

KEEP THE GOODWILL FLOWING

Funded entirely by private donations, Direct Relief supports local health care providers worldwide by providing essential medicines and medical supplies to improve the health of people in need.

Author: Christoph Zeidler

Fast responders: Gordon Willcock, Brett Williams, and Andrew MacCalla (from left) of Direct Relief's emergency response team at Port-au-Prince airport, Haiti



Step inside Direct Relief's massive warehouse in Santa Barbara, California. It is the temporary home of hundreds of millions of dollars in donated medicines and supplies, and you would think you were inside Ikea or Costco, rather than California's largest humanitarian aid organization. The warehouse is decorated with flags from across the globe, representing the wide range of countries where Direct Relief is actively supporting health care providers. Operating in the most tightly-regulated industry in the world, distribution of pharmaceuticals, the organization responds to the largest disasters in the world and provides donated drugs on an ongoing basis to 62 countries.

On this Friday in early September 2010, the warehouse is humming. Incoming pallets of medicines are unpacked and sorted, and warehouse personnel are building outgoing shipments using scanners to import specific barcode data into the company's SAP system. This inventory system allows Direct Relief to track every single donated product, down to each individual pill, inhaler, IV bag, and syringe, to the local health care facility to which it will

be delivered. The labels on the pallets reveal some of the destinations: "Asthma medication, Texas," "Syringes, Wyoming," and "Gauze bandages, Haiti." It may seem chaotic at first glance, but the setup here is highly organized.

From California to the world

"The barcodes on the pallets and storage racks indicate where specific items are stored and ensure that our physical inventory runs smoothly," says Damon Taugher, director of Direct Relief USA. "We know exactly which items are located where and what their final destinations are in the world. We rely on private donations to fund our work. To do it well, we need to continually demonstrate accuracy and transparency." It is essential that the pallets be labeled and stored correctly because they contain medications and medical equipment with varying storage and temperature requirements as well as differing areas of application and expiration dates.

Warehouse personnel use scanners to import the barcode data into the SAP system that controls the physical inventory and the supply chain. "SAP is the nerve center of everything that goes on here. It's the core of our business," says Bhupi Singh, who is EVP, COO, and CFO at Direct Relief. "Like a profit-oriented company, our business requires accuracy and accountability." Direct Relief needs an IT platform that stores and displays all the relevant information clearly in addition to managing funds, finances, and logistics, and mapping a range of other business processes. "SAP software is the perfect solution for us. It helps us help others quickly and transparently," says Singh.

For fiscal year 2010, Direct Relief's financial audit showed a net variance of 0.006% on nearly half a billion wholesale transactions relating to incoming and outgoing inventory – a level of accuracy unheard of in the sector.

Care and efficiency

"We help facilitate the flow of goodwill" is how IT director Ross Comstock describes his team's key responsibility. In order to focus on this task, he →

AT A GLANCE

THE SITUATION Direct Relief International supplies people worldwide with no-cost medications and medical supplies. In the United States alone, it has distributed relief items worth \$1.4 billion since 2000. Direct Relief needed an IT system that would handle this business volume and scale up to allow further growth.

WHY SAP? As a nonprofit organization, Direct Relief's priorities are transparency and the responsible handling of donations. SAP ERP, SAP CRM, SAP NetWeaver Portal, and solutions from the SAP BusinessObjects portfolio provide the required transparency, support shipping processes, and promote the creation of a global partner network.

THE RESULT Direct Relief can now access all the information it requires in real time and can respond faster and more flexibly to crises such as the earthquake in Haiti or the floods in Pakistan. Its inventories are optimized, partners can place orders online, and Direct Relief can provide proof of how funds have been used.

CVS Caremark

Direct Relief began working with CVS Caremark in September 2010 to distribute no-cost influenza vaccine vouchers to people in the U.S. without health insurance. Via the Direct Relief partner network of over 1,100 community clinics and health centers, patients can obtain a voucher that entitles them to receive a no-cost shot at a CVS pharmacy. During this campaign, CVS Caremark, which operates the largest pharmacy chain in the United States, will donate influenza vaccines worth \$5 million.

Emergency relief for Haiti

Since the earthquake in Haiti on January 12, 2010, one million Haitians have been living in tent camps under dire hygiene and medical conditions. Food and safe drinking water are in short supply; disease and illness are rampant. Thanks to the generous support of private and corporate donors, Direct Relief launched the biggest emergency campaign in its history, one that is still ongoing. Over 250 tons of medical and other relief supplies, worth over \$54 million, have been delivered to health care facilities and hospitals throughout Haiti.



Thomas Tighe, Direct Relief president and CEO, keeps an eye on operations in the Santa Barbara warehouse.



Easing suffering as fast as possible: Kerri Murray, responsible for communications at Direct Relief, on the ground in a refugee camp in Haiti.

outsourced most of the organization's administrative processes and server operation. "Direct Relief is a lean organization. We make careful and efficient use of our resources," he says.

IT is no exception. Alongside data integrity and a broad functional scope, efficiency was a key factor in Direct Relief's decision to go with SAP in 2008. "Our legacy systems had reached their limits and were slowing down our growth. So we were finding it difficult to extend our aid programs," recalls Comstock. When the search for a new solution began, he says, "SAP had the most robust toolset and quoted the best price."

Getting goods to the needy

Another FedEx truck pulls up outside. The warehouse buzzes with activity. Incoming goods are unloaded and then reloaded, ready for their onward journey.

"We basically act as a facilitator," says Taugher. "Whether we're supplying relief items for the flood victims in Pakistan or influenza vaccine for the United States, we use our partner network to ensure that the donated goods reach the people who need them as quickly and as efficiently as possible." In this process, he explains, the efficiency of the local partners and their ability to assess a situation on site are indispensable. "We trust our partners. They are fully and properly licensed, live in the communities they serve, and they know best what kind of help is needed and who needs this help most." Community clinics and health centers can view Direct Relief's inventory and order materials and medications online. SAP NetWeaver Portal ensures this runs smoothly because partners can only see the goods that are relevant for their requirements and can only order items that comply with

regional regulations. "SAP NetWeaver Portal allows us to link up more efficiently with our partners and to create a

SAP HAD THE MOST ROBUST TOOLSET AND QUOTED THE BEST PRICE. — Ross Comstock

partner-to-partner network," says Comstock. "Thanks to the integration with the SAP Customer Relationship Management application, we have built a marketplace in which partners can allocate goods among themselves. This enables us to match the limited supply with the unlimited demand as effectively as possible." Direct Relief's network is



not limited to community clinics and health centers, though. Large corporations such as Abbott, GlaxoSmithKline, and Pfizer are also key partners and supporters. “Corporate donations make up about 25% of our total cash donations,” says CFO Singh. “Our product aid programs, on the other hand, are heavily reliant on support from pharmaceutical companies.” These companies often donate large batches of medications for rapid and easy distribution, he reports, adding that the SAP system makes it easy to pinpoint where the product donations are as well as when and how they reached their destination.

Fast humanitarian aid

“At Direct Relief, our job is to provide humanitarian aid to the victims of adversity and poverty,” says Thomas Tighe, president and CEO, summing up his

organization’s task. A former COO of the U.S. Peace Corps, he knows only too well that vulnerability and misfortune can hit people suddenly and with full force. Not just in developing countries, but anywhere. “Whatever the situation,” he emphasizes, “we have to make important decisions and get personnel and supplies to the right places to ease human suffering as quickly as possible.”

The global economic crisis, Tighe says, has exacerbated the situation. The number of people who need help is rising. Thus, despite a great willingness on the part of the public and private sectors to make charitable donations, organizations like Direct Relief are forced to achieve more with fewer means. “In general, but particularly in emergencies, we have to move fast, with precision, and in the most cost-effective way possible – just as any commercial business does. Helping people who are suffering



Direct Relief International

Founded in 1948, Direct Relief is a California-based nonprofit organization focused on improving quality of life by bringing critically-needed medicines and supplies to local healthcare providers worldwide. Direct Relief has provided \$1.4 billion in privately funded humanitarian aid since 2000, including more than \$200 million in assistance in the United States. It has earned a fundraising efficiency score of 99% or better from Forbes for the past eight years, and is the first and only nonprofit organization to become a wholesale pharmacy distributor in all 50 states and Puerto Rico. Direct Relief’s 50 employees and more than 400 volunteers work to strengthen in-country health efforts by providing essential material resources – medicines, supplies, and equipment – through their vast network of partners.



www.directrelief.org



or at high risk is a deeply compelling motivator, but we can only do this by having a system to organize both information and workflow simultaneously – the right information available at the right time – and that is what the SAP system gives us.” Direct Relief and its staff operate in the conviction that their work is desperately needed – and in the hope that they will continue to receive support. They would like to see many more deliveries pass through the warehouse in Santa Barbara on their way to providing humanitarian aid for people all over the world. ■



Video: High-Tech Help for Haiti



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