

Varian Medical: Transforming the Business with Digital Supply Chain Solutions from SAP

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Varian Medical Systems Inc. strives to **save lives by bringing innovative products to market faster**, but paper-based processes stood in the way. Using digital supply chain solutions from SAP, Varian Medical digitalized its product design, development, and manufacturing environment end to end while strengthening regulatory compliance to boost its operational efficiency and profitability.



Digitalizing processes with **digital supply chain solutions from SAP**

Varian Medical Systems Inc.

Palo Alto, California
www.varian.com

Industry
High tech

Products and Services
Medical devices and software

Employees
6,600

Revenue
US\$2.7 billion (FY 2017)

SAP® Solutions
Digital supply chain solutions from SAP

Before: Challenges and Opportunities

- Digitalize the entire design and manufacturing process
- Reduce time to market and costs
- Automate paper-based processes of product design

Why SAP

World-class digital supply chain solutions, including the SAP® Product Lifecycle Management, SAP Manufacturing Execution, SAP Manufacturing Integration and Intelligence, and SAP Environment, Health, and Safety Management applications; the SAP Enterprise Portfolio and Project Management package; and the SAP Product Lifecycle Costing solution

After: Value-Driven Results

- Improved time to market and saved costs
- Replaced paper-based, manual processes with electronic solutions
- Digitalized the product development and manufacturing process end to end

“Our strategy to digitalize is to incrementally adopt new applications and technology from SAP to **boost efficiency and profitability.”**

Arnab Mukherjee, Manager, Enterprise Applications – Enterprise-Wide Engineering, Varian Medical Systems Inc.

Executive overview

Company objectives

Resolution

Business transformation

Future plans

Digitalizing design and manufacturing end to end

At Varian Medical Systems Inc., what matters most is saving lives. The company provides radiation therapy systems – extremely complex machines for treating cancer and other medical conditions using advanced X-ray technologies. As a world leader in this field, Varian Medical provides thousands of systems to hospitals and medical centers around the world that are used to treat thousands of patients every day.

Radiation therapy technology is advancing rapidly, driven in part by advanced research at Varian Medical. The demand is high to incorporate breakthroughs into production quickly. Hence, the company wanted to reduce time to market for new products, but the use of paper in its development processes was a serious impediment. Varian Medical uses SAP® Business Suite powered by SAP HANA® for its enterprise resource planning

(ERP), but engineering was a disconnected silo and the handoff of designs from engineering to manufacturing occurred only on paper. Varian Medical wanted to automate the transmission of design data to manufacturing by making it electronic, thereby saving substantial time and costs and enabling the rest of the company to take better advantage of CAD data. Many other processes were paper based as well, hurting efficiency.

In addition, the company wanted to unify disparate systems used throughout its product development community around a single, trusted source of truth with a goal of making relevant information available to decision makers at all levels without any delay. In short, Varian Medical needed to digitalize its entire process for product design, manufacturing, maintenance, and training end to end.

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Going paperless with SAP software for the **digital supply chain**

While Varian Medical was studying how best to integrate mechanical and electronic CAD designs into its SAP software, it was also addressing regulatory compliance – an enormous issue in itself since healthcare industry regulations are strict and vary greatly among the 80 countries on five continents the company serves. In the new solution Varian Medical crafted to address these twin challenges, the SAP Environment, Health, and Safety Management (SAP EHS Management) application helps assure compliance with regulations. It integrates tightly with SAP Product Lifecycle Management (SAP PLM), the application for digitalizing and integrating all product stages from initial conception to ongoing maintenance and repair, and its SAP Engineering Control Center integration tool.

SAP PLM captures 3D designs created using the company's CAD systems through the SAP Engineering Control Center, and it transfers them

electronically to the SAP Manufacturing Execution and SAP Manufacturing Integration and Intelligence applications. These solutions automate process control and enforcement, exchange data between the shop floor and core SAP software, automate data collection, and provide real-time device history records.

SAP PLM also sends CAD designs to SAP 3D Visual Enterprise applications that create 3D visualizations for use on the shop floor and in maintenance and training. The SAP Enterprise Portfolio and Project Management package provides a structured way to track time and materials with greater granularity than ever before and is used to compare actuals against plan.

Varian Medical also uses the SAP Product Lifecycle Costing solution, which provides visibility into costs during the design stage that design decisions can take product costs into account.

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“SAP Manufacturing Execution can provide us with a **complete device history record with serial record traceability for any product.”**

Abhijit Shah, Director, Enterprise Applications, Varian Medical Systems Inc.

Many digital supply chain solutions from SAP **contributing to success**

Varian Medical has achieved its goal of digitalizing its design and manufacturing processes, which has sped up time to market for its products while reducing costs and maintaining top quality – as evidenced by its systems' enviable 99%+ uptime record. The company is finding that information is much easier to share electronically than it was on paper, greatly facilitating collaboration. Instantaneous response to real-time data allows decisions to be made as early as possible in the process, minimizing rework.

Many SAP solutions are contributing to success, as explained by specialists at Varian. "When customers have questions about compliance, we can give them instant answers using SAP EHS Management, even though legally we have up to 45 days," says Kathy Van Hoy, senior product support engineer. "It's tightly integrated with the rest of our SAP

software, not 'bolted on' like the competitive packages we looked at."

"The engineering change notice functionality in SAP PLM greatly facilitates global dissemination of change information," says Viola Fleig, senior manager, manufacturing engineering.

"We looked at competitors to SAP 3D Visual Enterprise, but they weren't as intuitive and easy to use," comments Richard Perry, another manager.

"We used to have many paper-based manufacturing processes that employed disparate systems," says Thorsten Gerdes, business project leader. "SAP Manufacturing Execution equipped us to replace them with all-electronic solutions. It's a big part of our success."

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Almost 100%

Integrated SAP landscape achieved

Weeks or days

To make design changes that formerly took months

Complete

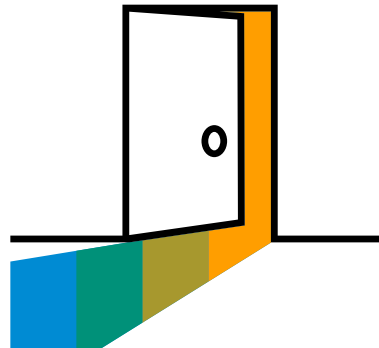
Investment payoff just by eliminating paper

SAP S/4HANA® opens many doors for further improvements

The next big step for Varian Medical is to upgrade to the SAP S/4HANA® suite. The company has developed a two-year plan for taking advantage of innovations in SAP S/4HANA, starting with a finance transformation that will enable books to be closed faster and results to be released sooner. Varian Medical is making data model changes that will exploit features in SAP S/4HANA to provide this closing process acceleration. The firm will make changes in many other areas as well to take advantage of SAP S/4HANA, including logistics and product lifecycle management.

Varian Medical plans to develop numerous SAP Fiori® apps to improve the user experience. These developments will span a period of years so the user base of more than 500 people can accommodate to the changes at a comfortable

pace. The firm also expects Internet of Things technology to be very big in its future and is keenly monitoring the SAP Leonardo portfolio for developments in that area, especially in regard to the digital supply chain.



- Executive overview
- Company objectives
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