan

the company to 'Please be patient enough to continue using the new system, even with some dissatisfaction, for 1 year, as at end of that period I will present a comprehensive evaluation report on the new system to the company.' Our project at this time has gone well in terms of managing cost and schedule against plan. It is my understanding that we need more time before making the final judgment on the effects achieved by SAP R/3."

Information System Dept can change to Planning & Strategy Dept

The SAP R/3-based new core business system of Tanabe Seiyaku has been operated by the Outsourcing Center of The Japan Research Institute Ltd., located near Tanabe's headquarters. "Company expectations of the Information System Division., have now changed. We are in the middle of decommissioning the ageing mainframe-based corporate systems per our revisiting. We should try to convert the Information System Division. into a Planning and Strategic Division., ourselves, as soon as possible after finishing on-going maintenance work on these systems." says Mr. Fumimoto with resolution.

"At Tanabe we can further strengthen the management style by distinguishing the core business area the company should concentrate on from other areas that can be performed by outsourcing services. With this approach Tanabe would like to maintain the business relationship with Fujitsu who have deep potential in covering a broad range of IT solutions. In the future, as we grow, we expect that Fujitsu will continue to contribute to our IT strategy with its superior proposals and support," says Mr. Fumimoto.



THE POSSIBILITIES ARE INFINITE

Tanabe Seiyaku Co., Ltd

Headquarters: 2-10 Dosho-machi 3-chome,
Chuo-ku, Osaka

Established: 1678

Capital: 44,261 Million (end 03/2002) yen

Total sales: 189,671 Million yen consolidated
(03/2002)

Number of employees: 2,465
3,754 (end 03/2002)

Factory locations (in Japan):

Onoda, Osaka

Company Philosophy:

"Contributing to the health and comfort of people around the World" is the management philosophy of Tanabe Seiyaku. The company commits itself to focus on the development and marketing of original drugs that meet global medical needs in fulfilling its social mission in the years ahead.

URL: <http://www.tanabe.co.jp/english/>



Published by
Fujitsu Limited

Global Marketing
Business Development &
Marketing
Business Strategy & Planning,
Platform Products
Tel. (+81) 44-754 3658
Fax. (+81) 44-754-3659
World Wide Web:
<http://www.fujitsu.com>

Specifications are subject to change without notice. For the latest detailed information, contact your local representative.

All brand names and/or product names are trademarks and registered trademarks of their respective holders. SAP, R/3, mySAP, mySAP.com, mySAP Business Suite, xApps, xApp, SAP NetWeaver and other SAP products and services mentioned herein as well as their respective logos are trademarks or registered trademarks of SAP AG in Germany and in several other countries all over the world. MarketSet and Enterprise Buyer are jointly owned trademarks of SAP AG and Commerce One.

Copyright © Fujitsu Limited 2003;
Printed in Japan

Company stamp

Order no.