

Karo Pharma replaces legacy systems using outcome-driven IFS Success services



In just seven months, pharmaceutical company Karo Pharma successfully completed its phase one implementation of the ERP solution from IFS, replacing multiple legacy systems. Using the outcome-driven IFS Success services lifecycle framework, the company is now poised to complete the last project phase uniting 60+ global sites, 23 legal entities and 22 VAT and currency jurisdictions under a single enterprise resource planning (ERP) system.

Karo Pharma is a leading speciality pharmaceutical company in the Nordics. The company markets and distributes products for pharmacies and directly to the healthcare sector. Products range from prescription drugs (Rx) to branded over the counter (OTC) products. Its portfolio includes over 100 brands across six categories: intimate care; dermatology; footcare; pain, cough and cold; wellness; and Rx pharma care. All of the products are manufactured by external contract manufacturing organizations (CMOs).

Following an active program of acquisitions, the business has rapidly transitioned from a Nordic hub to a truly global operation. Sofia Sjöström, Head of Digital Finance at Karo Pharma is the implementation project lead. She explains “Since 2018 we’ve added added 10 global entities across Europe. The company is registered for VAT in 20+ countries, and our legacy systems didn’t support multiple countries and currencies.”

At the beginning of 2020, a key strategic priority for the business was to replace multiple legacy IT systems with a single ERP implementation that would be fit for the company’s global business and growth. “Many acquisitions had resulted in multiple ERP systems, several of which were end-of-life and not supported by the suppliers,” says Sjöström.

karo[®] pharma

About Karo Pharma

Karo Pharma markets and distributes prescription and over-the-counter pharmaceutical products to pharmacies, hospitals and wholesalers.

The Swedish company, Karo Pharma operates legal entities in 10 European countries, generating worldwide sales in 60+ countries.

Mergers & acquisitions coupled with organic growth has seen Karo Pharma expand rapidly in the last six years. It employs 200 staff and has revenues of SEK 1.9bn (2020).



The old setup could not support Karo Pharma's expansion strategy and the system was not geared for the financial model required to upscale the business. It was hard to get transparency across the many systems and there was too much manual work. "We also couldn't close inventory periods separately from accounting periods," she adds.

Fast-track implementation

In the Spring of 2019, Karo Pharma conducted a pre-study and reviewed proposals from a number of ERP vendors and partners. By late summer, the company selected IFS.

By November 2019, the project with IFS started, leaving a very tight seven-month timeframe to deliver phase one of the implementation. This initial scope—which went live in June 2020—included bringing online 13 legal entities, mainly in the Nordics, as well as 45 locations with 22 VAT registrations. Since then, Karo Pharma has been rolling out across the remaining 23 legal entities within the group.

As well as completing several acquisitions during this period, the company also changed its bank and its finance model. The new valuation method adopted for the inventory is standard costing, which is working well within IFS.

The ability to automate some of the process flows with IFS has seen valuable efficiency gains. The most significant to date is the improvement in the inventory reconciliation process. "We've now achieved a much faster inventory closing procedure across the monthly work needed for 43 sites," reports Sjöström.



The company has been able to minimize customization and modification, keeping the product as standard as possible. Explains Sjöström: “This means it will be far easier for us to update and upgrade going forwards. The product is also inherently flexible, which, as an agile business, is something our company needs.”

Other benefits seen with IFS include the ability to access common reports, transparency of global data, a single version of the truth and common standard processes. “We are very aware we now have a modern, fit-for-purpose platform and interface,” observes Sjöström. “We can see our people are engaged and motivated using it in their roles. The move to IFS will also help us when recruiting prospects.”

We were really thrilled when we had the first meeting with IFS and they asked us: ‘what is success for you?’

Sofia Sjöström, Head of Digital Finance at Karo Pharma

The success program in partnership

Karo Pharma's implementation engagement is part of IFS Success, a services framework that allows customers to choose the outcome-based service components that they need, relevant to their evolving business priorities, throughout the product lifecycle. “One of the most refreshing aspects of our partnership is that IFS wants to understand and achieve what success looks like for us,” says Sjöström.

“Experienced cross-functional consultants from IFS give us an overview beyond our own sector so we can benefit from best-practice from other companies, which is extremely valuable. Comprehensive preparation ensured we had a very clear picture of our goals, both immediate and longer term, which meant we were able to eliminate any scope creep—a common reason ERP implementations can fail.

“Taking the standard IFS solution as much as possible and then refining over time via improvement initiatives is definitely the best approach. Also, whilst our project timeframe was very short, it ensured focus and clarity; extending the timeframe was not necessary to achieve a high-quality outcome and would have fatigued the team unnecessarily,” reflects Sjöström.

Through IFS Success services, IFS will continue to work proactively with Karo Pharma to find value for the business throughout the product lifecycle. The continuous support cycle created by IFS Success services allows Karo Pharma to develop and deliver its perfect moment of service.

Benefits seen using IFS:

- Enhanced general ledger accounting dimensions
- Multi site and multi company functionality
- Great reduction in monthly inventory reconciliation procedures across 60+ sites
- Common reports
- Global master data—customers, supplier, parts
- Modern platform with an attractive and user friendly interface (UX)
- Common standard processes
- Automated flows
- Standard solution with few customizations

Benefits of Success Services:

- Long term proactive partnership
- IFS understands what success means for Karo Pharma and can therefore guide it in the best way
- IFS expertise embedded into the corporate strategy and organization

Find out more

For further information, e-mail info@ifs.com, contact your local IFS office or visit our web site, ifs.com.

