

# CASE STUDY

Digital Transformation in Retail: Halving Service Time for a Leading Pharmacy Chain



## Digital Transformation in Retail: HALVING SERVICE TIME FOR A LEADING PHARMACY CHAIN

### HIGHLIGHTS

- Processing time reduced by **40%** for pharmacists – all activities (order review, stock check, and product search) can be performed in one application.
- Demand-driven inventory optimization for **minimized stock-out rate (from 15% to <5%) and reduced cash conversion cycle from 45 to 30 days.**
- Delivery time considerably improved, from 95% of orders being completed within 24 hours, to **99% under 3 hours and 75% under 1 hour.**
- The application is applied nationwide within just **six months** of idea development and **two times** faster than initial plan.
- High usage rate – the application is welcomed by **100%** of the store pharmacists.



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### OUR CLIENT

The pharmaceutical industry is expanding rapidly. In Vietnam, the sector is expected to reach US\$16.1 billion in 2026<sup>1</sup>. Undoubtedly, the number of pharmacy stores has increased exponentially, reaching a total of 57,000 stores nationwide<sup>2</sup>. Capturing the market potential, players in the pharmaceutical industry are placing different strategic focuses to achieve growth.



Betting on store efficiency for sustainable growth, our client - FPT Long Chau pharmacy chain, turns to digital transformation for operational excellence. The chain is a subsidiary of the FPT Digital Retail Joint Stock Company and a member of the Vietnam-based conglomerate – FPT Corporation. Beginning with four humble stores in 2018, the company has expanded quickly to 400 stores in 2021 and reached 800 in 2022, accounting for a whopping 45% of the market share in just three years. Given its rapid growth, FPT Long Chau has become one of the leading and most reliable pharmacy chains in the country, providing a wide variety of prescribed and non-prescribed medicine, dietary supplement, and medical equipment.

However, as experiencing a quick expansion, our client soon finds their system insufficient to support a significantly larger number of stores and fulfill increasing demands from the customers.

### SOLUTION

FPT Software has teamed up with FPT Retail to modernize the home-grown enterprise application system which suited only product sales to a scalable user-centric demand-driven digital platform. New features include:



**Seamless experience between channels** for both customers (web commerce, mobile commerce) and employees (sales app on PC/ web/ mobile)



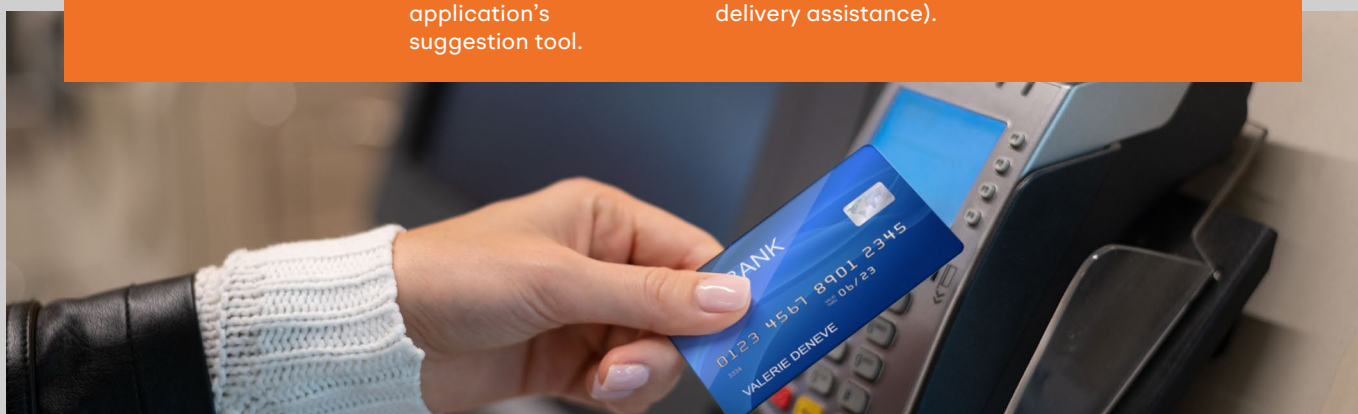
**End-to-end journey-based application:** pharmacists can collect and review orders, check in-store stocks, and search for product locations. They can even provide personalized recommendations for the customers with the application's suggestion tool.



**Standardized integration gateway** for shipment, payment and others: such as support of different payment methods (cash, card, online banking and digital wallet) and integration of other applications for smoother services (Google Maps for delivery assistance).



**Inventory optimization based on demand,** supported by real-time data processing and near real-time reporting.



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Besides developing the application, FPT Software was also responsible for scaling up its solution across the client's stores nationwide. Identifying "people" as the key to successful digital transformation, FPT Software has:

- Worked closely with the client, pairing up FPT Retail's and FPT Software's personnel for smoother implementation.
- Established a so-called "DX angels" team consisting of 3 positions: system tester, consultant and assistant. The team is responsible for persuading, consulting and guiding pharmacists to use the new application.

### VALUES:

- **Reduced order processing time:** the application enables pharmacists to reduce order processing time from **5 minutes to 2 minutes** per order, compared to the previous system. Being able to operate on mobile phones, the system can also be accident-proof and allow services to remain **undisrupted** during sudden electricity blackouts.
- **Enhanced customer experience:** With more flexibility, the new system manages to improve customer experience, which could translate into higher customer retention and brand loyalty. While the previous system requires customers to notice stores in advance for non-cash payments, the new system manages to omit such hassle by integrating a variety of payment methods. Delivery time is considerably improved, from 95% of the orders being completed within 24 hours, to **99% under 3 hours** and **75% under 1 hour**.
- **Operational efficiency:** the demand-driven inventory management feature allows stores to optimize inventory and maximize sales whilst **reducing stock-out rate from 15% to less than 5%**. This in turn improves **cash conversion cycle from over 45 days to less than 30 days** and contributes to the transformation of the company from loss making to being profitable.
- **Quick roll-out:** With the human-focused approach, the solution was successfully rolled out within just **six months** and is **two times** quicker than the initial plan. The new system was hugely welcomed by the pharmacists and experienced no resistance, with a whopping **100%** of the pharmacists using the application within just **2 months** of implementation.



### DISCLAIMER

FPT Software is a global technology and IT services provider headquartered in Vietnam, with more than USD 600 million in revenue and 25,500 employees in 27 countries. As a pioneer in digital transformation, the company delivers world-class services in Smart factory, Digital platforms, RPA, AI, IoT, Cloud, AR/VR, BPO, and more. It has served 1000+ customers worldwide, a hundred of which are Fortune Global 500 companies in the industries of Automotive, Banking and Finance, Logistics & Transportation, Utilities, and more.

For more information, please visit: <https://www.fpt-software.com>.