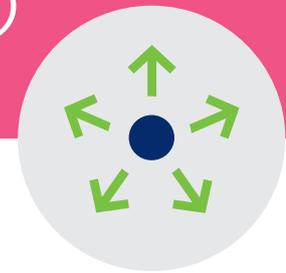


Case Study: Using Ryutsu BMS for Prescription Drug at SUGI Pharmacy CO., LTD. (EDI)



SUGI Pharmacy, one of the major drugstore chains in Japan, updated its EDI system for its prescription pharmacy section and started to operate the new system using Ryutsu BMS from November 2016. (For details about Ryutsu BMS, refer to 2.2.) Through the introduction of the new EDI system, SUGI Pharmacy has worked to streamline its overall operation, including order, delivery and accounting.

About SUGI Pharmacy

SUGI Pharmacy is a drugstore chain based in Aichi prefecture operating 1,048 stores (*1) mainly in the central region in Japan. Approximately 70% of these stores have a prescription pharmacy. The pharmacy section accounts for approximately 18% of their sales.

Business practices in the Japanese pharmaceutical industry

Chain stores in Japan set unique order IDs generated when orders are placed. These IDs serve to streamline not only the ordering process, but inventory management and accounting as well. Also for drugstore chain stores, sales sections except the

prescription pharmacy section introduce systems mainly utilizing such order IDs.

However, old business practices persist in the Japanese pharmaceutical industry and pharmaceutical industry VAN led by drug wholesalers is widely used. In this industry VAN, only product names and quantities are determined at the time an order is placed by the retailer and the order ID and prices are set by the wholesalers when shipping. Additionally, the delivery date cannot be specified at the time the order is placed. For these reasons, delivery data cannot be checked against order data using order IDs upon product delivery. The information such as supplier, GTIN and quantity had to be examined visually to confirm the delivery data manually at the store. This places a heavy burden on the stores and may lead to calculation errors.

SUGI Pharmacy's Introduction of Ryutsu BMS

SUGI Pharmacy also used to use one of pharmaceutical industry VANs called MEDICODE

*1 As of the end of February 2017

VAN to order prescription drugs. However, it decided to introduce a system whereby retailers assign unique order IDs when orders are placed, as in sections except the prescription pharmacy section. One of the triggers for this decision was the launch of the new enterprise system SAMCING in the other sections in 2014. Using this system as a core, SUGI Pharmacy started to work on renovating the ordering system for prescription drugs in 2015. Ryutsu BMS was chosen as the new EDI system in December 2015. Then, after careful explanation of the changes it had made to trading partners, all of them began accepting transactions using Ryutsu BMS. Test operations began in August 2016 and moved into actual operations in November.

Executive Director of SUGI Pharmacy Mr. Sunao Kawasaki, who played a central role in introducing Ryutsu BMS, explained the effects of introducing

Fig. 1 Mr. Sunao Kawasaki, Executive Director of SUGI Pharmacy



Fig. 2 LTD Headquarter Obu Center of SUGI Holdings Co. LTD.



Ryutsu BMS and its outlook for the future as follows.

Effects of Introducing Ryutsu BMS

Even for prescription drugs, secure management of the overall process from ordering and purchasing to invoicing and payment becomes possible with order IDs determined by SUGI Pharmacy. Additionally, we now can issue return slips for returning goods, whereas before wholesalers used to issue them. This eliminates discrepancies between accounts receivable and accounts payable and streamlines operations from ordering to payment.

Future Outlook

SUGI Pharmacy plans further optimization and cost reduction starting with the introduction of Ryutsu BMS.

Firstly, we will promote further improvement of efficiency in ordering and payment operations and then move on to “payment without billing (*2)” as with the other sections.

Furthermore, we are now able to specify the date when goods are received, thus making the receiving process more flexible. We are examining if this enables operations to receive drugs that are only for specific patients at the time of their visits.

We also want to link our ordering operation and distribution system in order to change distribution routes for prescription drugs from direct delivery between wholesalers and stores to delivery through distribution centers. We expect this to enable bulk purchases.

Fig. 3 Toranomom Store of SUGI Pharmacy (Minato-ku, Tokyo)



*2 In Japan, payment by each invoice is uncommon. Payment is usually made on a monthly basis by summing the amounts of all the transactions that occurred in that month. Additionally, “payment without billing,” the payment process where retailers calculate payment amounts from receipt data instead of suppliers issuing bills, is widely used by major distribution companies in Japan.

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