Salient Surgical Technologies: Improving Operations and Growing Globally with SAP® Software

SALIENT® SURGICAL TECHNOLOGIES

Partner

idhasoft Vision Packaged. Delivered

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Company

Salient Surgical Technologies Inc.

Industry

Life sciences – medical devices and scientific instruments

Products and Services

Advanced energy devices used in surgical procedures

Web Site

www.salientsurgical.com

SAP® Solutions

An SAP® Business All-in-One solution,
SAP Best Practices for Medical Devices package

How do you continue to grow when employees are bogged down by manual tasks and struggle to access needed information? Salient Surgical Technologies Inc. – an industry-leading provider of devices used in surgical procedures – found its answer in SAP® software that helps **unite, automate, and improve business processes.** "With SAP software, we can continue on our rapid growth trajectory while achieving higher levels of performance," explains David Hohler, information technology director for Salient.

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Providing leading technology for surgical procedures

Established in 1999 and headquartered in Portsmouth, New Hampshire, Salient Surgical Technologies Inc. (Salient) develops and markets advanced energy devices used in surgical procedures. While its first line of products was used to treat liver cancers, its current products are used across a range of surgical procedures including orthopedic reconstruction, spine surgery, and surgical oncology. Salient's products are sold throughout the United States, Europe, and Asia.

As of the end of 2011, more than 750,000 patients have been treated with the company's Transcollation technology, and 15 of the top 17 hospitals in the *U.S. New & World Report* honor roll of "America's Best Hospitals" utilize this technology. In 2011 Salient was acquired by Medtronic Inc. for US$525 million.

88%

Percentage of top U.S. hospitals using Salient technology at the end of 2011

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Striving to pursue growth efficiently

With a focus on developing world-class medical devices that improve patient outcomes, Salient is committed to optimizing its end-to-end business processes. However, like many fast-growing businesses, it found itself hampered by an IT environment comprising myriad disparate software solutions. These included applications for manufacturing resource planning, enterprise resource planning (ERP), quality control, warehousing, and inventory control. To compensate for the lack of integration between these software systems, employees handled many tasks manually, leading to costly and time-consuming processes. "We struggled to understand how much of our money was tied up in inventory. And it took as long as three days to release a product lot," explains Hohler.

As the company sought to either go public or be acquired, it realized it needed to make a dramatic change. Instead of continually hiring more people to keep up with the workload, it wanted to streamline and improve processes so it could confidently pursue its growth strategy. Because Salient's existing ERP system didn't support the realities of global operations, such as multiple distribution points and different currencies, it decided to invest in a world-class solution. "We needed to adeptly and cost-effectively handle our rapid growth," continues Hohler.

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Electing software that promises a big payoff

As a company on a fast path to global growth, Salient conducted due diligence in evaluating possible solutions. After realizing that the up-front costs were similar for tier-one and tier-two systems, the company focused on functionality and longevity. It quickly realized it would get far more value from an SAP Business All-in-One solution than from the other options it was considering. It also recognized that the solution would allow the company to grow and improve its processes both immediately and as it grew.

Moreover, by implementing SAP software, Salient knew that it would be more attractive to potential acquirers. According to Hohler, the decision was a win-win for Salient, benefiting both Salient and any interested acquisition parties.

"By choosing an SAP Business All-in-One solution, we knew we were gaining an ERP software system that we would never outgrow."

David Hohler, Information Technology Director, Salient Surgical Technologies Inc.

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Realizing a fast deployment with talented resources

Based on the recommendation of the consultancy that had helped it find the right ERP software, Salient chose Idhasoft Inc., an IT service company and an SAP channel partner, to help with the implementation. According to Hohler, Salient liked Idhasoft because its consultants were competent, intelligent, and had a sense of humor. "Humor goes a long way during an implementation of this scope," says Hohler.

5 months

Time needed for global deployment

In addition to tapping into Idhasoft's expertise in deploying SAP software, Salient took advantage of the SAP Best Practices for Medical Devices package. While Idhasoft helped ensure 100% inventory accuracy through its data integration efforts, the best practices package proved valuable for financial controls, inventory management, and sales and distribution.

To further encourage a rapid deployment, Salient backfilled certain positions so that chosen employees could focus solely on the project. It also created a bonus structure that recognized key contributors. Within five months, Salient had gone live with its SAP Business All-in-One solution. In fact, on the first day of using the software, Salient received and shipped 178 orders without any problems.

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Moving to an integrated, global platform

Today all of Salient's workers use SAP software in some capacity, with 100 of the 400 employees using it regularly. The software allows Salient to integrate its processes across production planning, quality management, inventory and warehousing, sales and distribution, and financial controls.

Moreover, thanks to the intuitive and role-based nature of the user interface, Salient can grant access to only the processes and information needed by specific employees, while reducing training requirements.

"It was a nightmare ensuring that our manual processes were running well. All that went away when we deployed the SAP software and could manage all information in a single warehouse and through controlled workflows."

David Hohler, Information Technology Director, Salient Surgical Technologies Inc.

SAP Business All-in-One

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Improving processes throughout the company

With SAP software, Salient has realized company-wide benefits. Salient can better control and track the flow of information, an important capacity for a company regulated by the U.S. Food and Drug Administration. It has also trimmed the time to release a product lot from 3 days to 15 minutes by automating the product lifecycle process. And during a voluntary product recall, Salient's SAP Business All-in-One solution allowed it to track all affected devices.

By understanding its inventory levels and customer purchase history, and by improving production planning, Salient has significantly improved customer service and can better manage cash flow. Overall, with efficient processes, it has grown substantially without increasing its headcount. Area managers can better manage financials without help from the finance department. Even the requisition approval process is improved, eliminating the need to chase down signatures.

$150,000

Annual savings in licensing fees

Salient can also more easily conduct international operations. Its SAP Business All-in-One solution makes it easier to convert currencies and open new entities. And Salient is achieving all this while saving approximately $150,000 a year in licensing fees by eliminating the variety of systems it used to run.

SAP software was also a critical factor in Medtronic's decision to acquire Salient, since Medtronic had already standardized on SAP software. Plus, as Medtronic conducted due diligence before the purchase, Salient was able to use its SAP software to quickly provide requested information.

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Confidently anticipating the future

Salient is now integrating its SAP software to communicate with the corporate reporting aspects of Medtronic's SAP software instance. It also continues to improve its processes, and plans to conduct manufacturing planning and analysis for tighter inventory control. Going forward, it may also take advantage of business intelligence and business planning and consolidation software from SAP. "We've just scratched the surface of what's possible with SAP software, and we know we made the right choice," concludes Hohler.

"By using this software to continuously strengthen our processes, we'll be a globally dominant supplier of medical devices."

David Hohler, Information Technology Director,
Salient Surgical Technologies Inc.

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