

Project SimplePharma Digital Transformation

Operations & Lean Six Sigma Implementation Plan

**April 15th**

Document Status: **Draft** | In Review | Approved

**Executive Summary:**

*To establish a sustainable and efficient pharmaceutical retail operation by implementing digital transformation technologies and Lean Six Sigma principles that eliminate wasteful processes, improve inventory accuracy, and enhance customer value delivery.*

|  |
| --- |
| **Project Goal** |
| ***SMART: S****pecific,* ***M****easurable,* ***A****ttainable,* ***R****elevant, and* ***T****ime-bound*   * Transform SimplePharma's inventory management and stock-taking processes by implementing RFID technology and AI-powered systems, eliminating quarterly stock-take closures, reducing inventory discrepancies by 95%, and increasing revenue by 15% within 18 months of implementation. |

|  |
| --- |
| **Deliverables** |
| 1. Implement an RFID-based inventory tracking system with AWS cloud infrastructure to achieve continuous inventory visibility and eliminate quarterly stock-take closures within 12 months. 2. Deploy AI-powered demand forecasting and smart replenishment systems to reduce stockouts by 95% and excess inventory by 30% within 15 months. 3. Develop and implement digital process flows that eliminate manual, paper-based tasks and reduce staff time spent on inventory management by 80% within 18 months. 4. Establish a control and monitoring system with real-time dashboards to maintain inventory accuracy above 99% and ensure continuous improvement. |

|  |
| --- |
| **Business Case / Background** |
| **Why are we doing this?**   * SimplePharma currently operates with inefficient, manual processes for inventory management, particularly the quarterly stock-take process that requires store closure, manual counting, sticky notes, and frequent recounting due to inconsistencies. * The current process results in revenue loss during the 6-hour closure period (3 p.m. to 9 p.m.), inefficient use of staff time, inventory inaccuracies leading to stockouts and excess inventory, and poor customer experience. * Digital transformation through RFID technology, cloud infrastructure, and AI solutions will eliminate these inefficiencies, drastically improve inventory accuracy, optimize staff utilization, and enhance the overall value stream. |

|  |
| --- |
| **Benefits, Costs, and Budget** |
| **Benefits:**   * Elimination of revenue loss during quarterly stock-takes (estimated at 24 hours of sales annually) * 95% reduction in inventory discrepancies, leading to fewer stockouts and lost sales * 80% reduction in staff time spent on inventory tasks, allowing reallocation to customer service * Improved demand forecasting accuracy leading to optimized inventory levels * Enhanced customer experience through better product availability (99.5% target)   *Additional benefits*:   * Real-time visibility across all inventory locations * Automated replenishment triggering based on actual demand * Predictive analytics for seasonal demand fluctuations * Reduced waste in movement, waiting, and overprocessing * Enhanced compliance and audit capabilities   **Costs:**   * RFID infrastructure (tags, readers, edge computing) * AWS cloud architecture implementation and subscription * AI/ML model development and implementation * Staff training on new systems and processes * Project management and implementation services   *Additional cost areas (optional)*:   * System integration with existing ERP (Omega) * Change management activities * Hardware upgrades where needed * Potential short-term productivity dip during transition   **Budget needed:**   * €150,000 |

|  |
| --- |
| **Scope and Exclusion** |
| **In-Scope:**   * Inventory management processes (receiving, storage, replenishment, stock-taking) * RFID implementation across all product categories * AWS cloud infrastructure deployment * AI-powered forecasting and replenishment systems * Staff training on new technologies and processes * Integration with existing ERP system (Omega) * Process redesign for warehouse operations * Development of new standard operating procedures * Implementation of digital process flows * Real-time monitoring dashboards   **Out-of-Scope:**   * Point-of-sale system upgrades * E-commerce platform development * Prescription processing systems * Facility layout redesign * Pharmacy clinical services * Regulatory compliance systems (beyond inventory) * Customer loyalty program |

|  |
| --- |
| **Project Team** |
| **Project Sponsor:** CEO of SimplePharma  **Project Lead:** Operations Excellence Manager (Lean Six Sigma Black Belt)  **Project Team:**   * Warehouse Manager * Shop Floor Manager * IT Systems Manager * Digital Transformation Specialist * AI/ML Engineer * Lean Six Sigma Green Belt * Finance Analyst * Change Management Specialist   **Additional Stakeholders:**   * Pharmacy Staff * Suppliers (MedDev, DrugSeek, VitaFast) * IT Support * Customers * Regulatory Compliance Officer |

|  |
| --- |
| **Measuring Success** |
| **What is acceptable:**   1. Complete elimination of quarterly stock-take closures within 12 months of implementation. 2. Real-time inventory accuracy of 99% or higher, measured by weekly spot-checks. 3. 80% reduction in staff time spent on inventory-related tasks within 18 months. 4. 95% reduction in stockouts without increasing overall inventory value. 5. 15% increase in revenue through improved operations and availability. 6. 90% of staff proficient in new technologies and processes within 6 months of implementation. |