



Kuehne + Nagel Helps Optimize Supply Chain, Contributing to \$650 Million in Cost Savings

Merger of pharma giants requires rationalization of logistics network

SITUATION

When Sweden's Astra AB and the United Kingdom's Zeneca Group PLC decided to merge operations in 1999, the move created the world's fourth-largest pharmaceutical manufacturer—and the daunting challenge of consolidating Astra's and Zeneca's large-scale supply chains in the United States. The AstraZeneca transition team determined that if needed to:

- 1) present one consistent “face” and philosophy to customers;
- 2) consolidate eight U.S. distribution centers into three;
- 3) improve efficiency by integrating disparate IT systems;
- 4) protect the Astra and Zeneca brands by accomplishing the consolidation without any negative impact on customers.

SOLUTION

Deciding the expertise of a third-party logistics provider was required, AstraZeneca's transition team partnered with then Kuehne + Nagel subsidiary USCO Logistics. Not only did it have 30 years of experience distributing pharmaceuticals, it had been supporting Zeneca with logistics solutions for eight years.

Kuehne + Nagel's strategy included providing reverse logistics and consolidating the two current organization's distribution operations into three centers in Memphis, TN, Reno, NV and Newark, DE. Kuehne + Nagel provides dedicated temperature-controlled space within these shared (multi-client) facilities. It manages all aspects of receiving orders, processing receipts, picking and packing less-than-full-case orders, and providing shipping confirmation. Kuehne + Nagel systems are integrated with AstraZeneca's R/2 SAP enterprise resource planning (ERP) system, allowing for seamless information sharing and maximum efficiencies.

RESULTS

With Kuehne + Nagel's help, AstraZeneca successfully consolidated its U.S. distribution network. The synergies created by the logistics integration helped the company save more than \$650 million in the first year. Most importantly, consolidation activities were virtually invisible to their clients allowing AstraZeneca to truly present one face to the customer.

“Kuehne + Nagel met every one of its goals – and helped us meet all of ours. The consolidation was completed on time and within budget...and we went live without a single customer complaint,” said James Kulda, Director of Customer Relations & Services for AstraZeneca.

Kuehne + Nagel
Contract Logistics
1-888-856-8726
logistics@kuehne-nagel.com
www.kuehne-nagel.com

