



# **Cost management efficiency by interfacing EPPM and ERP in a growing project-focused biopharmaceutical company**

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# Project Management

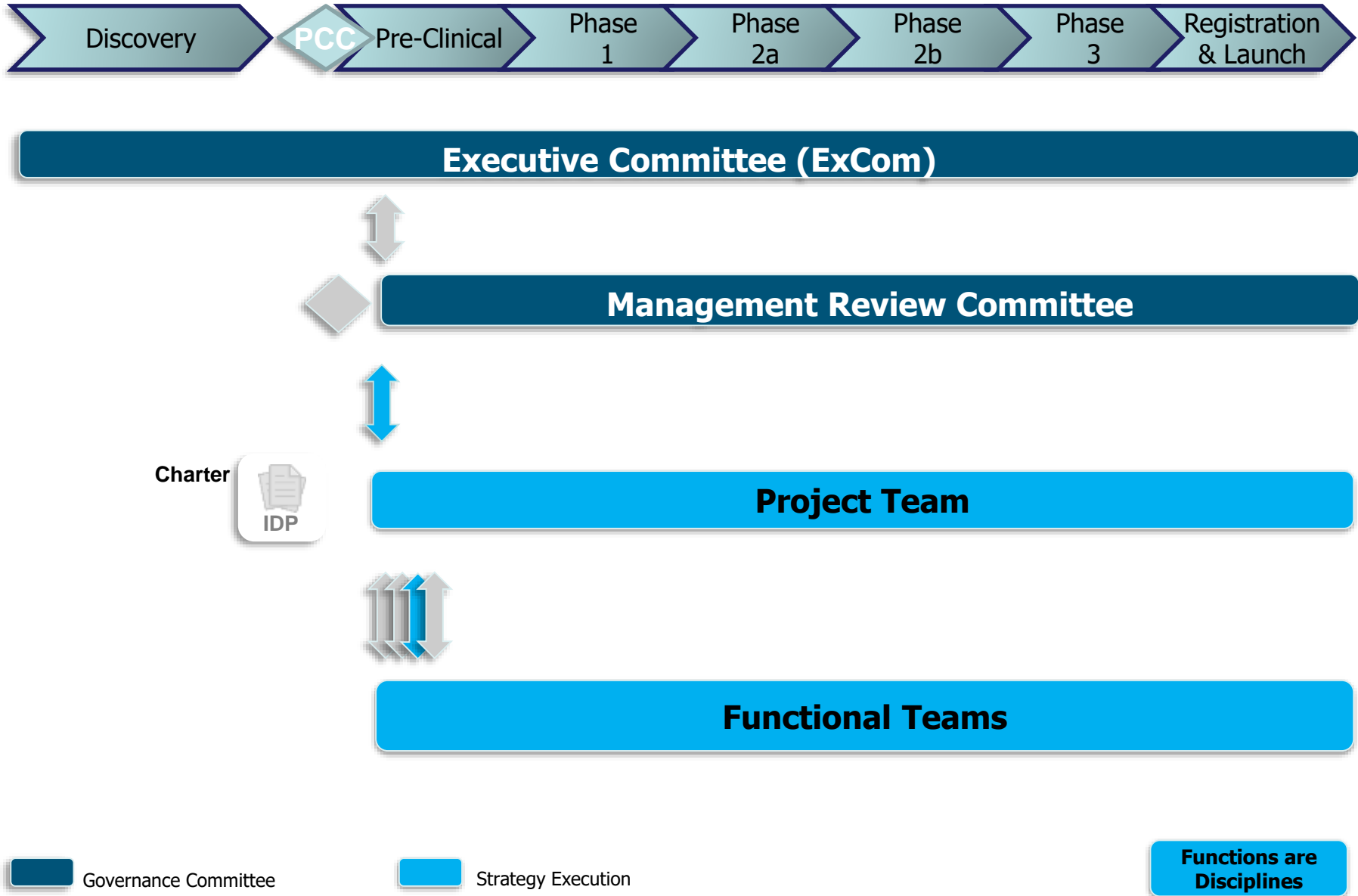
## **A balancing act**



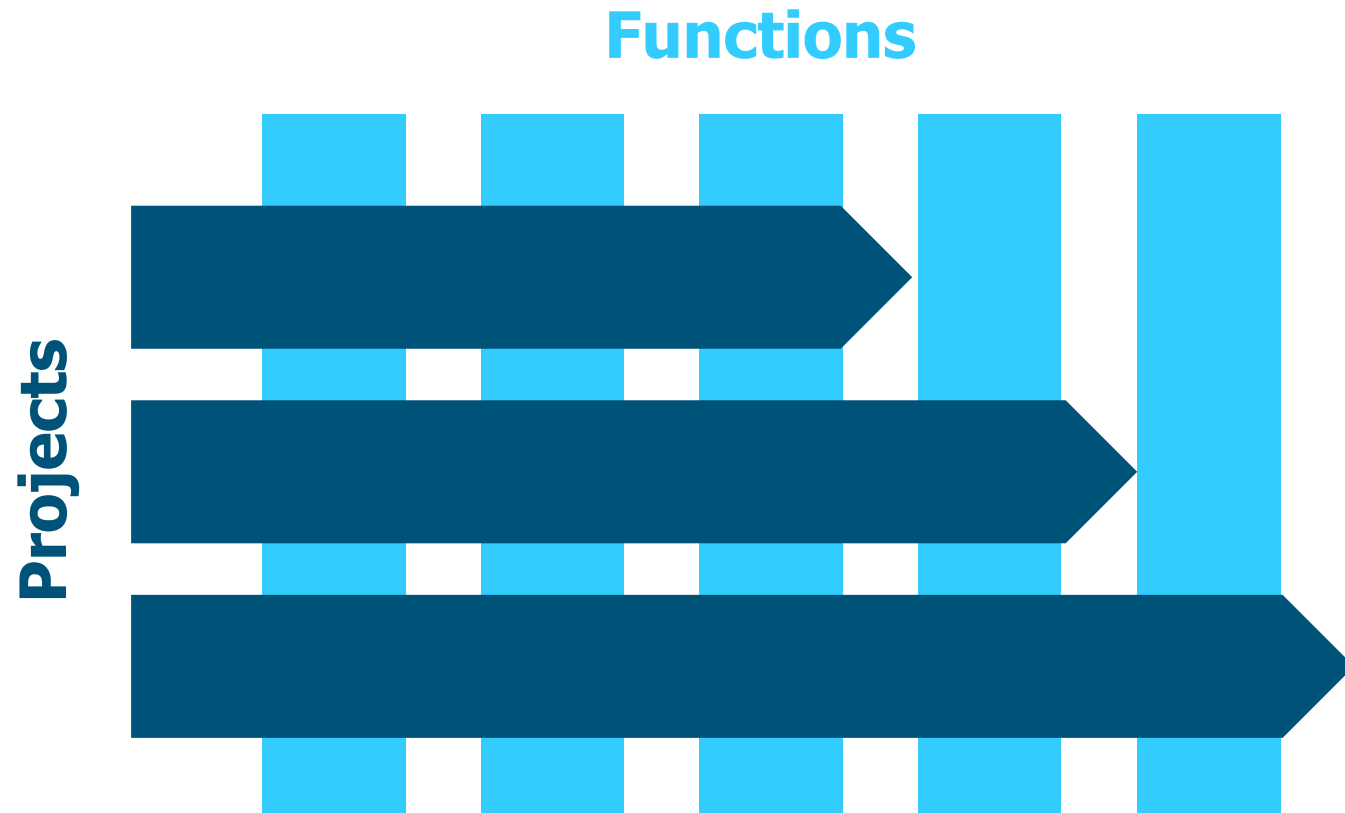
**Bring innovative medicines to patients, that  
can change patient's lives**



# Project Focused Governance model



# Matrix organization



# Project Success



**Meet project timelines**

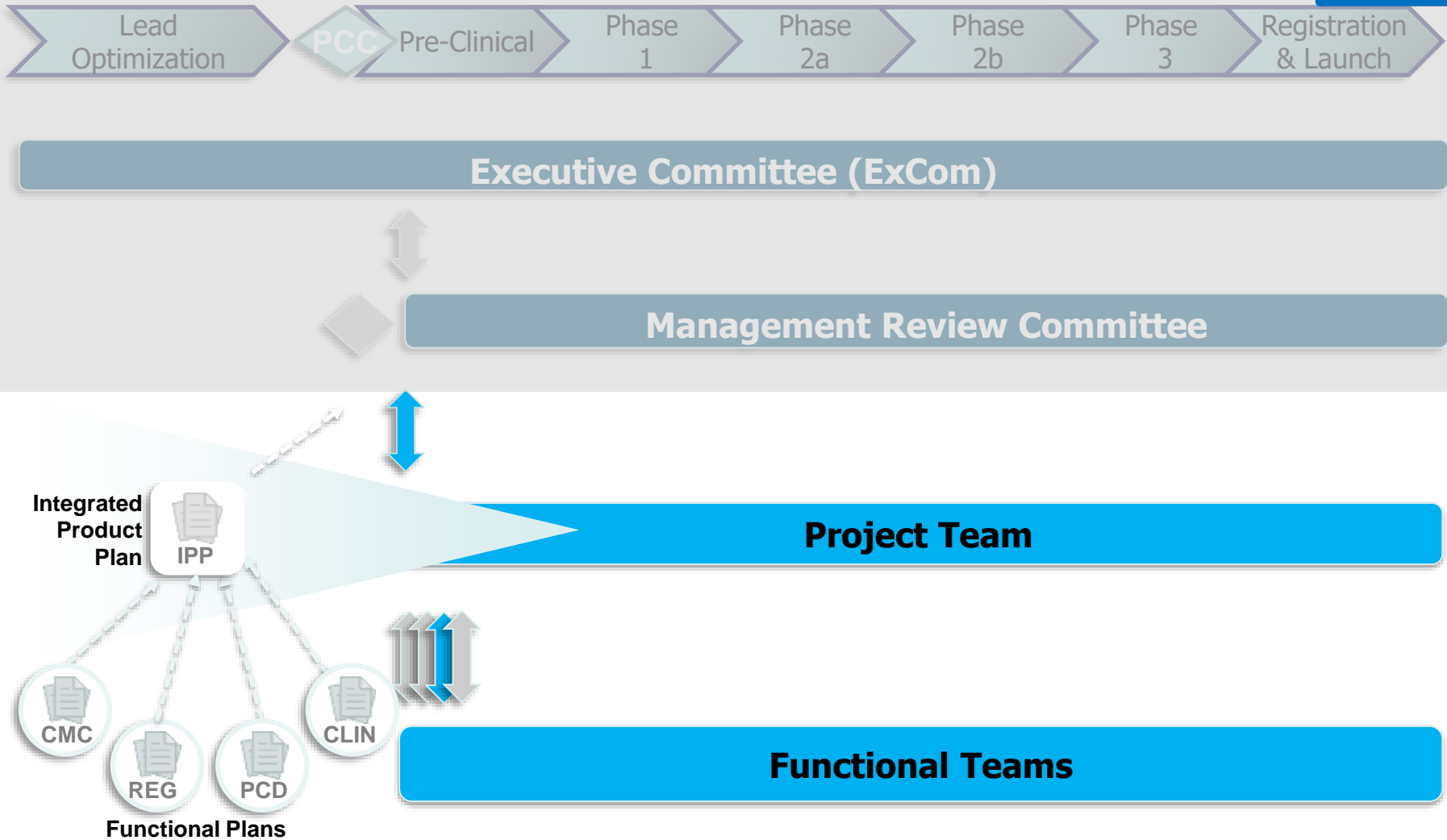


**Realize project budgets**



**Remain agile**

# Project Focused: Strategy ... to Operations



Governance Committee

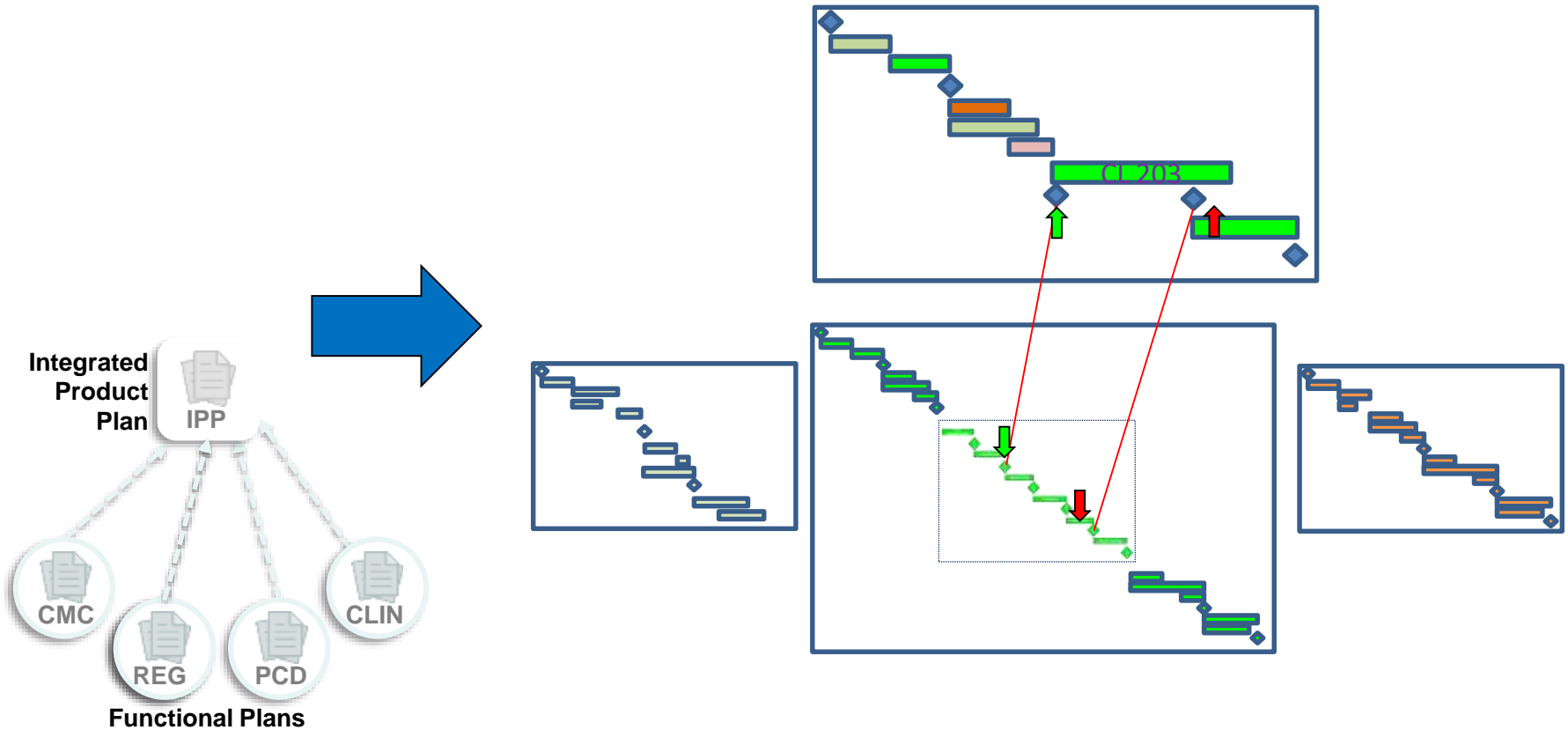
Strategy Execution

**Functions are Disciplines**

# Meet Project Timelines



- Multi-levelled Project Planning

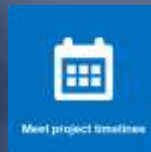


- Integrated Product Plan (IPP): critical path
- Functional plans = Operational plans: execution and control



# Project Management & Finance

## **Critical partnership**



# Realize Project Budgets



Objectives	Through...
Manage project / portfolio budgets	<ul style="list-style-type: none"><li>• Accurate financial planning/forecasting (over relevant time horizons)</li><li>• Efficient Cash management</li></ul>
Manage vendors	<ul style="list-style-type: none"><li>• Formalize financial commitments</li><li>• Closings → accruals + invoicing</li></ul>
Investor confidence	<ul style="list-style-type: none"><li>• Reliable financial controls and handling</li><li>• Accurate bookkeeping</li><li>• Trusted reporting</li></ul>

# Project Success Criteria become THE Challenge



Meet project timelines

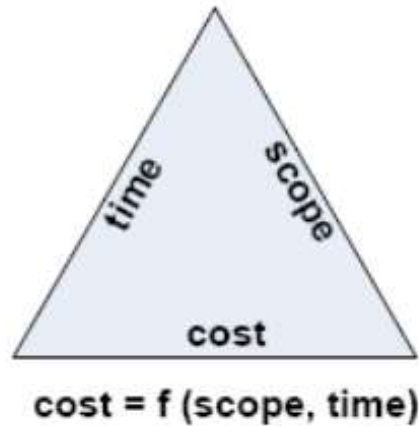


Realize project budgets



Remain agile

# Project Management Constraints



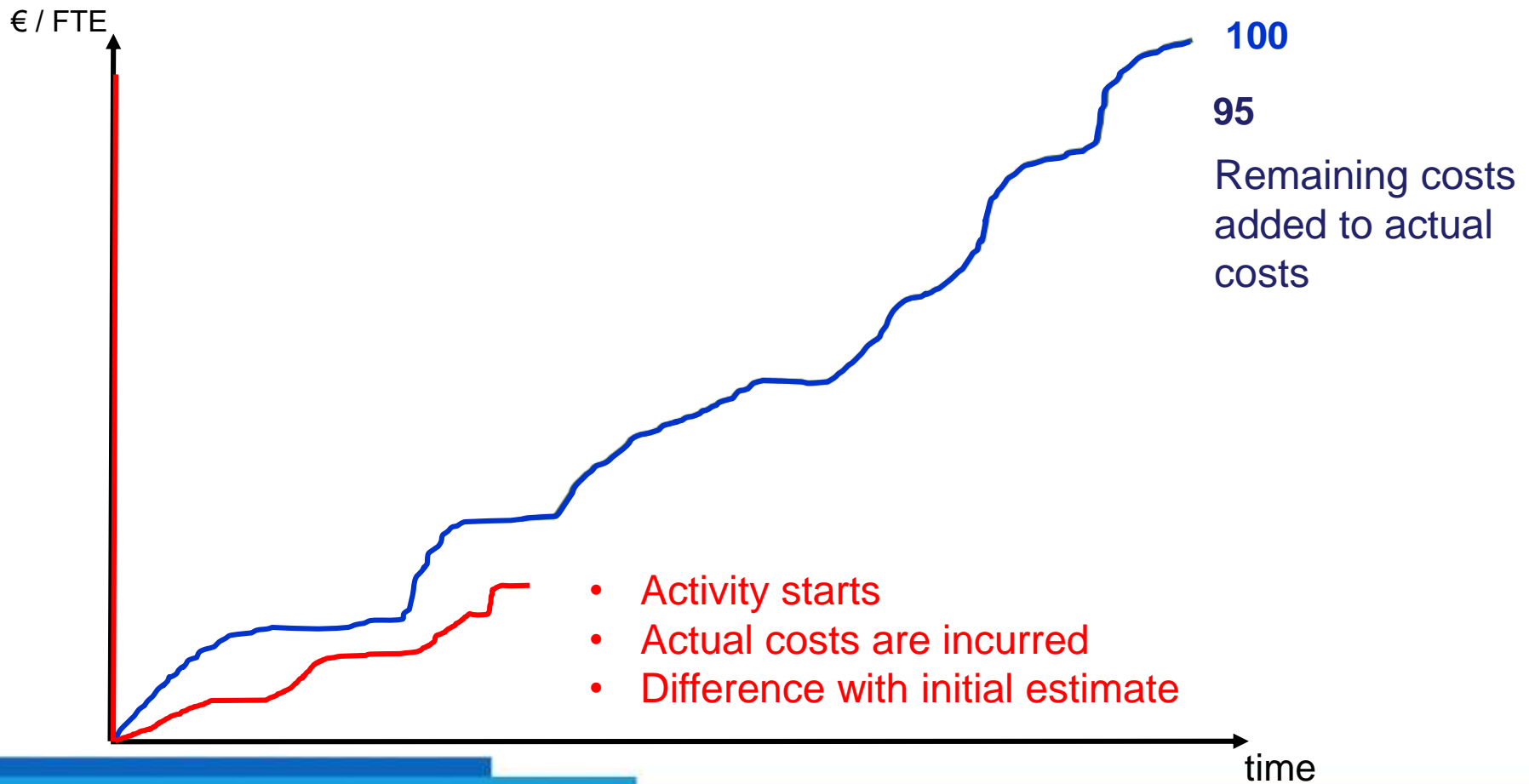
- Project-focused organization
- Matrix model
- Outsourced model
- Complex, long projects

# Real life

using standard Project Management concepts



At the beginning of an activity, an estimate is defined (ETC) over time



A person is working on a laptop and writing on a document with a pen. The desk also has a tablet and other documents. The image is overlaid with a blue tint.

# Integration of timelines and cost **Concept to Realization**

# From User to System requirements

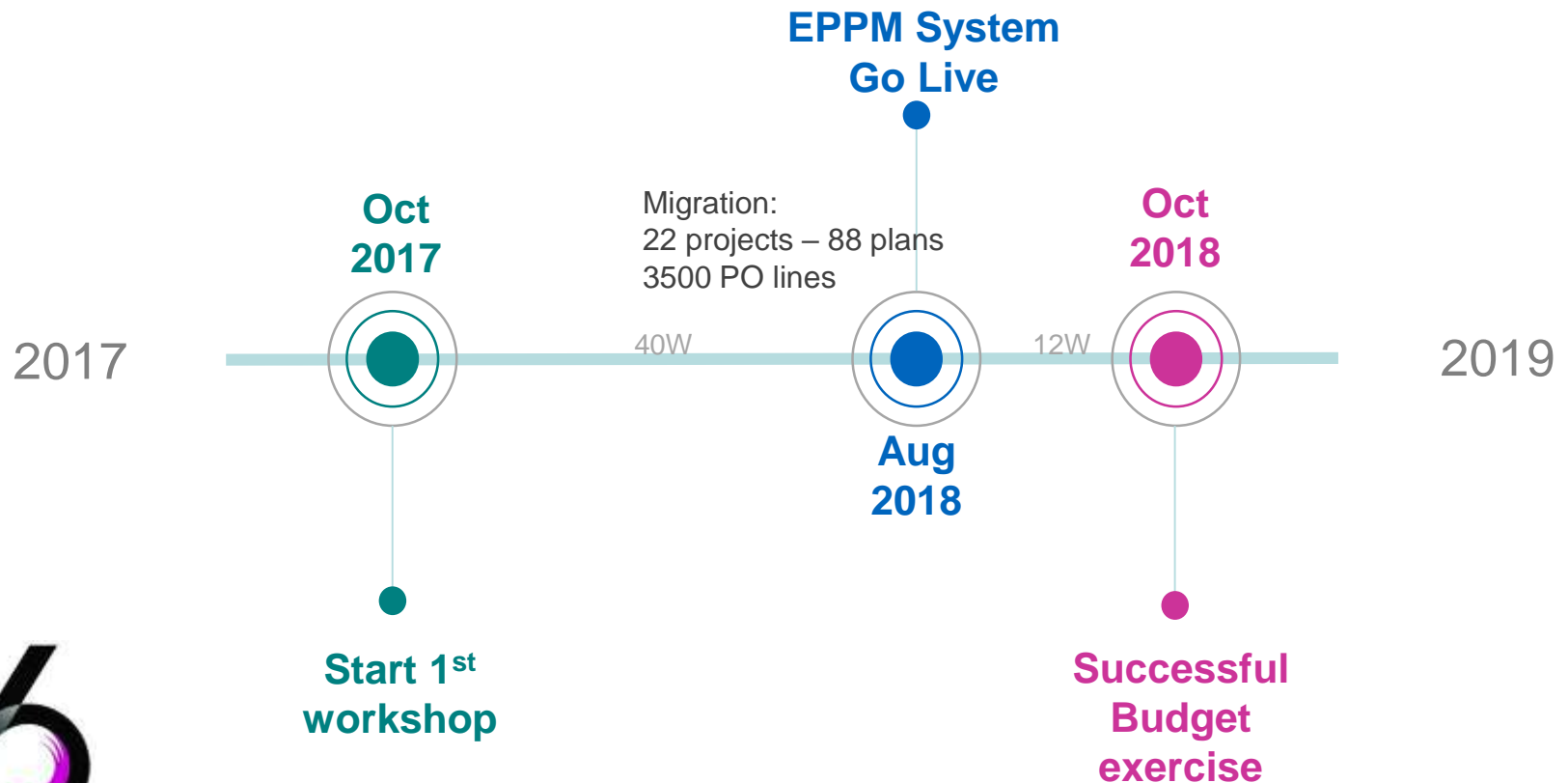
## **Integrated system** to manage triple constraint of activities

- Integrated end-to-end visibility and seamless cross-functional collaboration
- Cross-functional Integrated planning (schedule) between IPP and Functional Operational Plans (integration schedule, resource and cost)
- Forecasting of internal resources + external dollars across a strategic horizon
- Integration of PO Management with activities and costs: PO requests - Confirmation of PO lines
- Consistent approach on process, terminology and data quality
- Portfolio and Project performance reporting
- Integration with ERP

**EPPM**

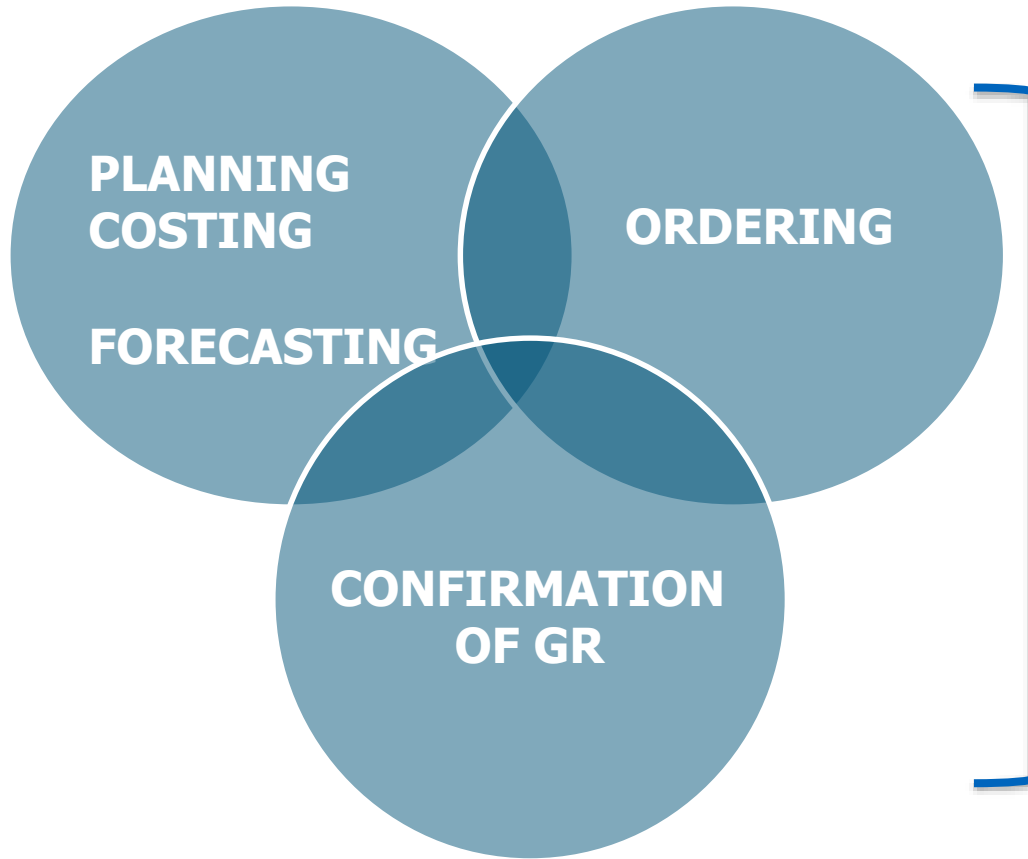
# EPPM system delivery

## Enterprise Portfolio and Project Management



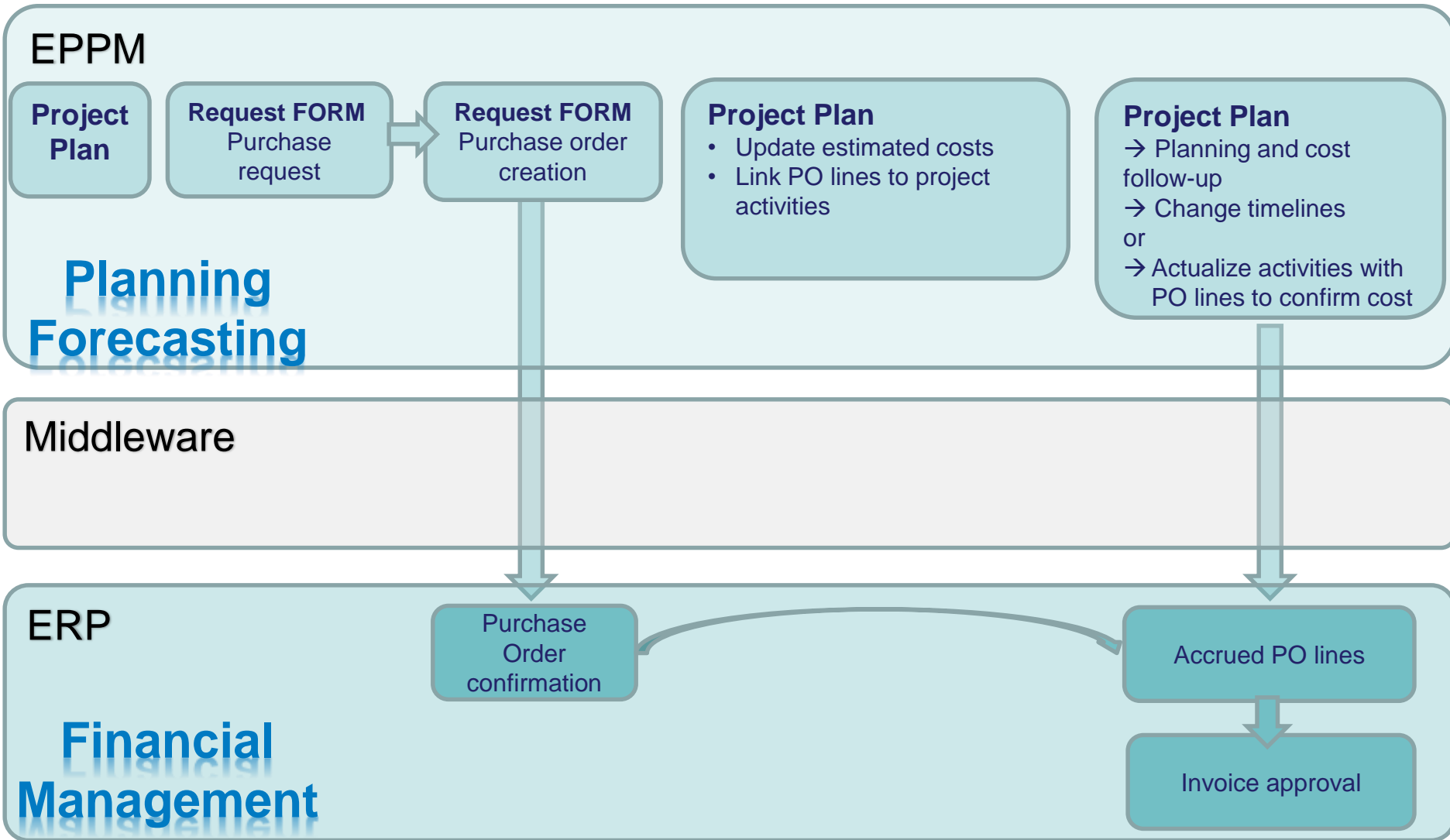


# Integration Concept



How?

# How was integration concept achieved?



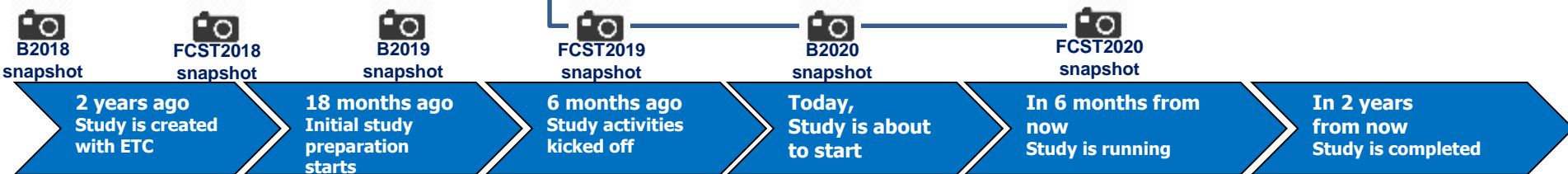
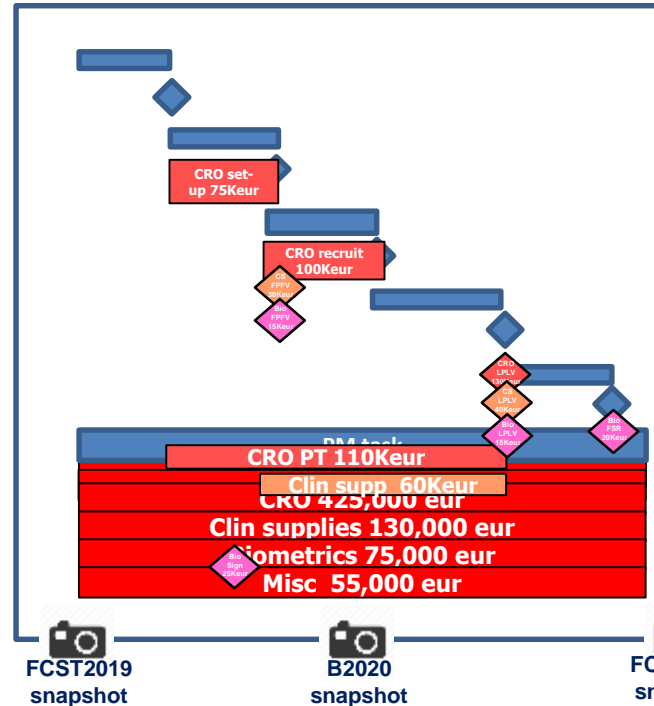
# Activity based Forecasting/Costing

Concept of gradual increase in precision in forecasting

## Forecast

*Budget snapshots provide time point references*

*Reporting of Project and Portfolio status for any strategic horizon*



A rough estimate is associated (benchmark / template)

More precise activity assumptions allow for a refined estimate

Contacts with CROs are established  
Initial quotes are coming in; the estimate can be broken down into parts

Contracts have been signed with vendors  
Payment schedules are reflected in the plan. PO created

Study delays mean some milestone payments are delayed  
Actual costs start hitting the study

**POs created**

Invoices are processed; actual costs booked

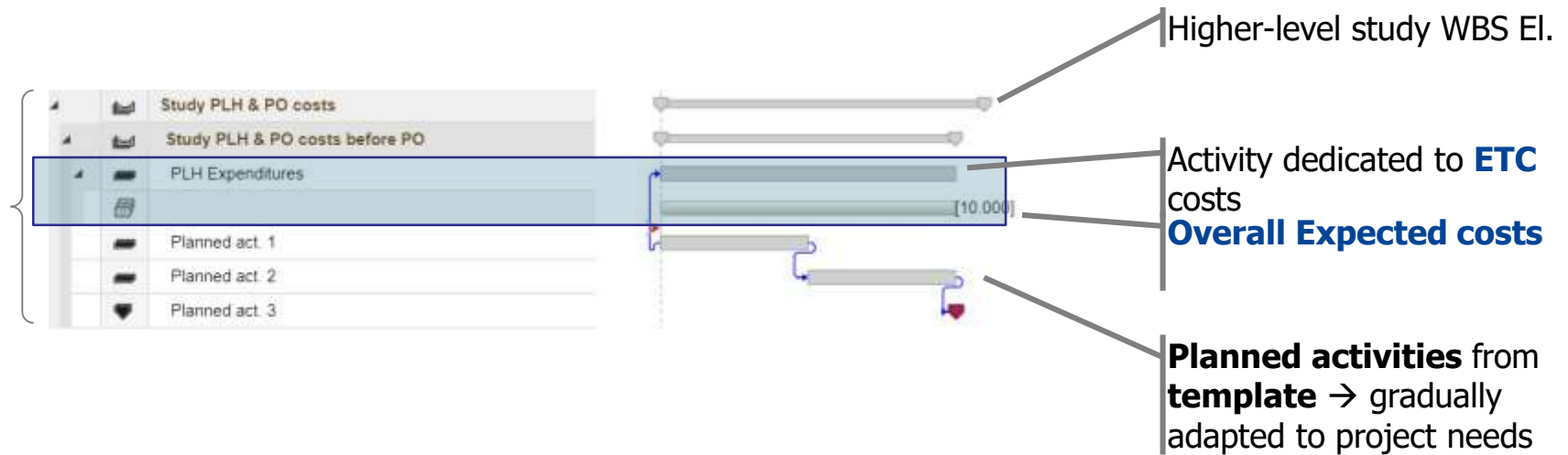
Actual costs provide a historical view on the study costs

# EPPM

# ERP

# Activity based Forecasting/Costing

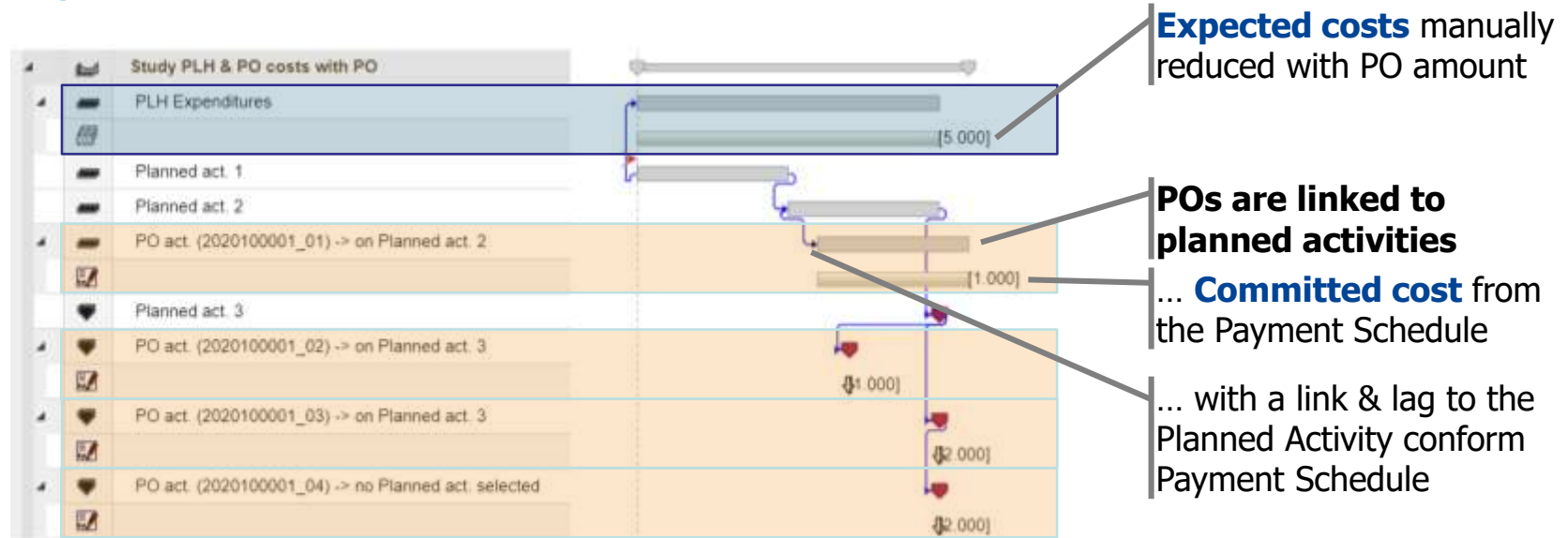
## Before PO



# Activity based Forecasting/Costing

Gradual increase in precision

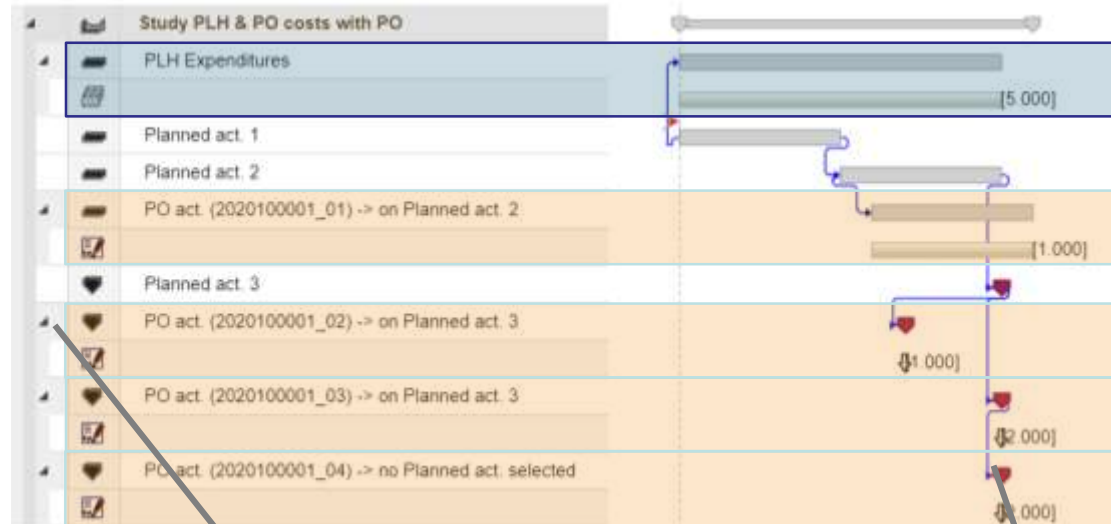
## With PO



# Activity based Forecasting/Costing

## Confirmation step

### With PO



PO owner

The activity related to committed cost is confirmed  
= Services/ Goods Received  
**Actual Cost**

... or links & dates can be adapted to keep the PO Act. well scheduled

→ **ERP**  
Closings

# Integration committed costs & planning

## Summary

### 1. New need



### 2. Quote

#### Implementation Fees

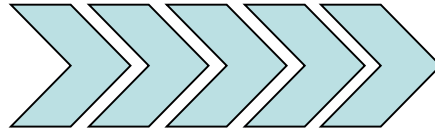
Training ..... \$2,000  
Data Migration .... \$2,500

More to read all five prices you have been quoted for a  
For on-site training add \$7,500  
Help with data add \$8,000

### 3. PO request



### 4. Processing



- Signature of quote
- Communication of SoW

### 5. PO details linked to plan: committed



### 7. Function feedback on project & order progress



### 8. Goods receipt



### 6. PO in ERP – communicate to vendor



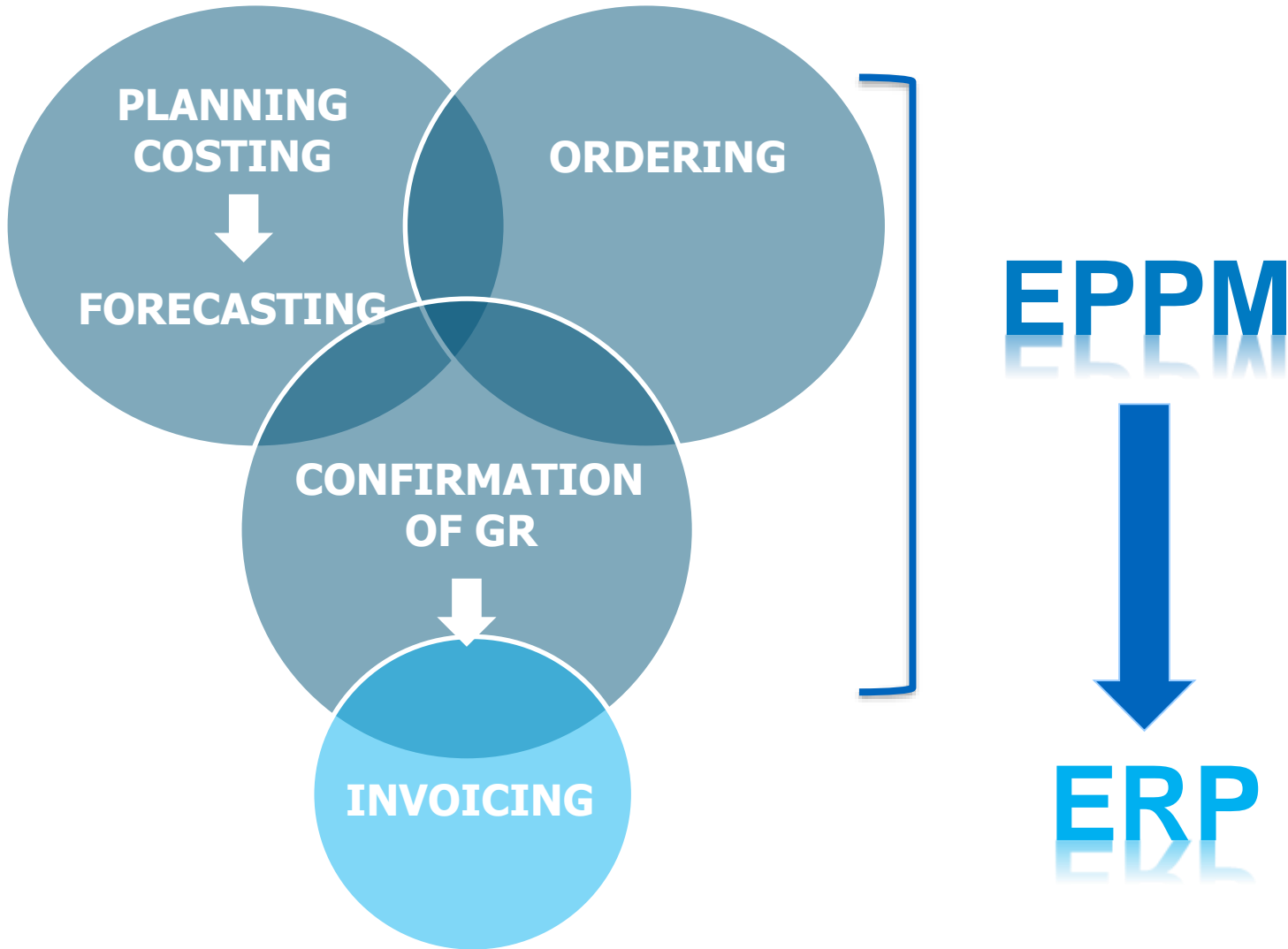
### 9. Actuals Invoice mgt



Middleware

EPPM

# Integration Realization



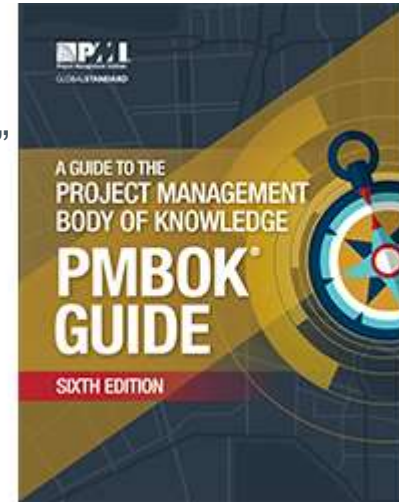


# Lessons Learned

- Multi-level Planning set up
- Advance use of existing functionalities
  - ‘views’ and ‘reporting’ → awareness, training, gain customer feedback
- Implement additional functionalities
- Continuous forecasting

# Other considerations to success

- Bergerud, C. (2012); “The top 10 challenges to effective cost controls.”  
*Paper presented at PMI® Global Congress 2012—North America, Vancouver, British Columbia, Canada.*
- Hartney J (2016); “The 10 PMBOK Knowledge Areas”  
<https://www.projectengineer.net/the-pmbok-knowledge-areas/>
- Gartner - Stang, D. et al. (2019). “Magic Quadrant for Project and Portfolio.” <https://view.highspot.com/viewer/5cf6ee82a2e3a95b4b26a16a>



***By 2023, 80% of organizations will have an enterprise project, program or product management office (PMO) focused on integrating digital products and programs.***

**Q&A**