

Case Study

Cardinal Health

Service(s) offered: **Project Management for Post Merger Integration, Business Advisory Services**

Sector/Industry: **Healthcare (Medical Devices)**



Project Management Services for multiple countries in the APAC region supporting and enabling a smooth integration of a Business Acquisition



Nexdigm have been great partners in project management and have demonstrated depth and breadth of knowledge around business advisory services. Their leadership facilitating cross-functional communications have been essential to seek close alignments between Cardinal Health and other business partners. Most importantly they became our business advisors by not just solving the complex issues we faced in every country but also by coming out with novel solutions on challenges that were lingering for a long time. The team supported beyond their scope of work, we think they really have helped us build a successful business setup beyond the project. Kudos to the team at Nexdigm.



Shawn McBride, VP, APAC Supply Chain & Commercial Ops, Integration Management Office | **Aniruddha Patankar**, Country Manager India

Context

Cardinal Health, a global, integrated healthcare services and products company is ranked amongst the top 15 on the Fortune 500 list and has its headquarters in Dublin, Ohio (USA). It is listed on the New York Stock Exchange (NYSE) and employs approximately 50,000 people in nearly 60 countries worldwide. In 2017, Cardinal Health generated USD 130 billion in annual revenues.

Cardinal Health specializes in the distribution of pharmaceutical and medical products, serving more than 100,000 locations. Their customized products and solutions for hospitals, health systems, pharmacies, laboratories, and physicians' offices enhance supply chain efficiency from hospital to home.

In 2015, in line with their global expansion strategy, Cardinal Health acquired Johnson & Johnson's Cordis business. The Cordis portfolio is focused on cardiac and endovascular devices, and the acquisition enabled Cardinal Health to gain a larger share of the international cardiovascular market.

The Challenge

While the acquisition expanded Cardinal Health's presence worldwide, Cordis' presence in countries outside of Cardinal Health's existing geographic footprint posed a challenge, as did the complexity of integrating Cordis' processes and people, spread across five countries in the Asia Pacific (APAC) region.

The APAC region presented substantial potential for growth. The areas of challenge included managing complex healthcare regulations across multiple geographies. The operating models of "Order to cash" and "Procure to pay" differed from models in other geographies. Unorganized distribution channels, and varying levels of technological sophistication meant every country had unique characteristics and needed specialized local knowledge. Diverse cultural and business practices further added to the challenges by necessitating the alignment of post-merger integration strategies.

To manage their supply chain in the APAC region, Cardinal Health appointed a Master Distributor. The integration process in each country required coordination and negotiation with the Master Distributor as well as local players such as country distributors and country product license holders.

Our Solution

Nexdigm operated the Project Management Office (PMO) for the overall project, executing the following key aspects:

- Developed country-specific integration roadmaps that included identifying optimal operating models and entity/ownership structures while taking into consideration the growth potential of each geography.
- Leveraged our experience of set-ups in highly regulated markets to handhold the client through the maze of procedural requirements to establish its legal presence.

- Acted as a strong guide for Cardinal Health's regional leadership when making commercial decisions such as selection of distributors, negotiations with logistic service providers and development of business plans.
- Followed agile project management techniques with daily key stakeholder engagement as the project involved managing complex interdependencies.

The experienced team at Nexdigm handled a number of challenges regarding entity structure, supply chain, taxation, product regulations, sales commission, legal contracts and people, carefully managing interdependencies as needed, resolving roadblocks and providing advice on best practices related to activities, processes and transactions.

Impact

Some of the crucial challenges encountered were coordination and alignment of critical activities at various functional levels, to enable all functions to move coherently towards the end goal. Nexdigm helped formulate policies, methodologies, tools and templates to efficiently manage multiple projects within the scope of integration and within the defined constraints of resources, quality, time and cost. The efficient management of cross-functional interdependencies, risk anticipation and pre-emptive actions to mitigate those risks ensured a smooth transition of the Cordis business to Cardinal Health in a timely manner.

For more information on this case study, please write to us at:

ThinkNext@nexdigm.com

You can also visit our website to know how our services resulted in tangible business benefits:

www.nexdigm.com