# From Distribution to Retail: Navigating ERP Implementation Challenges in the Pharmaceutical Sector – The Delta Pharma Story

Ernest Shahini[*], Denis Saatçiu [2]

[1]*Department of Informatics/Faculty of Natural Sciences, University of Tirana, Albania*
[2] *Department of Informatics/Faculty of Natural Sciences, University of Tirana, Albania*

*ernest.shahini@fshn.edu.al, denis.saatciu@fshn.edu.al*

*Abstract –* Delta Pharma Adria, one of the largest pharmaceutical group of companies in Albania, went through a huge digital transformation by implementing Microsoft Dynamics 365 Business Central, aiming to improve financial and distribution operations. The ERP system helped with digitalizing processes like inventory management, financial control, and regulatory compliance. However, the implementation process faced many challenges, such as different data migration issues, a lot of system customization due to very specific processes, and difficulties with user adoption on the new system. After the implementation was completed on all companies, Delta Pharma group made an important decision to expand into retail by opening pharmacies across all territory in Albania. This expansion created new challenges that were difficult to be handled by the new ERP system, and for this reason the company decided to implement LS Retail, a system that is as an extension of Business Central. This article examines Delta Pharma's journey through ERP implementation, different the problems they faced, and the solutions that helped them overcome the obstacles.

## I. INTRODUCTION

The pharmaceutical industry in Albania, like in any other country, operates under strict regulations, where inventory accuracy and real-time declarations on respective authorities are a must for all companies in the sector. The pharmaceutical companies are constantly changing due to the significant growth of the sector in the last years, and this change is mostly being reflected in technology investment by undergoing important digital transformation. Almost all-important players in the sector realized the need for a complete ERP system to help transform financial and distribution operations [1].

This was also the focus of Delta Pharma when they decided to implement Microsoft Business Central by replacing their old system. The ERP selection went through a rigorous process by analysing different dimensions for different products and benefits they expected to get from this implementation like better inventory management, more financial control, better performance, all processes digitalized, and being compliant with all regulations [2].

Even though the ERP implementation process was full of challenges, less than three months after go-live, Delta Pharma decided to expand their business into retail by opening a chain of pharmacies throughout all of Albania. The pharmacies are operating 24/7, and the requirements were to be fully integrated with the newly implemented ERP system. Due to the specific nature of the operation, this industry required additional features that Business Central was not able to provide. To meet these requirements, again the company went through another thorough investigation for the best alternative and decided to implement LS Retail [3].

This article discusses the steps Delta Pharma took in implementing the ERP system, the problems they encountered, and how they solved them to make their business grow.

## II. INITIAL ERP IMPLEMENTATION: MICROSOFT DYNAMICS 365 BUSINESS CENTRAL

Delta Pharma chose to implement Microsoft Business Central to have better control over financial and distribution operations. The implementation of this ERP improved inventory control, made procure-to-pay processes faster, and was easier to integrate with all government institutions due to specific sector requirements [4].

One of the first challenges was the need for customization because Delta Pharma has special processes that are not possible for the out-of-the-box solutions of Business Central. These customizations made the implementation process longer than expected and required functional and development expertise [5]. Another significant challenge was data migration from legacy systems. Due to the specific requirements of the industry, all inventory data, including tracking information, needed to be migrated correctly and ensuring that all this information matched with what was already reported to regulatory authorities [6].

Different integrations were another important challenge in this project. Requirements were to integrate the product with the government gateway for all sales invoices, integrate with regulatory authority for every transaction that would have an impact on the quantity available for each product associated with corresponding tracking information, and integration with a complex warehouse system managed by robots for preparing different orders. These integrations created another challenge in terms of system updates, as it was needed periodic thorough testing on newer versions to make sure that everything worked correctly after an update was done [7].

Additionally, there was resistance from employees as it was difficult for them to adapt to the new system and sometimes also to new processes. This meant that specific training and training programs were needed, but also a change management strategy to help the whole process.

Although all these challenges, the implementation of Business Central helped Delta Pharma streamline processes, manage their inventory better, have real-time integrations, improve financial reporting and distribution processes, and ensure that everything was compliant with regulatory requirements [2].

## III.    EXPANSION INTO RETAIL AND NEW OPERATIONAL NEEDS

Although the implementation of Business Central on Delta Pharma was a challenging process, the company right after that decided to expand its operations in the retail market. The company opened pharmacies throughout all Albanian territory and decided that they would operate 24/7. This decision brought new challenges, especially technology-wise, as the requirement was to have everything integrated with the newly ERP system implemented.

However, Business Central (BC) was not able to fulfil all these new requirements out of the box, especially considering that the product does not have a point-of-sale (POS) solution embedded in it. Also, other pain points for retail stores were the requirement to track in real-time all sales, have all the time correct quantities on inventory levels, report in real-time every transaction related to inventory to the regulatory authority, and send automatically every sale transaction to the government gateway. Inventory levels on each pharmacy, but also on the company level, needed detailed management to ensure the correct stock on each pharmacy, restock according to different policies setup on each pharmacy, freely move inventory from one pharmacy to another, and reorder points on the company level to gain better

discounts from vendors [8]. Complying with regulatory requirements regarding real-time declarations was another challenge as all the shops must report real-time on stock levels with all tracking information, but also every sale transaction from POS must acquire the unique identifiers and barcode from the government gateway [9].

To increase customer satisfaction, but most importantly to guarantee success in the retail business, all the shops, but also the headquarters required customer engagement tools. All customers would be able to register, be tracked, be part of a loyalty program, and according to different segmentation, be part of different marketing campaigns [10].

Operating 24/7 was difficult in many aspects such as: user support outside of normal working hours, almost impossible to find companies willing to support during the night (support for the integration with the Business Central system which was implemented, support in case of issues when sale transactions failed to reach the government gateway, support in case of issues when inventory transactions failed to be declared in real-time in regulatory authority). User training was also very challenging because users were across all Albanian territory and turnover was very high [11].

## IV.     CHALLENGES DURING LS RETAIL IMPLEMENTATION

Having identified all the needs for this retail expansion, Delta Pharma went again through thorough research to find the best solution for them. They decided to adopt LS Retail, a system designed specifically for the retail industry, but also has a seamless integration with Business Central [9]. Even though the product has many out-of-the-box features for the sector, still the implementation in Delta Pharma presented a lot of new challenges.

The POS solution needed to be customized for Delta Pharma's specific operations, and this was a time-consuming task. The pharmaceutical industry has its own requirements in terms of POS solutions as the system needs to handle patient prescriptions, but also online declarations to the regulatory authority and government gateway [8]. Even though LS Retail has an in-built integration with Business Central, for this specific case the integration needed to be upgraded to another level as both systems needed to bidirectionally exchange data in real-time to have updated information on inventory and financial information [7].

Due to all this huge technology change in terms of software, even hardware compatibility was another important challenge. Many of the pharmacies across all territories were using old hardware which was not compatible with LS Retail, especially in terms of barcode scanning features and receipt printers. All this hardware needed to go through an assessment process to understand which could be upgraded or replaced, to be ready for the new product [3].

LS Retail needed additional customization to be compliant with regulatory authorities. These customizations included several integrations with government agencies for stock online declarations up to tracking information levels, but also online sale transactions on the government gateway for fiscal declarations [5].

User training was another big challenge, especially for some of the users who needed to understand both systems, POS and ERP. Specific training programs needed to be set up in place and a change management strategy to provide clear communication at all levels for the whole rollout plan.

Maintenance and support were difficult, especially for the users that operated outside of normal working hours. Having people answering different questions throughout the implementation and testing process was very important to keep the users happy and give them the right time to get used to the new system [11].

## V. SOLUTIONS TO ERP IMPLEMENTATION CHALLENGES

Delta Pharma used different strategies to smooth as much as possible the process of implementing Business Central and afterward LS Retail. One of the most important decisions was to create an internal team of functional consultants, developers, and infrastructure consultants. The functional consultants were selected with industry, but most importantly with product expertise. These consultants worked closely with all users to make sure that the requirements were understood correctly and at the same time worked closely with all vendors involved in the implementation to make sure that the system was properly customized and integrated [4].

The integration of Business Central with LS Retail, but also both products with regulatory authority, government gateway, and warehouse system were done using APIs. All technical teams created completely new or using existing API as a model and doing enhancements to make sure that all the data between all these systems were completely synchronized and shared in real-time [2]. The developers of Delta Pharma were heavily involved in all new customizations done and took over all maintenance to be fully independent and capable of doing new changes when required [1]. This solution allowed the company to have all the data in one place, which ensured optimized procure-to-pay and order-to-cash processes, consolidated financial data and reporting, seamless integration with all regulatory requirements [6].

Specific training programs for employees were another important solution, and these programs were delivered in stages. Each stage had different employees involved, and everything started by identifying and training key members in each department of the company. Also, these key users acted as a single point of contact within the department with the internal implementation team, to ensure that every issue was thoroughly investigated before moving to the specific vendor team [10].

The internal implementation team was also utilized as a first line of support, especially during the roll-out of LS Retail. This ensured that the issues were addressed quickly, but also sent to the correct vendor team in case of escalations. The internal team helped increase user satisfaction by providing online guidance on how to perform different processes in the system, especially delivering training for the new users [7].

To have everything aligned, Delta Pharma created a detailed change management plan. The change management expert was part of the internal implementation team and made sure that clear communication through different channels happened periodically, so everyone had clarity on what was happening and what the next steps were.

For the implementation of LS Retail, Delta Pharma followed a phased approach. They chose specific pharmacies with higher complexity and transactional volume, which were implemented first. This helped the internal implementation team to have a lower ticket volume, but more importantly, create specific pre-configured company templates, which were used in the future to create new pharmacies that were made part of the whole solution [1].

These different solutions made sure that Delta Pharma had a smooth ERP implementation, but also had a successful impact on the retail industry. The creation of detailed plans, having ownership of system configurations and customizations by having an internal dedicated team, and delivering specific training to employees have increased the insurance that future growth could be easily handled by these systems and processes in place.

## VI.    CONCLUSION

The journey that Delta Pharma took in implementing ERP systems highlights the importance of selecting the right solution to address company needs and requirements [2]. The whole process faced many challenges, but planning carefully, establishing clear communication at all levels, and hiring internal resources to provide correct support helped in successfully overcoming these challenges. Hopefully, these lessons learned will help all companies in the pharmaceutical sector, but also those who want to digitalize their processes and expand in the retail sector. Choosing products like Microsoft Business Central, which offers a wide range of extensions already available and integrated with the

product, but also is very scalable in terms of company growth, investing in resources by providing continuous training, Delta Pharma has an easier way to long-term success and growth [3].

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