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News Release

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Merck wins “IT Strategy Award 2010”

Darmstadt, February 2010 - The winner of this year's Handelsblatt “IT Strategy Award” is the pharmaceutical and chemical company Merck KGaA, headquartered in Darmstadt (Germany). At the 16th annual Handelsblatt conference “Strategic IT Management” on January 26 in Munich, Merck CIO Kai Beckmann received the award for the best IT strategy 2010.

“IT strategy represents corporate strategy”, says Michael Neff, CIO Heidelberger Druck AG, summarizing the jury’s ruling. The award jury praised Merck for its remarkably high level of linking and interconnecting IT with corporate business. “The alignment between IT strategy and business strategy is not only excellent but has been implemented target-oriented and according to schedule”, explains Matthias Karlshaus, Head of IT control and processes operations & projects, asset management division, Sal. Oppenheim. Other competitors making it to the finals were Hilti Corporation, provider of products in the construction industries, and sports equipment company Amer Sports Corporation.

Karl-Ludwig Kley, chairman of the Merck executive board, and Kai Beckmann, CIO and Head of IT, joined forces to develop a sustainable IT strategy. “We won’t be able to meet our strategic goals without IT support. Modernization and globalization at Merck fully depend on uniform IT standards, systems and processes”, Kley explains the IT strategy. “Besides Human Resources and Strategic Planning, IT represents a cornerstone in the global development of the pharmaceutical and chemical enterprise.”

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Merck KGaA

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His views impressed Michael Neff, the representative of the award jury. "Global processes can only be realized by applying global systems", the CIO emphasized.

Back in 2007, Kai Beckmann had extensively restructured the IT department, transforming it into a central function with global responsibilities. His aim was a global IT standardization and optimization with respect to quality and cost. To this effect, Kai Beckmann integrated existing ERP systems, thereby laying the foundation of uniform corporate processes. While IT infrastructures for an improved service quality were consolidated, costs were optimized. "Infrastructure costs have been cut by 20 million euro a year", adds the CIO and top IT manager. He went on to establish a "best in class" IT governance, having all internal IT processes standardized and certified to be in conformance with internationally accepted ISO standards ISO 9001, ISO 20000 und ISO 27001.

"I'm impressed by the top-down approach and the bottom-up implementation concerning the dialogue between the various units and IT strategies on all corporate levels", emphasizes IT manager Matthias Karlshaus as representative of the CIO circle in the jury. Developing the new IT strategy followed a precisely structured periodic process, beginning with a revision of existing IT strategies in 2008, and subsequently reviewing and constantly adapting both corporate and IT strategies at Merck in 2009. The alignment of IT and corporate strategies followed a multi level top-down approach. "This requires close dialogue on all business levels. One can feel a declared intention and courage to change – a model IT strategy", summarizes Jürgen F. Krusch, Head of processes and IT management, Deutsche Bank Bauspar AG, for the Handelsblatt jury.

All Merck press releases are distributed via e-mail. Please go to <http://www.merck.de/subscribe> to register online, change your selection or discontinue this service.

Merck is a global pharmaceutical and chemical company with total revenues of € 7.6 billion in 2008, a history that began in 1668, and a future shaped by approximately 33,000 employees in 60 countries. Merck's success is characterized by innovations from entrepreneurial employees. Merck's operating activities come under the umbrella of Merck KGaA, in which the Merck family holds an approximately 70% interest and shareholders own the remaining approximately 30%. In 1917, the U.S. subsidiary Merck & Co. was expropriated and has been an independent company ever since.