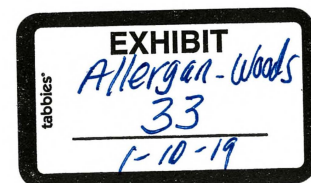

From: Woods, Mary
Sent: Tuesday, November 08, 2011 12:05 PM
To: Boyer, Andrew
Subject: 2012 Budget Customer Relations Presentation MW 3.pptx - slide 4 modified using marketing template
Attachments: 2012 Budget Customer Relations Presentation MW 3.pptx

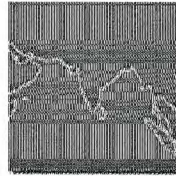
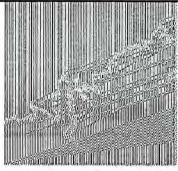
Andy,

I tried to duplicate the slide you sent to show the different elements of functions, and no overlap of responsibility, this may be too detailed, if so, I can consolidate just let me know. The only change is slide 4 has been added.

Best Regards,

Mary J. Woods
Executive Director, Customer Relations Operations
Watson Pharma Inc., Corona, CA 92887 Direct: 951-493-5951 Cell:951-316-616 mary.woods@watson.com



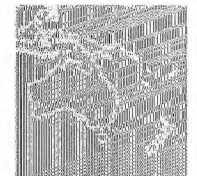
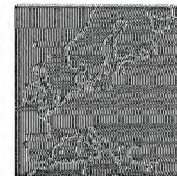
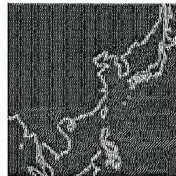


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Focused on Global Growth

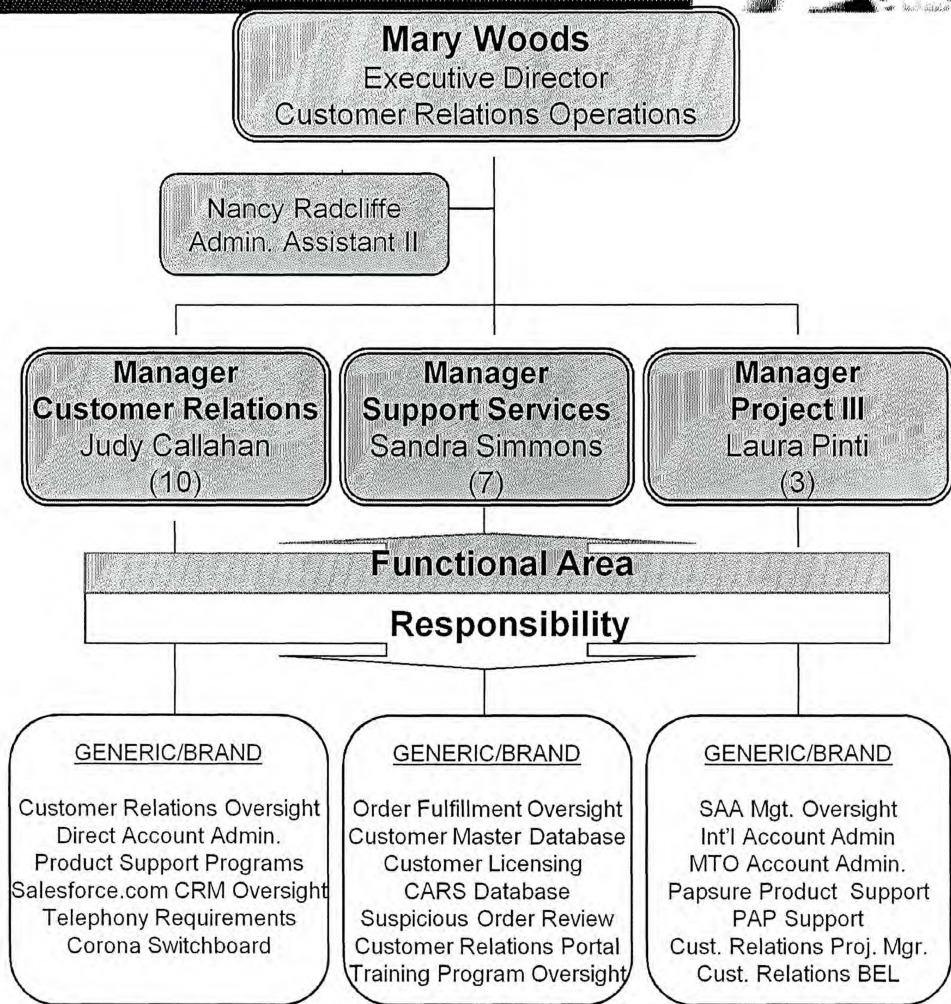
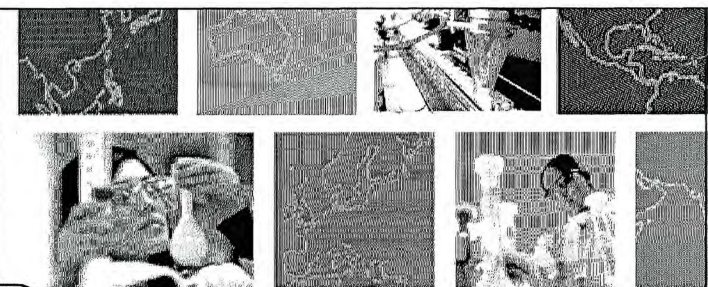


Customer Relations Operations 2012 Budget Proposal

Mary Woods
October 2011



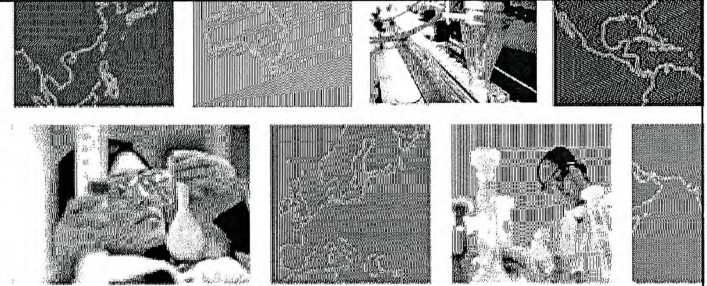
Customer Relations Organizational Structure



Total Headcount - 22



Headcount Summary

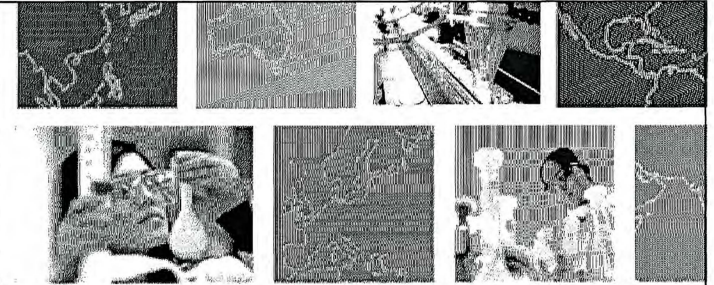


**Generic Sales & Marketing
Customer Relations Headcount Summary
2012 Budget**

Cost Center #	2010 Actual	2011 Budget	Aug 2011 Actual	2012 Budget	<u>12B vs 11A</u> Chg	<u>12B vs 11B</u> Chg
507200	24	24	22	22	0	-2
Total Headcount	24	24	22	22	0	-2

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Customer Relations Operations Headcount by Function



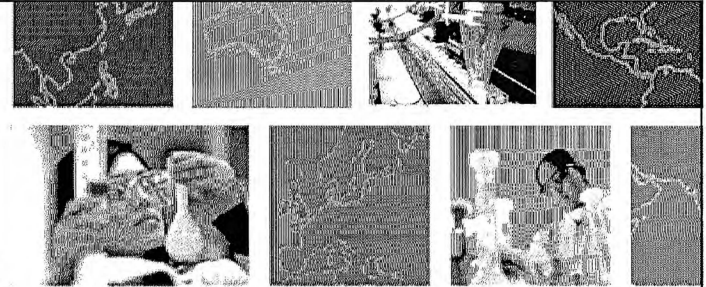
FUNCTIONAL AREA	2011 Actual	2012 Proposed
Customer Relations Admin –Primary: ABC, Kinray, Caremark, Medco, CVS, *C, *HCP,*F	1	1
Customer Relations Admin –Primary: Wal-Mart, Walgreens, HEB, Meijer, Kroger, SUPERVALU, Gum, C, HCP, F	1	1
Customer Relations Admin – Primary: PHS, Gov, DOD, CDC, Target, Conv. Stores, C, HCP,F	1	1
Customer Relations Admin- Primary: Optisouce Group, Cardinal, American Sales, *C, *HCP,F	1	1
Customer Relations Admin-Primary: Premier Group, Sm. Retail, PR, House Acts. N & SE, Vets, C, HCP,F	1	1
Customer Relations Admin-Primary: Indep. Dist., House Acts. N & SW, Omnicare, Harvard, FW Kerr, C, HCP,F	1	1
Customer Relations Admin- Primary: McKesson, Kaiser, Costco, Safeway, C, HCP, F	1	1
Customer Relations Admin – Primary: Anda, ESI, Rite Aid, Gulf South, Publix, M & D, C, HCP, F	1	1
Specialty Accounts Admin – International, Nephrology, Trelstar, Brand Specialty Mkts.	1	1
Specialty Accounts Admin – MTO, Business Development, PapSure, PAP	1	1
Master Data – CARS/Portal Admin/ Dept. Training	1	1
License Admin/SOMS Admin	1	1
Customer Master Data	1	1
Order Administration- Support	3	3
Administrative Support – Customer Relations Ops	1	1
Switchboard (CA)	1	1
Manager – Order Administration/Master Data/License	1	1
Manager – Customer Relations	1	1
Manager – SAA/Project Management	1	1
Executive Director – Customer Relations Operations	1	1
*C = consumer, HCP = Health Care Professional, F= Watson Field		
Total	22	22

CONFIDENTIAL - SUBJECT TO PROTECTIVE ORDER

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2011 Key Accomplishments



Key Accomplishments

- **Canada SAP Order Fulfillment /Customer Master Implementation**
 - Identified SAP transactions, and OPDs as requirements to support the Canada business
 - Developed all Order Processing, Customer Master, and Navigation Training Materials
 - Conducted on site and web assisted training for Canada Sales Operations/Finance
 - In processing of completing balance of components for successful Go-Live

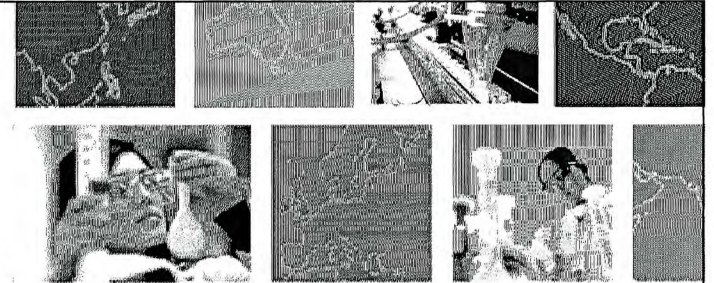
- **Pedigree/Serialization**
 - Completed PRA assessment via IT to initiate Watson Serialization Project team to develop strategy, timeline and budget to meet 2015 CA enactment.
 - Assisted India Team with Serialization efforts to meet India Ministry of Health July 2011 requirements.

- **Reverse Distribution Contract**
 - Completed initial vendor qualification questionnaire to determine participation in RFP process
 - Developed RFP and timeline with procurement team
 - RFP currently in process

- **Salesforce .com – CRM Solution**
 - Identified end user requirements to replace existing CRM Seibel application
 - Developed all end user training materials
 - Conducted all testing and validation of system and data
 - Completed implementation on time, and in budget

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2012 Objectives



Improve Operations

- **Global Bar Code /Case Label Standardization**
 - Complete Phase II Project 3rd Party Mfg Compliance
 - Execute plan to correct all internal Watson non-compliant case label

Improve Operations

- **ERP Planning**
 - ERP Initial Assessment: Support launch activities required for Order to Cash phase of project.
 - Determine resource requirements, planning, and other requirements as determined.

Improve Operations

- **Pedigree/Serialization**
 - Continue to support India team to complete Ministry of Health Serialization enactment dates for 2012. (January 2012, July 212)
 - Ensure Watson US project team is developed and completes goals and agenda for 2012

Meeting Customer Needs

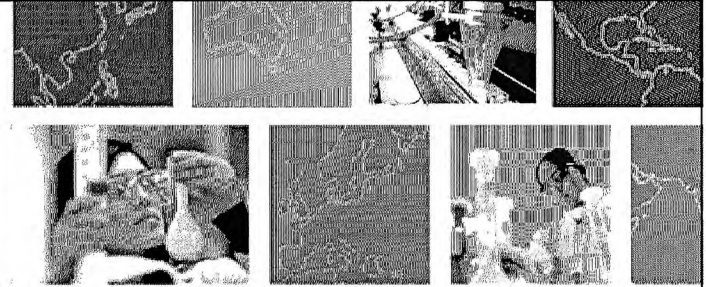
- **RFP – Reverse Distribution**
 - Seamless transition of reverse distribution service provider
 - Complete review/revisions to Watson Return Goods Policy

Improve Operations

- **System Enhancements**
 - Partner with Contract Operations to develop streamline process for CARS membership, addition, deletion, changes process.
 - Partner with DEA Affairs to develop enhancements to current SOMS systems.

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2012 Budget Key Assumptions



➤ Customer Relations: 507200

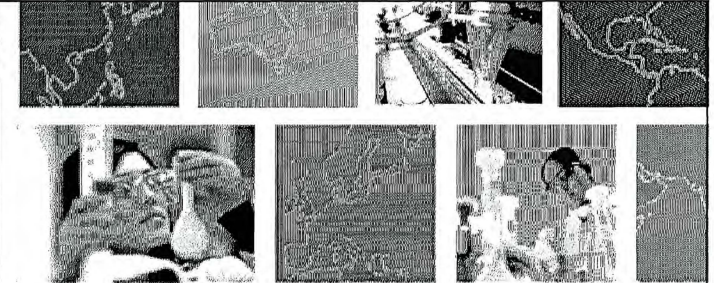
- Headcount and expenses remain flat to 2011
- Headcount accounts for 78% budget spend
- Depreciation, License/Fees, Facility Allocation account for 18% of budget spend

- No Pedigree planned expansion needs for 2012

- On going assistance of all “Product Support Programs”:
 - PapSure, Oxytrol, Trelstar, Rapaflo, Androderm, Prochieve, Gelnique Pump, ella, Generess (B) *added in 2011/2012
 - New Beginnings (G)
 - Next Choice (G)
- Increased support program assistance for Gelnique, Crinone (B)
- New program support for Generess, Androderm, Gelnique Pump (B)

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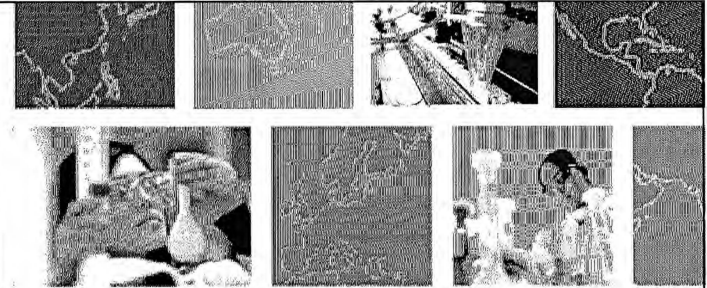
Operating Expense Summary



Customer Relations							
Operating Expense Summary							
(\$ in 000s)							
507200	2011	2011		2012	2012B vs. 2011F		
Major Expense Classification	FY Budget	FY Forecast	Fcst vs. Bud	Budget	\$	%	Explanation
Indirect Labor	2,104,511.0	2,121,930.0	17,419.0	2,170,086.0	48,156.0	2.3%	Allocated
Depreciation	371,556.0	275,209.0	-96,347.0	278,381.0	3,172.0	1.2%	Allocated
Dues & subscriptions	8,805.0	8,806.0	1.0	23,700.0	14,894.0	169.1%	GS1-16K (moved from OS Service), NTIS 6.5K, Business Journals, Association Fees
Education assistance	10,500.0	10,429.0	-71.0	7,252.0	-3,177.0	-30.5%	Two employees require benefits for 2011 yr.
Licenses & fees	82,063.0	80,073.0	-1,990.0	78,778.0	-1,295.0	-1.6%	CSOS & Pedigree 24K, Salesforce.com (not incl), IT Allocation 56K.
Training/seminars	8,150.0	8,150.0	0.0	8,100.0	-50.0	-0.6%	DEA Annual Conference 2.5K, Train the Trainer. 2K, Technology Conference 2K, Additional Dept. Needs \$1.5K
Travel / Meals & Entertainment	21,320.0	29,933.0	8,613.0	21,694.0	-8,239.0	-27.5%	Based on Training, Seminar, Customer Meetings. Standard site visits. Reduced cost due to completion of Canada project.
Outside/contract services	22,493.0	25,093.0	2,600.0	2,210.0	-22,883.0	-91.2%	Iron Mountain 1.5K, In Synch .6K
Office/Operating Supplies/Other Office Exp.	20,143.0	20,932.0	789.0	15,400.0	-5,532.0	-26.4%	No large purchases required. Office supplies CA & NJ - 5K, Operating Supplies -2.5K (headsets), Other Office Expenses 8K
Telecommunications	13,589.0	13,820.0	231.0	16,776.0	2,956.0	21.4%	Internet Service 5K, Cell Phones 4.2K, Conference Line .5K. AT & T Biller 6K
Facility Cost	103,200.0	144,219.0	41,019.0	144,216.0	-3.0	0.0%	
All Other	6,360.0	6,206.0	-154.0	5,960.0	-246.0	-4.0%	Postage, Auto Exp, Recruiting, Equipment Rental
Total Indirect Expenses	668,179.0	622,870.0	-45,309.0	602,467.0	-20,403.0	-3.3%	
Total Department Expense	2,772,690.0	2,744,800.0	-27,890.0	2,772,553.0	27,753.0	1.0%	


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Budget Worksheet

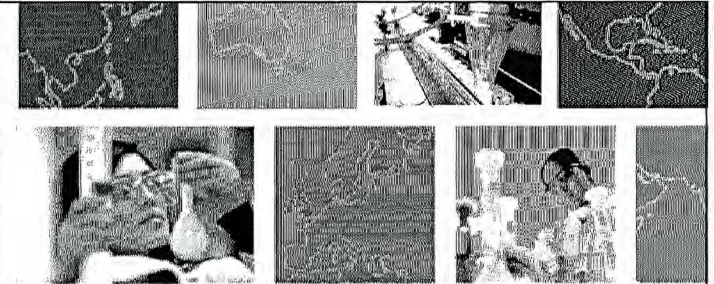


Customer Relations Operating Expense P & L Summary: 2012 Budget

Acct ID	Account	2011	2012	\$	%	2012			
		FY Fcst	FY Bud	FY Var	Var	Q1 Bud	Q2 Bud	Q3 Bud	Q4 Bud
411100	Regular Wages	505,431	529,165	(23,735)	4%	129,178	132,649	132,649	134,690
411200	Overtime	8,789	7,000	1,789	-26%	1,749	1,750	1,750	1,751
411300	Salaries	871,480	887,072	(15,592)	2%	216,051	222,532	222,532	225,956
411400	Benefits	392,430	402,607	(10,177)	3%	99,852	100,753	100,753	101,248
411450	Payroll taxes	110,550	107,729	2,821	-3%	32,416	27,171	24,952	23,189
411500	Commissions (employee)	-	-	-	-	-	-	-	-
411600	Bonus	-	-	-	-	-	-	-	-
411650	Corporate Bonus Program	175,322	180,725	(5,403)	3%	44,035	45,331	45,331	46,028
411700	Vacation	9,585	8,497	1,088	-13%	2,071	2,131	2,131	2,164
411750	Restricted Stock Expense	42,228	40,891	1,337	-3%	10,223	10,223	10,223	10,223
411760	Stock Option Expense	516	-	516	-	-	-	-	-
411800	Indirect labor-temp	5,600	6,400	(800)	12%	2,132	1,067	2,134	1,067
	Total Labor	2,121,930	2,170,086	(48,156)	2%	537,707	543,607	542,455	546,316
422410	Auto expense	130	130	-	0%	33	33	33	33
423320	Consulting expense	-	-	-	-	-	-	-	-
423550	Depreciation	129,153	121,729	7,424	-6%	30,514	30,432	30,391	30,391
423551	Depreciation - IT Allocation	146,056	156,652	(10,596)	7%	39,163	39,163	39,163	39,163
423800	Dues & subscriptions	8,806	23,700	(14,894)	63%	5,000	200	3,500	15,000
424100	Education assistance	10,429	7,252	3,177	-44%	1,813	1,813	1,813	1,813
424400	Equipment rental	5,330	5,330	(0)	0%	1,334	1,332	1,332	1,332
427650	Licenses & fees	24,407	25,200	(793)	3%	6,300	6,300	6,300	6,300
427651	Licenses & fees - IT Allocation	55,666	53,578	2,088	-4%	13,395	13,395	13,395	13,395
428100	Meals & entertainment	3,353	5,544	(2,191)	40%	1,436	1,286	1,286	1,536
429200	Office supplies	4,001	4,900	(899)	18%	1,632	817	1,634	817
429400	Operating supplies	8,945	2,500	6,445	-258%	625	625	625	625
429460	Other office expense	7,986	8,000	(14)	0%	1,000	1,000	3,000	3,000
429800	Postage/express delivery	487	500	(13)	3%	122	126	126	126
430200	Recruiting	-	-	-	-	-	-	-	-
430250	Relocation	-	-	-	-	-	-	-	-
430800	Social activities	254	-	254	-	-	-	-	-
431200	Telecommunications	13,820	16,776	(2,956)	18%	4,194	4,194	4,194	4,194
431400	Training/seminars	8,150	8,100	50	-1%	2,325	425	2,425	2,925
431450	Travel	26,580	16,150	10,430	-65%	2,692	5,382	2,692	5,384
452000	Outside/contract services	25,093	2,210	22,883	-1035%	842	456	456	456
951010	Facility Allocation	92,463	92,460	3	0%	23,115	23,115	23,115	23,115
951015	Distribution Allocation	51,756	51,756	-	0%	12,939	12,939	12,939	12,939
	Total Other Expenses	622,866	602,467	20,399	-3%	148,473	143,032	148,418	162,543
	Total before Allocations out	2,744,797	2,772,554	(27,757)	1%	686,181	686,640	690,874	708,859

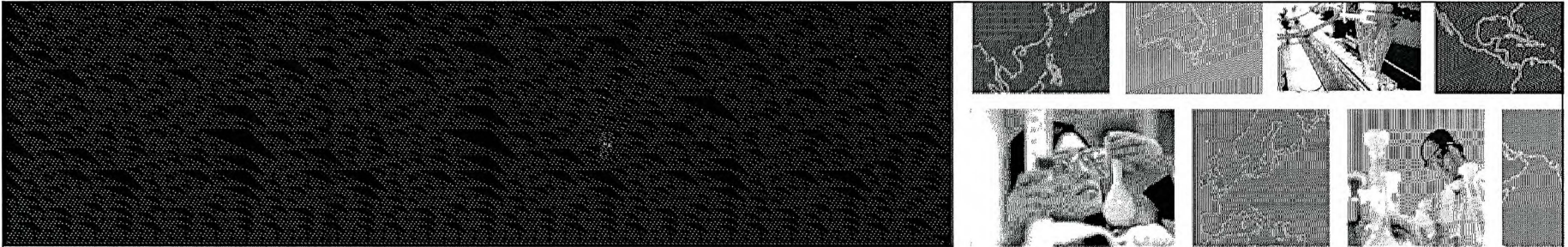
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2011 YTD (August) Productivity Statistics



CUSTOMER RELATIONS - KEY PERFORMANCE INDICATORS	INDUSTRY BENCHMARK	2010	YTD August 2011	2011 YTD vs. 2010 YTD % of change
CUSTOMER RELATIONS - SERVICE LEVELS				
Average Calls Per CR Administrator (monthly avg)	N/A	668	591	-11.5%
Average Percent of Abandoned Calls	≤3%	0.9%	2.1%	126.6%
Average Speed of Answered Calls (seconds)	<10 sec.	5	4	-16.8%
Average Cost of Call		\$ 5.38	\$ 6.16	14.5%
TRANSACTIONAL STATISTICS - CUSTOMER RELATIONS AND SUPPORT SERVICES				
CUSTOMER RELATIONS - SUPPORT STATISTICS (monthly avg per CRA)				
General Support Inquiries		122	118	-2.8%
Patient Assistance & Consumer Calls		80	79	-0.7%
Healthcare Professionals & Pharmacies support request		27	26	-3.7%
*New Beginnings Consumer Support Program inquiries (including avg. calls per CRA)		29	11	-62.1%
ORDER STATISTICS (monthly avg.)				
Average sales orders generated via Order Administration (non CII, SAA) (monthly avg.)		4,123	3,723	-9.7%
Average line items generated - all order		64,249	70,198	9.3%
Average invoices generated per order		1.7	2.0	17.6%
Average Allocation Time per Order (hours)		3.25	4.00	23.1%
Average Cost of an Order - Manual		\$ 4.21	\$ 4.29	1.9%
Average Cost of an Order - EDI		\$ 2.21	\$ 2.47	11.8%
MASTER DATA STATISTICS (monthly average per MDA)				
Customer/License Master record review/administration		283	343	21.2%
SOMS Validations		167	280	67.7%
CARS record review/administration		201	204	1.5%
TRANSACTIONAL STATISTICS - SPECIALTY ACCOUNTS				
SPECIALTY ACCOUNTS				
Total # of MTO/International Accounts		25	28	12.0%
Average # of MTO/International Orders (monthly avg. per SAA)		10	11	10.0%
Total Dollars MTO/International		\$ 18,001,666.75	\$ 16,798,702.84	-6.7%
Total Dollars PapSure		\$ 375,375.00	\$ 368,500.00	-1.8%
Total Dollars Crinone		\$ 2,374,829.21	\$ 6,330,720.10	166.6%
Total Dollars Trelstar		\$ 10,540,798.33	\$ 12,789,584.00	21.3%

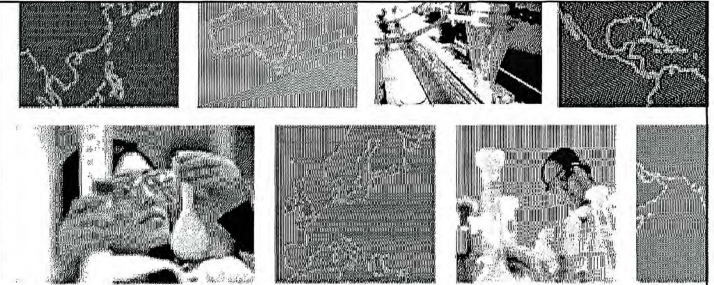
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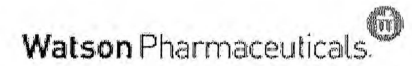
Back-up slides

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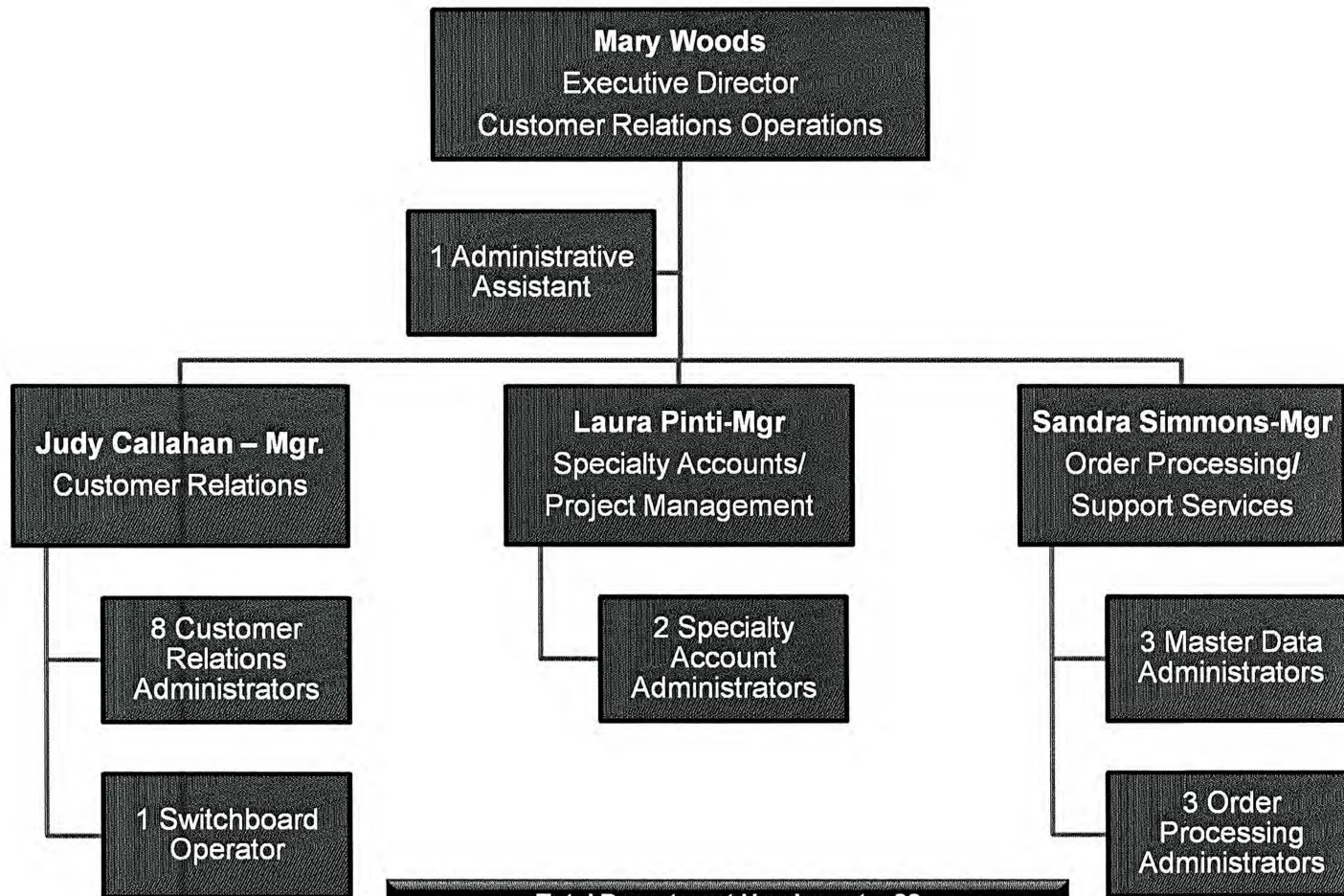
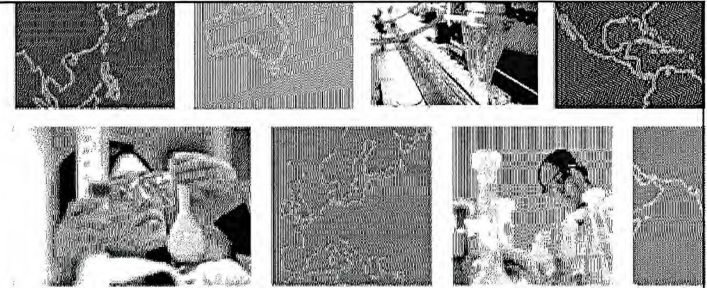
Detailed Assumption Worksheet




Customer Relations Assumption Worksheet 2012 Budget			
Account	Explanation	% Variance B 2012 vs 2011 FY FCST	Total
411200- Overtime	Based on 2011 actuals.	-20.4%	7,000.0
Total labor excluding OT			2,163,086.0
Total Labor	Reduced HC (2) 2012 vs. 2011	2.3%	2,170,086.0
423550-Depreciation	Allocated amount	1.2%	278,381.0
423800-Dues & Subscriptions	GS1-16K (moved expense from OS Service), NTIS: 6.5K, Dept. Business Journals: Drug Store News: Drug Topics: \$200, Association Fees: NACC Membership \$500 Total, PMI Fees \$200.	169.1%	23,700.0
424400- Equipment Rental	Based on 2011 actuals. - Dept. Copier- CA	0.0%	5,330.0
427650-License & Fees	IT Allocation: 56K, CSOS/Pedigree Annual License: 24K, Salesforce.com Annual License: (not incl. 48K)	-1.6%	78,778.0
424100-Educational Assistance	Education Assistance: (1.5 Emp.) 7.2K	-30.5%	7,252.0
429200Office Supplies, 429400Operating Supplies, 429460Other Office Exp.	Office Supplies: CA/NJ - 4.9K (NJ added 2011 1.7K), (+22%), Operating Supplies: 2.5K (-72%), Other Office Exp. 8K (+/-0%) Operating Supplies: Replacement headsets,(6)1.5K, Unforeseen needs: 1K= Total \$2.5K (-72%) Other Office Expenses: Holiday Cards and Calendars for Customers: \$2000, Watson Bucks Program \$1000 per Quarter Total \$4K, Cust. Serv. Week 2K, Total 8K (+/- 0% to 2011)	-26.4%	15,400.00
431200- Telecommunications	Internet Service: (staff/NJ-Inclement wheather) 5K, Cell Phones: 4.2K, Conference Line: .5K, AT & T Biller: 6K (based on 2011 actuals.)	21.4%	16,776.0
431400-Training & Seminars	Training & Seminars: Corona Coffee: .7K, DEA Annual Conference 2.5K, Train the Trainer. 2K, Technology Conference 2K, Additional Dept. Needs \$1.5K	-0.6%	8,100.0
431450-Travel 428100- Meals & Entertainment	Meals & Entertainment 428100: 2012 meals included 4 quarterly dept lunches (\$250 per location per qtr)\$2000 (bicoastal) Employee service anniversary: 1- 10yr. \$150, 1 15yr \$250 =\$400. 45 days of meals for travel @\$70 \$33,150 Total \$5500 Travel 431450: Based on 2012 travel needs. Total \$16,150 (\$1345 per mo.) Total 17 trips, 45 nights: Mary: 7 Trips, (5-NJ-4 nights, 2 Misc-3 nights.); Judy 1 Trip (4 nights) (Cust. Service Technology Conference); Sandy 1 Trip (3 nights); Laura 2 Trips (6 nights) (Proj. Mgt Training) CHRISTOPHER 6 Trips (7 nights); (Wal-Mart, Cardinal, ABC, McKesson,- DEA Seminar.)	-27.5%	21,694.0
452000-Outside Service	Moved GS1 under Dues & Subscriptions: Iron Mountain: 1.5K, In Synch: .6K	-91.2%	2,210.0
Other 951009-951014 Facility Cost	Postage: \$500, Auto Expense Mileage: \$130-based on 2011 actuals Allocated Amount	-27.0%	630.0
Total Other Expenses		-3.3%	602,467.0
Total Labor		2.3%	2,170,086.0
TOTAL BUDGET		1.0%	2,772,553.0



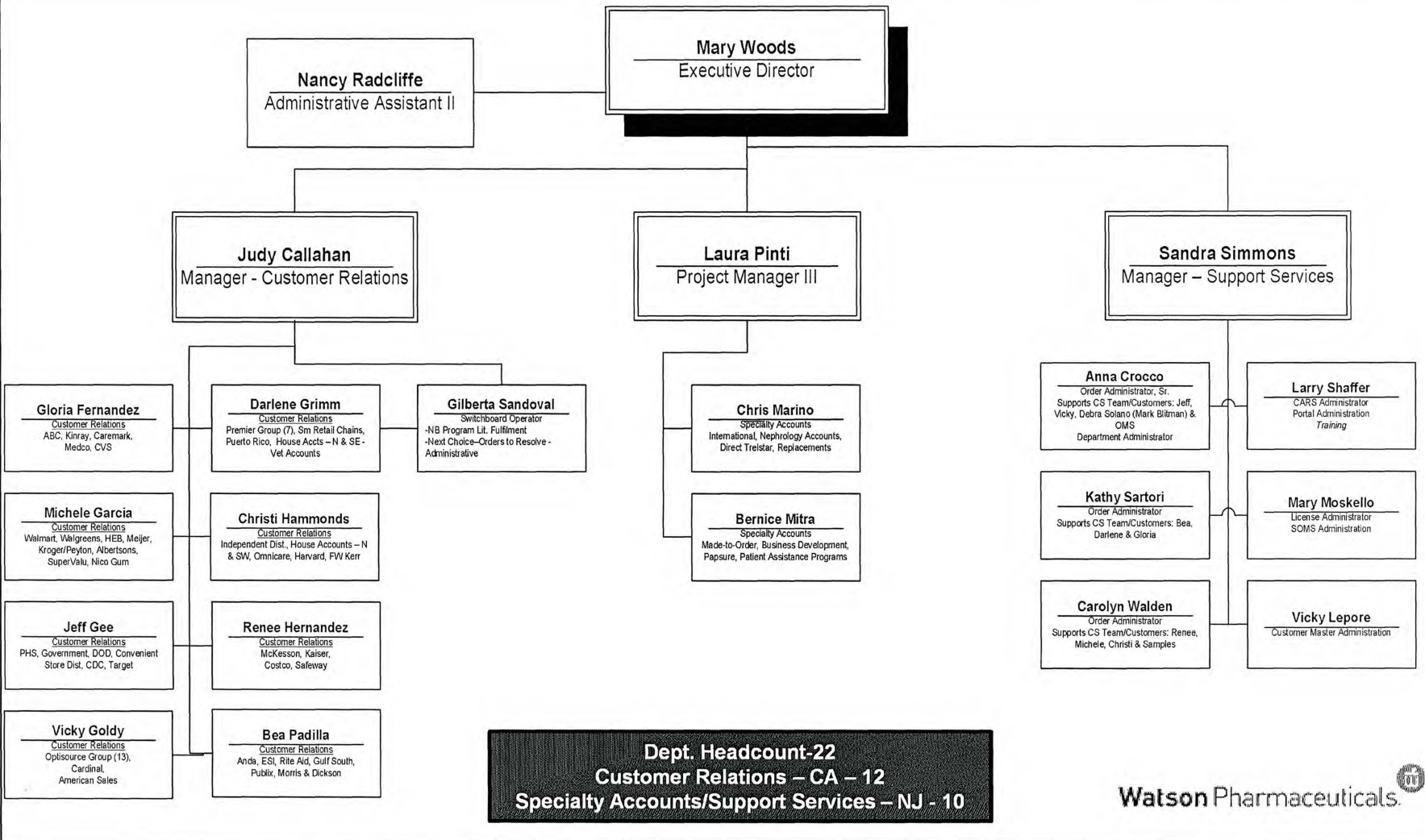
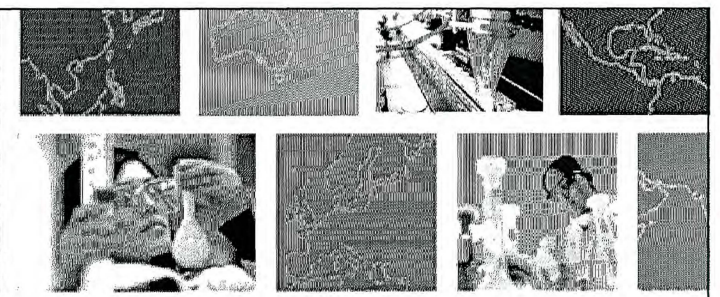
Customer Relations Operations High Level Org Chart



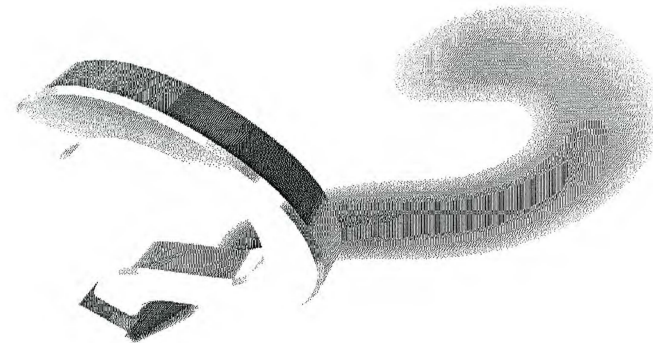
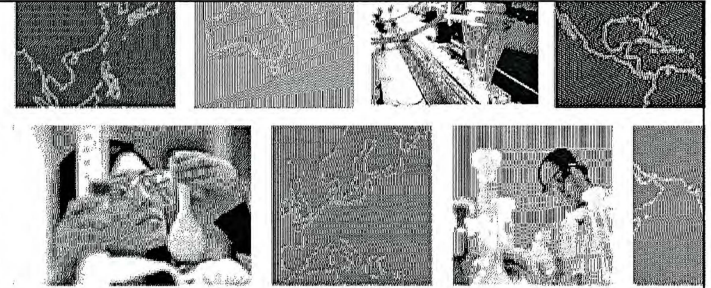
Total Department Headcount – 22
California (Customer Relations) – 12
New Jersey (Specialty Accounts/ Support Services) - 10


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Customer Relations Operations Organizational Structure



Questions



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Produced as Natives

Produced as Natives

Produced as Natives

Produced as Natives

Produced as Natives

Produced as Natives

Produced as Natives

Produced as Natives

Produced as Natives

