

Smith Drug Company | Powered by VAI



The Company

Smith Drug Company is a \$2.5 billion pharmaceutical wholesale distribution company that services over 1,000 independent pharmacies and long-term care facilities in 18 states throughout the southeastern U.S. Established in 1944, Smith Drug Company is headquartered in Spartanburg, S.C., and has two other distribution centers in Paragould, Ark., and Valdosta, Ga. Its inventory includes prescription and over-the-counter drugs, beauty supplies and medical equipment.

Industry

Wholesale Distribution,
Pharmaceutical

Requirements

Compliance, WMS, FDA/DEA
Compliance

The Solution

What happens when a wholesale and distribution company grow exponentially? Over the past decade, Smith Drug Company found out when it experienced enormous growth. The company knew that it would soon push the limits of its enterprise resource planning (ERP) software. To maintain its growth potential, remain competitive, respond to the dynamically changing industry, and supply its customers with unparalleled service, Smith Drug Company developed an aggressive initiative to enhance its technology.

As a 66-year-old company, it was inevitable that Smith Drug Company would need a new ERP system possessing features essential to a growing business with an expanding customer base. The company's legacy system, written in-house, was no longer able to accommodate the business' needs, especially in the areas of inventory management and customer service.

Without ERP software that improved inventory accuracy, distribution operations and customer service, the continuously growing company was confined to just two warehouses and unable to reach its potential. The primary reason for this was that employees had to manually enter inventory information—a time consuming task considering

the high volume of orders received. Manual data entry also impeded Smith Drug Company's replenishment process. This made it difficult for users to determine exact quantities of product in the warehouse.

Smith Drug Company aimed to implement a solution that would streamline the inventory management process and help the company achieve its growth capability. The ideal solution would be highly functional and capable of interfacing with existing modules, while adhering to industry regulations. With a strong need to expand beyond its two warehouse facilities, Smith Drug Company understood that investing in a state-of-the-art ERP system would allow the company to do this. With the ability to scale its technological resources to an ever-growing client base and product portfolio, Smith Drug Company was proactively preparing for the future and its anticipated growth.

The Company found a reputable, knowledgeable ERP vendor in VAI (Vormittag Associates, Inc.). VAI's S2K software solution offers leading edge, customizable technology that can easily interface with existing systems. VAI's solution provides integrated applications for warehouse, wholesale distribution,



The Solution continued:

purchasing, and customer service management.

Smith Drug Company realized that using an ERP with a robust, integrated warehouse management system (WMS), and incorporating this into other key aspects of the business would maximize the

solution’s potential throughout the organization. This initiative included automating Smith Drug Company’s warehouse operations with voice picking software and automated and semi-automated picking machines. These were integrated with an intelligent warehouse control system (WCS). The software, installed on an IBM Power System™, was also customized for Food & Drug

Administration (FDA) and Drug Enforcement Agency (DEA) compliance.

Upon implementing a customized version of VAI’s S2K for Distribution, Smith Drug Company began to experience an improvement in the efficiency and simplicity of its everyday processes.

The Results

VAI S2K fulfilled Smith Drug Company’s need for inventory accuracy by alerting employees of errors as they occurred and by tracking inventory movement more closely. With S2K, Smith Drug Company can easily check received item quantities during the put away process, and check return quantities processed through its restock program. S2K also provided Smith Drug Company with the ability maintain infinite locations for one item in the same warehouse facility. This was important because the previous solution only had the capability to accommodate two locations for each piece of inventory.

Additionally, S2K gave

Smith Drug Company the ability for automated replenishment, eliminating the mistakes that can come with manual data entry. Moreover, the system schedules purchases before products run out, ensuring that the company always has adequate inventory on hand to service its customer base.

Another issue solved by S2K was the accessibility of information, such as customer and shipping data. Such information is now readily available at employees’ fingertips, consequently improving customer service and virtually eliminating the need for employees to consult the IT department.

By implementing VAI’s S2K for Distribution, Smith Drug Company enhanced existing, and acquired new and valuable technological capabilities. Due to S2K’s user-friendly interface,

employees can quickly create reports and retrieve customer and order information. As a result, calls to Smith Drug Company’s IT department dropped 75 to 80 percent, noted Isaac Rogers, Vice President of Operations. This allows personnel to make better use of time, focusing on exceptional customer service and accurate inventory management.

However, the most significant result has been in the addition of Smith Drug Company’s third warehouse in Valdosta, Ga. The new location is a major step forward in the company’s expansion, allowing it to reach additional customers and drive more business. By enhancing its efficiency and inventory accuracy, Smith Drug Company now has room to grow and is poised for continuous expansion in the years to come.

Since the launch, Smith Drug



The Results continued:

Company has been using VAI's ERP Software to:

- Improve efficiency and simplicity in everyday processes
- Maintain infinite locations for one item in the same warehouse facility
- Automate replenishment
- Improve customer service
- Continue expansion and drive more business
- Reduce calls to IT Dept. by 75 to 80 percent

“VAI’s ERP solution has helped improve the company’s efficiency in warehousing and distribution operations, thus allowing us to open a third location, one of our primary goals.”

- Isaac Rogers, Vice President of Operations, Smith Drug