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Case Study: How Wyeth Upgraded Its B2B Operations To Support A Global ERP Strategy

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EXECUTIVE SUMMARY

Wyeth Pharmaceuticals recently completed a major upgrade to its business-to-business (B2B) capability that supports a global rollout of a single-instance SAP implementation. The upgrade resulted in a more agile B2B operation, labor savings in excess of 60% per year, and reduced software licensing costs in the range of 20% per year. Enterprise architects should use Wyeth's experience as an example of the types of savings that B2B modernization efforts can provide.

WYETH LINKED BUSINESS AND IT STRATEGY TO OBTAIN MAXIMUM RESULTS

In mid 2007, Wyeth began rolling out a single-instance SAP enterprise resource planning (ERP) application to replace the multiple globally distributed J.D. Edwards (JDE) systems that it had previously relied on. Ray Paoli, Wyeth's director of information services for sales and distribution, realized that this also presented an opportunity to modernize the distributed electronic data interchange (EDI) infrastructure that the company had put in place to support the older ERP infrastructure. Wyeth views its B2B connections to suppliers and trading partners as a strategic capability for business scalability and efficiency; these connections are an essential characteristic of Wyeth's business model.¹ Wyeth realized that by modernizing its infrastructure, it would improve flexibility for new and changing connections as well as reduce costs (see Figure 1).

Wyeth uses EDI extensively to support sales and distribution activity, and the company traditionally relied on five stand-alone EDI groups to support eight globally distributed business units. Wyeth's transactions exceed 500,000 transactions per month with more than 600 external trading partners.

Wyeth Considered Several Alternatives When Evaluating EDI Solutions

Wyeth kicked off a study in early 2007 with the objective of evaluating alternatives for new EDI solutions that could directly link to the global rollout of a single-instance SAP system and that would meet Wyeth's criteria: a solution that allows multitenancy, that can consolidate translation maps, and that is able to leverage Wyeth's existing business knowledge (see Figure 2). Wyeth considered several alternatives:

- **Outsourcing.** Wyeth felt that its EDI capability was crucial to its ongoing success; therefore, it decided that outsourcing would not be a good fit. The project team also felt that integrating SAP with many other in-house applications would be more difficult with an external service provider.



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- **On-premise enterprise application integration (EAI) tools.** While EAI tools provide basic EDI functionality, Wyeth determined that they lack sophistication in the way that they support complex EDI interactions.
- **B2B gateway software.** Traditionally, Wyeth had been supporting EDI with B2B gateway software, albeit with multiple EDI tools. It felt this option provided the most flexibility for the future while retaining its internal EDI expertise. Wyeth's project team evaluated five B2B gateway software alternatives, including IBM's WebSphere Partner Gateway, Inovis' Trusted Link Enterprise, GXS's Application Integrator, Seeburger's Business Integration Suite, and Sterling Commerce's Gentran Integration Server.

Wyeth decided to go with the Seeburger solution due to the tool's ability to support multitenancy within a single instance of the software. This was a key point due to Wyeth's need for data segregation among supported lines of business. Another key factor supporting the selection of Seeburger Business Integration suite was the ability of this tool to store parameters at the individual partner level, thereby enabling the use of more-generic maps. This reduced Wyeth's number of required maps from 600 to 150. According to Nancy Tepas, Wyeth's EDI senior analyst, "The Seeburger solution provides the capability to pass parameters to the map from each trading partner entity, allowing partner-specific mapping to be performed without the need to create partner-specific maps."

Figure 1 Wyeth Pharmaceuticals Needed To Upgrade Its B2B Capability

Company name	Wyeth Pharmaceuticals
Industry	Pharmaceutical
Problem	Existing electronic data interchange (EDI) technology required individual maps for each trading relationship. This was very labor-intensive. Also, the EDI support teams needed to align with the new single-instance SAP enterprise resource planning (ERP) system to ensure the ability to quickly respond to new business needs. A consolidated solution needed to provide data security among business units.
Key players	<ul style="list-style-type: none"> • Ray Paoli, Director of Information Services, Sales & Distribution, EDI • Nancy Tepas, EDI Senior Analyst • Eileen Pettinelli, EDI Senior Manager
Alternatives considered	<ul style="list-style-type: none"> • Outsourcing: Wyeth deemed its EDI capability too critical to outsource. • Enterprise application integration (EAI) tools: Wyeth deemed that EAI tools would not be a suitable solution for its complex EDI needs. • B2B gateway: Wyeth chose this option, as it offers the most flexibility.
Solution description	Wyeth selected Seeburger’s Business Integration Suite, as it supports storing of EDI parameters at the partner level. This enables the use of a smaller number of generic maps. In addition, Wyeth merged its five distributed EDI support groups into one global EDI support operation. The multitenancy capability of the SeeBurger solution provides the required data segregation.
Benefits achieved	<p>The simplified mapping capability enabled the consolidation of five globally distributed EDI support groups into one and resulted in:</p> <ul style="list-style-type: none"> • A 60%-plus reduction in labor costs • A more agile EDI operation able to support new business challenges much faster than before

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Source: Forrester Research, Inc.

Figure 2 Wyeth’s Criteria For A B2B Strategy

Criteria	Rationale
Multitenancy	Wyeth’s business model requires segregation of data among individual lines of business.
Able to consolidate translation maps	The ability of a solution to store electronic data interchange (EDI) parameters at the partner level would enable Wyeth to use a smaller number of generic maps.
Able to leverage existing business knowledge	Wyeth had developed substantial expertise in B2B integration and wanted the new solution to make use of this expertise.

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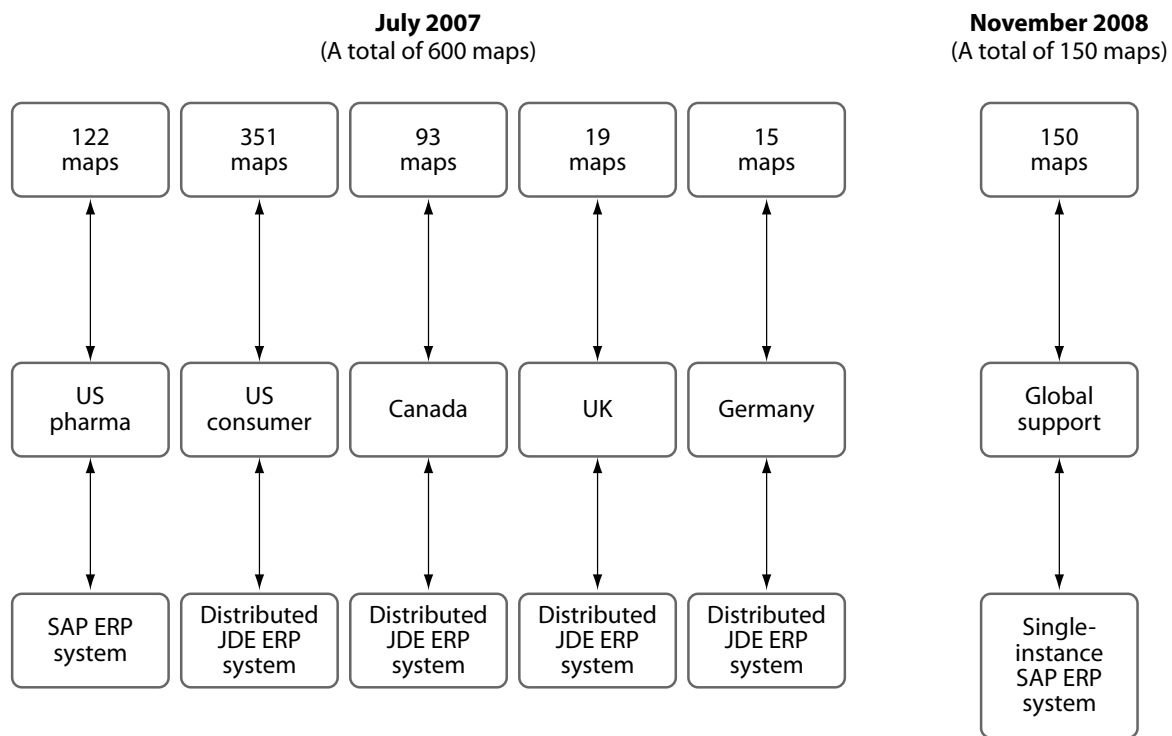
Source: Forrester Research, Inc.

Wyeth's EDI Implementation Enabled The Creation Of A Global B2B Center Of Excellence

In August 2007, Wyeth began a conversion effort to move EDI support to a centralized global support team.² It converted its final business unit in November 2008. This project has allowed Wyeth to reduce support personnel from eight people in the old environment to just three in the new centralized support group (a labor reduction of more than 60%) and also garnered a 20% reduction in EDI translation software fees. And while these improvements are significant in their own right, the biggest benefit to the enterprise is the ability to quickly respond to new B2B challenges on a worldwide basis through the new global support group (see Figure 3).

Forrester believes that many other enterprises have the opportunity to attain the success that Wyeth has achieved through its B2B modernization project; many firms still rely on 10-year-old EDI software that has limited functionality when compared with newer integration products that combine EDI capability with service-oriented architecture (SOA) and business process management (BPM) features.³

Figure 3 Wyeth's EDI Infrastructure Before And After Creating A Centralized Global Support Team



RECOMMENDATIONS

EXPLORE B2B MODERNIZATION ALTERNATIVES

Enterprises that have had the same EDI support systems in place for the past 10 years need to explore new alternatives. The advances in integration software that have taken place during this time frame have effectively made the older systems obsolete. Newer alternatives will provide increased business agility and are easier to use and support. To achieve success when considering a new EDI implementation:

- **Put EDI in perspective.** In most enterprises, the EDI operation is critical to the success of the enterprise, and it can provide even more value if the systems that support it take advantage of the latest integration advances.
- **Look at the big picture.** Don't consider EDI capability in isolation from other integration needs. Consider the option of using the same vendor for the majority of your integration capabilities; there are definite advantages to obtaining integration features from a single source, and many vendors provide top-notch EDI support as a component of larger integration suites.

ENDNOTES

- ¹ Firms increasingly operate and compete as part of networks of functions and companies —Forrester calls these Digital Business Networks (DBNs). Organizations participating in DBNs provide one or more of three specialist services: brokerage for orchestration, transformation for value creation, and customer interactions for responding to the ultimate customers' needs. See the January 20, 2006, "[Digital Business Networks](#)" report.
- ² Business leaders target globalization to deliver performance that spans geographic and organizational boundaries. See the March 12, 2009, "[Business Realities Drive IT Globalization](#)" report.
- ³ Forrester has provided a detailed analysis of the need for B2B efforts and the potential impact it can have on enterprises with significant B2B activity. For more information on this subject, see the December 10, 2007, "[B2B Integration Trends: B2B Modernization](#)" report.