

SAP Customer Success Story Life Sciences – Medical Devices



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Ed Pisula, Director of Enterprise IT Architecture and Application Development,
Respironics Inc.

AT A GLANCE

Summary

Rapidly growing medical device manufacturer Respironics Inc. implemented the SAP® Business One solution to help it manage its many smaller subsidiaries, while providing its headquarters in Murrysville, Pa., with visibility into operations worldwide. With plans for continued acquisition, Respironics expects the software to be a critical part of its future growth.

Web Site

www.respironics.com

Key Challenges

- Get new subsidiary in Switzerland up and running quickly with robust business management solution that is also easy to use
- Enhance visibility between subsidiary operations and corporate headquarters
- Support ongoing corporate growth through acquisition

Project Objectives

- Integrate new subsidiary’s business solution with existing SAP business systems at headquarters
- Implement a solution that can scale to the needs of subsidiaries and share information with other corporate SAP systems

Solution and Services

SAP Business One

Why SAP Solution

- Existing internal IT expertise with SAP business solutions and positive experience using SAP software for enterprise resource planning (ERP)
- User-friendly capabilities (even for nontechnical people)
- Comprehensive functionality for small and midsize businesses
- Tight integration between SAP Business One and company’s ERP software

Implementation Highlights

- Completed implementation in 1 month
- Delivered solution on time and under budget by 15% to 20%

Key Benefits

- Enhanced efficiency through automated processes and information exchange across the enterprise
- Greatly reduced end-of-month closing cycle
- Improved corporate control through collaboration and data sharing
- Increased visibility, enabling a more unified picture of business activities
- Provided support for ongoing corporate growth

Existing Environment

- SAP R/3® software, functionality now found in the mySAP™ ERP solution
- SAP NetWeaver® platform

Database

Microsoft SQL Server

Hardware

Dell

Operating System

- Microsoft Windows 2003
- Citrix MetaFrame

RESPIRONICS

SAP® Business One Supports Controlled Growth of Global Manufacturer

When business owners dream of expansive company growth, concerns about sacrificing operational control can keep them up at night. Not so at Respironics Inc., a dynamic medical device manufacturer headquartered in suburban Pittsburgh, Pa. The US\$759 million global company has grown dramatically over the last several years, thanks to the introduction of new and innovative medical devices and breakthrough products for respiratory therapy and sleep needs. Yet company executives can breathe easy, thanks to the use of the SAP® Business One solution at Respironics’ smaller subsidiaries.

The company, which develops, manufactures, and distributes devices for hospital and home care, respiratory drugs, and other therapeutic devices, employs 3,800 people in 4 divisions around the world. With 26 offices and manufacturing facilities, Respironics markets its products in more than 125 countries worldwide. Double-digit growth is putting Respironics on track for US\$900 million in sales for the current fiscal year.

A Familiar User of SAP Software

At its headquarters in Murrysville, Pa., Respiroics relies on SAP software for enterprise resource planning (ERP). Yet when the company began a joint venture to distribute products from a facility in Switzerland, installing another instance of the ERP software seemed like more power than was needed for the site. “Much of our growth in the last few years has been through

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acquisition of smaller organizations,” explains Ed Pisula, director of enterprise IT architecture and application development for Respiroics. “We needed a solution that offered a well-rounded set of functions that could tightly integrate with our existing SAP software. SAP Business One gave us exactly what we needed.”

Respiroics designed a blueprint to install SAP Business One at the new Swiss facility, and the new solution went live four weeks later. “A one-month go-live was unheard of in our IT organization,” says Pisula. “The planning and implementation went very smoothly.”

Enhanced Visibility

Today, employees at Respiroics’ Swiss facility use SAP Business One to handle a full range of business operations. “With SAP Business One, our users can take and fulfill orders, track warranties and repairs, bill customers, and collect cash,” explains Pisula. “Perhaps most importantly, the solution enables us to close the books each month in a consistent manner and get the results back to headquarters quickly.” Month-end processes that once took nearly a month with manual spreadsheets now are executed in only two days.

Respiroics has just scratched the surface in its use of the SAP Business One solution in conjunction with the SAP software at home base. For example, general ledger information from the Swiss subsidiary is fed into the headquarters’ system, which provides sales data to executives worldwide. The company will soon begin extracting sales statistics and loading them into the SAP NetWeaver® Business Intelligence component for reporting purposes. According to Pisula, Respiroics is also anticipating using the SAP NetWeaver Master Data Management component in tandem with SAP Business One for even tighter control.

New Efficiency, Control, and Growth

The benefits of this integration – new efficiency, enhanced control and visibility, and support for growth – are expected to be dramatic. “We can eliminate much of the manual effort from processes and improve efficiency,” Pisula says. “For example, if a user in Switzerland creates a new customer record on SAP Business One, that system will send a signal to the SAP systems here in Murrysville, which will respond with a corporate customer identification number. The user gets a distinct number quickly, with no duplication or error.”

The integration can also help Respiroics enhance corporate control over its subsidiaries. In case of a problem with a product, Respiroics can use the integration between SAP Business One and its headquarters’ systems to quickly and easily propagate instructions to suspend all shipments.

Even corporate visibility is improved. “With the integration across our SAP systems, we will be able to produce a more unified picture of our business activities,” Pisula says. “We can consolidate all sales statistics from our offices and subsidiaries around the world. In the future, we will provide master data – regarding customers and suppliers, for example, and material master lists – in a controlled manner throughout the enterprise.”

A Robust Subsidiary Solution

Although Respiroics had no formal ROI calculation before the implementation, Pisula says that SAP Business One has exceeded the company’s expectations. “When I presented the cost model,

Overall, Respiroics is pleased with the SAP Business One implementation. “SAP Business One has been ideal for us. We were able to quickly put a robust system into a subsidiary that has huge growth potential,” Pisula says. “It has allowed our division in Switzerland to take care of its business without worrying about how to use the software. SAP Business One can be used by people with hardly any technological skills. We couldn’t ask for more than that.”

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people couldn’t believe the numbers,” says Pisula. “Then we came in under our initial cost estimate for hardware, software, and consulting by 15% to 20%.”

Better yet, Respiroics can rest assured that SAP Business One will support future growth by providing a powerful yet flexible solution that can be easily implemented whenever new organizations are acquired. The company anticipates implementing SAP Business One at other subsidiaries and future acquisitions.

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