

# Strategic Enablers Q&As

SET members answer the following three important questions in relation to our strategic enablers:

**Q1** How do you support Dechra's strategy?

**A1** DPM consists of two manufacturing facilities based in the EU and since May 2014 one in the US. The majority of Dechra's pharmaceutical products are produced by DPM, providing a much more reliable and flexible supply chain than has traditionally been provided by third parties.

This set-up provides additional margin opportunities for the Group and greater speed of response when addressing particular market difficulties or opportunities.

DPM and the Dechra Product Development team work closely together to bring development projects to fruition as early as possible. In-house scale-up, validation and stability studies can all be carried out faster and at less expense.

Third parties and in-licensing partners for Dechra's pharmaceutical and care products are also managed by DPM to support the supply chain for such products.

**A2** The facilities operate to regulatory standards and accreditations for Good Manufacturing Practice (GMP). We have significantly expanded our accreditations over recent years to supply product to most significant global markets, particularly the US. During this financial year, we obtained FDA approval for Skipton's injections department to produce both existing and new pipeline products for the US market. Additionally, MHRA granted approval of our refurbished Liquids, Creams and Ointments department in Skipton.

Third party manufacturing revenue continues to grow, contributing to fixed costs absorption and improving our margins.

As we aim to reduce our production costs per unit, we continued to invest in equipment to reduce wastage, increase flexibility of speed and batch sizes. We have also introduced several new KPIs to improve measurement of our cost improvement initiatives.



**Q&A with Allen Mellor, Group IT Director**  
**Strategic Enabler: Technology**

**A1** Since joining Dechra in 2012, the objectives of Dechra and those of the IT functions within each business unit have changed considerably. The emphasis across the IT teams is now one of collaboration, with the sharing of knowledge, learnings and solutions which can be used to leverage benefits and efficiencies across Dechra. IT solutions are now always considered for Group deployment with the aim of standardisation, bringing efficiencies in support and cost whilst providing new technical solutions to the Dechra users and customers.

**A2** The Oracle ERP roll out is a key programme for Dechra and the last financial year has seen a significant change

**A1** The primary objective of our People Plan is to enable the Group to drive innovation, customer and shareholder value, accountability and success.

We recognise that, within a growing business, our culture is core to our success. The Dechra Values were developed in 2011 and, since then, have helped shape our culture as we have grown both organically and through acquisitions.

It is also important to drive a culture of performance and accountability to deliver our strategic ambitions. During the last year, we launched our PDR process to our office based staff around the globe, part of which encourages a formal

discussion about the Dechra Values during the annual review meetings.

**A2** Earlier this year we developed an approach for reviewing the performance and future potential of the talent within the organisation, evaluating where our future people and technical leaders are. Understanding our talent map helps drive development activity for individuals, manage succession more effectively and identify where we need to recruit new experience into the Group.

Succession plans are now documented across the Group and we will continue to review and monitor these on an annual basis.

In our drive to attract talented people we have developed and launched our first

Group-wide careers website; all vacancies will be advertised on the site giving a view of the breadth of opportunities available across our global business.

**A3** A key priority will be the implementation of the Human Capital Management system, automating many currently manual processes, creating an opportunity to align and improve standard processes and share HR resources more effectively across Dechra. Managers will have better access to employee data and employees will be able to control some of their own personal data. The expected reduction in the administrative burden for the HR team will free time to deliver our People Plan.

**Q2** What have the key highlights for the year been?

**Q3** What are your priorities for next year and beyond?

**A3** Our priorities and focus in the next few years will remain the same. We will continue to gain further FDA approvals, make strategic investments to increase our capabilities and ensure our Supply Chain is robust and efficient.

To assist in the delivery of our pipeline, DPM will also support the introduction of new products. A fully integrated Sales and Operations Planning process will ensure the business is ready to adapt to variability in demand.

Additionally, we will start the upgrade of our existing Oracle system as part of the Group-wide Oracle roll out.



**Q&A with Mike Annice**, Managing Director, Manufacturing  
**Strategic Enabler: Manufacturing**

in both the management of the programme and our delivery approach. A dedicated Programme Manager has been assigned to drive the project steering and ensure traction is maintained. The consultancy team has expanded in line with the need for multiple delivery streams and the key users have been engaged with the analysis and design of business process changes required to implement the Oracle solution. In the last quarter, the Oracle Financial Consolidation solution for the Group was delivered, meeting successfully the first milestone of our roll out.

IT also supports the business and identifies opportunities for efficiency improvements. During the year the IT teams saw the final Windows XP machines decommissioned, the full deployment of the Private Cloud

MPLS network and the emerging requirements for tablet devices for mobile users within the business.

Following a successful pilot of the Microsoft Surface Hybrid PC tablets, the IT Team commenced the replacement of laptops. The latest Microsoft devices enable the ongoing provision of existing legacy software, controlled security of data and network connectivity with more convenient, lightweight, touch based solutions perfect for presentation of digital content.

**A3** The one certainty within IT in any business is that solutions that are available today may be redundant and obsolete tomorrow. As such, identifying the right solutions which will have a critical impact on the Group will continue to be essential.

Over the forthcoming 12 to 24 months, the IT teams will continue with the ongoing deployment and roll out of Oracle hand in hand with key business users. The next major implementation is not scheduled to take place until late 2016, however, the testing prior to deployment will be a critical factor completed over the next year in preparation for this key date.

As the Hybrid tablet devices replace progressively all laptops, the opportunities to introduce new, touch friendly solutions to support the mobile workforce will also take shape. The team will also continue with the infrastructure refresh programme.

The development of a Group-wide remuneration and reward strategy will aim to create equity in our approach to compensation and benefits across the Group. This should also ensure that we remain competitive and can attract the best talent to the organisation to meet our resourcing needs in the coming years.

We will assess the effectiveness of the Graduate Development programme and plan for its expansion for 2016 intake.

Finally, we will continue to focus on leadership development including the Senior Executive Team.



**Q&A with Katy Clough**, Group HR Director  
**Strategic Enabler: People**