Business Transformation – Key Success Factors behind the transformation of Apoteket

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Towards the new competitive pharmacy market

**Time line towards a re-regulated market**

- **2008**
  - Apoteket AB has monopoly on the consumer market
  - Competition on the health care market
  - General dealers allowed to sell nicotine substitute products

- **2009**
  - General dealers allowed to sell non-prescription pharmaceuticals
  - New operators sign agreement to purchase 465 pharmacies

- **2010 and after**
  - New operators open their pharmacies, e.g:
    - Apotek Hjärtat
    - Kronans Droghandel
    - Medstop
    - Etc.
A changing pharmacy market initiated Apotekets Transformation

From 2008…
- 930 apotek
- Monopoly in the consumer market
- Competition in the healthcare market
- 43 billion SEK turnover
- 11,000 employees

..spring 2010..
- 328 apotek
- 35% of the consumer market
- Competition in the healthcare market
- 50% turnover
- 5,500 employees

... to fall 2011
- 380 apotek
- 35% of the consumer market
- Competition in the healthcare market
- 50% turnover
- 5,500 employees

Apoteket AB
Apotekets transformation is hard to match!

Just like an iceberg only 10% of the effects due to the re-regulation are visible to the public!

1. Sell 2/3 of the stores
2. Change and modernize IT-infrastructure
3. Help the competitors get started
4. Create a competitive Apoteket
approach?
The business architecture framework takes a holistic approach.
The Transformation was designed based on business and IT-challenges.

**Transformation road map**

1. Understand Business environment and challenges
2. Design flexible architecture
3. Design solution
4. Procure Solution and partners
5. Implement and realize future architecture and solution

2009 - 2011 - 2012
The Transformation was designed based on business and IT-challenges

Transformation road map

- Understand Business environment and challenges
- Design flexible architecture
- Design solution
- Procure Solution and partners
- Implement and realize future architecture and solution

2009  2011  2012
The Business Model is the unique structure that realizes a business idea.
Apoteket needed to expand number of business models to stay competitive...

Business models 2008..
- Consumer
- Pharmacy
- On-line
- Distance trade

...and new after re-regulation
- Shop-in-shop
- Franchise
- Vending machine

...and all of them required flexible structures for future changes
Process architecture in 6 levels!

LEVEL 1: Management, Development, Support and Core Processes

LEVEL 2: Core Process decomposed into Main Processes

LEVEL 3: Main Process decomposed into Sub-processes illustrating inputs, outputs and end points

LEVEL 4: Sub-process decomposed into (re-usable) Process Components

LEVEL 5: Process Component detailed through an Event-driven Process Chain (EPC)

LEVEL 6: Activity within an EPC detailed in a Detailed Activity Model illustrating information and application interaction
Apotekets process architecture was designed for flexibility and re-useability.

### Business models 2008..

- **Consumer**
  - Consumer process

- **Pharmacy**
  - Pharmacy process

- **On-line**
  - On-line process

- **Distance trade**
  - Distance process

### ...and new after re-regulation

- **Consumer**
  - New consumer process

- **Pharmacy**
  - New pharmacy process

- **On-line**
  - New on-line process

- **Distance trade**
  - New distance process

**Re-usable process components**
It requires a stable information architecture to enable the connection between process components.
Services is the foundation to implement flexible process components.

Each business service can support several processes – however, each process is realized as a re-usable process component.
The business architecture framework enables bridging the gap between strategy and IT.
The Transformation was designed based on business and IT-challenges

Transformation road map

- Understand Business environment and challenges
- Design flexible architecture
- Design solution
- Procure Solution and partners
- Implement and realize future architecture and solution

2009  2011  2012
Target architecture: The Vision
Solution architecture: A balance between the best business solution and the technically achievable
The Transformation was designed based on business and IT-challenges.

**Transformation road map**

- **2009**: Understand Business environment and challenges
- **2011**: Design flexible architecture, Design solution
- **2012**: Procure Solution and partners, Implement and realize future architecture and solution
Choice of path for implementation

Alternatives for Apoteket are analyzed and valued
Analysis and valuation of alternative suppliers

Different filters were used to find the best fit
The Transformation was designed based on business and IT-challenges

**Transformation road map**

- Understand Business environment and challenges
- Design flexible architecture
- Design solution
- Procure Solution and partners
- Implement and realize future architecture and solution

2009

2011

2012
The result of the Transformation!
Key success factors for a successful transformation

- **Program management** including employees representing all parts of the company
- **Strong Program Manager**, CIO was program manager
- Have a **squeezed time schedule** and a **large scope** – creates new ways of working and thinking!
- The **business architecture framework** and emphasis on business models and processes enhanced the relation between business and IT
- Business architecture and models is complex and requires a **strong commitment and focus**, there are no silver bullets!
- **Procure functions** – some suppliers do not understand the concept, others understand but are not able due to internal structures, however Apoteket will only strive for supplier who deliver IT functions
Thank you!