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H²pharma

H2-Pharma

Pharmaceutical Company Automates Order Processing End-to-End, Including Chargeback Processing and Warehouse Order Fulfillment

BENEFITS
More Connected. More Supported. More Prepared for What's Next.

➤ Enables this SMB distributor to seamlessly meet the EDI requirements of major pharmaceutical wholesalers and pharmacies

➤ Drives faster and more accurate contract management and chargeback processing that enables timely dispute resolution and helps H2-Pharma catch wholesaler errors potentially costing hundreds of thousands of dollars over time

OBJECTIVE

➤ Reduce operational costs and improve the speed and accuracy of the pharmaceutical chargeback process by bringing EDI in-house and leveraging the industry-leading TrueCommerce integration with QuickBooks Premier

SOLUTION

➤ TrueCommerce EDI for QuickBooks Premier combined with EmpowerRM to manage contracts and process pharmaceutical chargeback documents delivers end-to-end order processing integration and automation, from purchase order to invoice

BENEFITS

➤ Saves considerable operational cost versus an outsourced EDI and chargeback processing solution, especially as business volume grows

➤ Automates order processing to save time, reduce errors and minimize associated labor cost

➤ Integrates EDI with a 3PL warehouse to simplify and accelerate shipping

➤ Makes it possible to handle a large and growing transaction volume without adding staff

BACKGROUND

H2-Pharma is a successful and growing marketing and distribution partner for both generic and brand pharmaceutical products. As a small company in an industry dominated by major manufacturers and wholesalers, H2-Pharma's strength lies in its business agility, extensive experience and unsurpassed service to customers and partners.

According to Kyle Clifton, Supply Chain Manager, seamless integration and automation across H2-Pharma's supply chain processes and IT infrastructure is vital to its ongoing success and profitability. "Looking at the integration between our accounting and EDI systems and our 3PL warehouse, as well as our connectivity to our major customers and our ability to serve them, we have a pretty good solution right now," notes Mr. Clifton.

END-TO-END CHARGEBACK PROCESSING AUTOMATION USING EMPOWERRM

The cornerstone of H2-Pharma's end-to-end chargeback processing automation is a three-way integration between its QuickBooks Premier accounting system, TrueCommerce EDI for QuickBooks Premier, and EmpowerRM specifically designed to handle pharmaceutical contracts and chargeback processing via EDI.

TrueCommerce EDI for QuickBooks Premier is the industry's most complete EDI integration for that popular accounting system, with comprehensive support for sales orders and purchase orders (EDI 850/875), invoices (EDI 810/880), advance ship notices/ASNs (EDI 856) and credit memos/remittance advice (EDI 820) built-in, plus available support for warehouse shipping orders (EDI 940/945). The solution can also support outbound purchase orders and inbound invoices for transacting EDI with suppliers.

H2-Pharma further leverages that powerful integration through EmpowerRM that connects to both QuickBooks and TrueCommerce EDI to automate and accelerate the processing of pharmaceutical chargebacks.

Mr. Clifton explains its importance: "In the pharmaceutical industry, distributors like H2-Pharma sell to wholesalers, who in turn sell to pharmacies. These sales are made at a contract price that is less than the invoice price the wholesaler pays. To recoup that difference, the wholesaler generates a chargeback, which they send to the distributor via EDI. The distributor must quickly and accurately validate the chargeback, create a credit memo in their accounting system, and then send the credit memo to the wholesaler

so they can reference it when they pay the invoice."

Chargebacks can amount to hundreds of thousands of dollars, making the ability to efficiently process them and identify and dispute any errors absolutely vital to a manufacturer's business success. Matt Hoenig, President, MDH Insight, Inc., designed and developed EmpowerRM that automates this process for H2-Pharma.

Mr. Hoenig describes how the overall integration and automation works: "H2-Pharma uses TrueCommerce EDI to export purchase orders from customers and create sales orders in QuickBooks, and to exchange warehouse shipping documents with its 3PL. When an EDI 844 Product Transfer Account Adjustment document comes in, the EDI system automatically exports it as a flat file using the TrueCommerce Scheduler add-on. EmpowerRM then imports the flat file, validates it, and creates the credit memo in Quickbooks Premier. Then EmpowerRM exports an EDI 849 Response to Product Transfer Account Adjustment document in flat-file format. TrueCommerce Scheduler automatically imports the 849 into TrueCommerce EDI and sends it back to the customer."

SUPPORTS STRONG KEY RELATIONSHIPS AND ONGOING BUSINESS GROWTH

Currently, H2-Pharma has about fifteen EDI trading partners. But roughly 95% of its EDI transactions relate to one of the three major US pharmaceutical wholesalers: McKesson, AmerisourceBergen, and Cardinal Health. The distributor's total EDI transaction volume is about 600 to 700 documents per week, which TrueCommerce EDI handles with ease.

"EDI is the preferred method for business communication in our industry—everything gets done via EDI," Mr. Clifton relates. "For a small distributor like us, the ability to efficiently send and receive EDI documents with the three major wholesalers is absolutely crucial."

SAVING TIME AND MONEY EVERY DAY

H2-Pharma has been a TrueCommerce EDI customer since 2014. Prior to that they were outsourcing EDI to their former 3PL provider. They chose to bring EDI in-house to improve responsiveness and cut costs.

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>
> **Kyle Clifton**
> Supply Chain Manager,
> H2-Pharma

"Cost was a huge factor in the decision to implement integrated EDI," states Mr. Clifton. "As our transaction volume increased, costs went up drastically, especially since we were paying extra for each chargeback document."

A drive to improve customer service by accelerating shipping and chargeback resolution also played a role. "We were struggling to get the 3PL to turn transactions around in a timely manner," Mr. Clifton notes.

H2-Pharma chose TrueCommerce EDI because it offered the most comprehensive, out-of-the-box integration with QuickBooks Premier. According to the company's analysis, TrueCommerce also offered the lowest total cost of ownership and operation for EDI.

Without EDI, H2-Pharma would need custom software and/or significant manual effort to get invoices, POs, ASNs, etc. in and out of QuickBooks. Processing warehouse documents would compound the challenge.

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ABOUT TRUECOMMERCE
TrueCommerce is the most complete way to integrate your business across the supply chain, integrating everything from EDI to inventory management, to fulfillment, to digital storefronts and marketplaces, to your business system and to whatever comes next. That's why thousands of companies across various industries rely on us.

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THE TRUECOMMERCE TEAM IS HERE TO HELP!
If you have any questions regarding TrueCommerce, or how our solutions apply to your business, our passionate, customer focused team is here for you.

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