

BUSINESS GUIDE

Putting Medical Device Manufacturers on the Fast Track With Cloud ERP



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Combining more than 20 years of experience in medical device manufacturing with NetSuite implementation expertise, Viking Resources helps companies eliminate manual processes, save time and improve operational efficiencies.

Medical devices play an important role in health care, as they help medical practitioners and professionals provide their patients with a better quality of life. These products range from simple tongue depressors and bedpans to complex programmable pacemakers, closed loop artificial pancreas systems, In Vitro Diagnostic (IVD) products (i.e. reagents, test kits and blood glucose meters), diagnostic ultrasound products, x-ray machines and medical lasers.

The medical device manufacturing sector is expected to post a compound annual growth rate (CAGR) of 5% and [reach \\$623 billion](#) by 2026—up from \$471 billion in 2020. The companies behind this growth are makers and users of scalable technologies, but they tend to rely on basic and disparate technology systems to run their business. Because the FDA approval process is lengthy and complicated, many operate in the pre-revenue stage for years before they can ramp up their companies for commercialization.

In the interim, most medical device manufacturers rely on multimillion-dollar capital infusions to fund their Research and Development (R&D). On the back-end, these startups often combine QuickBooks and Excel spreadsheets to manage their financials, accounting and other core business processes. Other larger and more established organizations are using on-premises Enterprise Resource Planning (ERP) platforms like Sage 100 or QAD.

“These companies have groundbreaking ideas and powerful leaders driving the charge,” said Bjarke Ormstrup, Founder and CEO, Viking Resources, Inc., a NetSuite Alliance Partner with special focus on serving medical device companies, “but they need systems that allow them to manage the business on a single platform.”

This business guide explains the challenges of taking a medical device from idea to market and shows how NetSuite’s leading cloud ERP supported by an implementation partner with more than 20 years of experience in the medical device field helps companies eliminate manual processes, save time and improve operational efficiencies.

Technology That Supports Lean Operations and Fast Growth

Regardless of their size or how far their product has developed, medical device companies need technology systems that support lean operations. For example, even a 25-employee startup company may work with a pool of overseas suppliers and sell its products through numerous health care distribution networks. As that company grows, its supply chain complexities expand beyond the scope of what QuickBooks and spreadsheets can handle.

“This is one of the main reasons why medical device manufacturers start looking at NetSuite as a more viable option.”

Bjarke Ormstrup, Founder and CEO,
Viking Resources, Inc.

Companies further along the maturity curve may already have an on-premises ERP in place but are now facing the need for changes in business processes. Often times the on-premises ERP cannot effectively handle these needs.

Both types of organizations don't have the capital for large ERP implementation projects with high upfront investments. They need these resources for product development and customer acquisition. NetSuite ERP is well positioned to deliver what they need quickly and efficiently.

Medical device companies also need systems for all of their work instructions, procedures, training records (e.g. to show that someone is qualified to operate a piece of machinery) and corrective actions. These needs are not handled in the ERP system but in a separate electronic Quality Management System (eQMS). Over time the need to integrate specific data elements from the eQMS and the ERP system may further improve processes, but if the ERP system is not able to easily exchange data, companies end up with additional manual processes.



The Perfect Combination

Using NetSuite as a foundation, Viking Resources helps these manufacturers conquer their biggest technology challenges. Viking Resources has developed an implementation approach based on SuiteSuccess, a methodology-based leading practice for implementing NetSuite in specific industries. SuiteSuccess helps accelerate return on investment (ROI), while reducing the overall business risk associated with technology projects.

Ormstrup, a former Global VP of IT for a Georgia-based medical device company and NetSuite user, said Viking Resources grew out of his own desire to help other companies optimize their ERP investments and achieve the success that he experienced when leading his previous company. Viking Resources has developed several SuiteApps designed specifically for the medical device industry. One of the SuiteApps helps manufacturers manage the complex supplier approval process, which must be completed before a manufacturer can procure goods from a specific vendor.

Viking Resources also developed a SuiteApp that complies with CFR Part 11, an FDA requirement for electronic signatures. The solution is built on the NetSuite platform and can be configured to support any NetSuite business process including electronic sign-off for item receipt, shipments and work order completions.

Understanding the importance of validations for medical device manufacturers, Viking Resources helps its customers set up their systems to ensure that they're continually validated as their biannual ERP updates are released. It can also build integrations between its customers' existing quality management system and their new ERP system, along with any other outside applications that they may already be using.

Adding up the "Wins"

With a typical implementation time of 90-120 days, Viking Resources helps medical manufacturers quickly realize the return on their ERP investments. Using a combination of IT expertise and insider knowledge of the industry's technology pain points, this NetSuite partner very often knows what its customers need even before they know it themselves.

With NetSuite in place, manufacturers immediately begin to see the benefits of having accurate data at their fingertips in real time and on a single platform. They also get a clear view of all incoming and outbound orders via customized dashboards, improved inventory management and faster month-end financial closes.

"With our implementation approach and ERP configuration, we focus on making the NetSuite data actionable," Ormstrup said. "We also help our customers manage by exception versus having to review all of the data to figure out where something went wrong. This saves them a lot of time and money."

The ERP gives accounting teams accurate balance sheets, income statements and other reports that were previously stored and shared via spreadsheets. "This usually takes customers by surprise; they didn't realize how much of that information would be right at their fingertips in real time with NetSuite," said Ormstrup.

“The fact that the system basically runs itself—and the level of simplicity it provides—are compelling from the startup operation to the organization that’s already commercializing products and generating revenues.”

Recently, a Viking Resources customer called Ormstrup to tell him how easy his company’s transition to NetSuite was and how surprised he was at how quickly the benefits were surfacing. The customer couldn’t believe how fast the month-end close process was as it had been reduced from more than two weeks to only a few days. The company was also surprised about how many extra “steps” the company had eliminated by using a cloud ERP system implemented by Viking Resources. “He gave credit to the modern platform and its database structure for driving most of those improvements,” Ormstrup added.

Using Cloud ERP to Get Out of a Tight Spot

With his finger on the pulse of the medical device manufacturing industry, Ormstrup sees the global COVID-19 pandemic as just one more reason why companies in the sector should be assessing their current business systems and looking for ways to improve efficiencies and simplify their back-end processes.

“We’ve had a handful of companies tell us that their revenues increased exponentially due to the pandemic,” said Ormstrup, “and ask, ‘can you get NetSuite up and running for us within 60 days?’” As Viking Resources works to meet these and other customer requests, it’s also advising early-stage medical device manufacturing companies to start considering their technology needs before these revenue spikes happen.

“Many of the small organizations are growing fast and if they wait to make this move, the challenges are only going to compound upon themselves,” Ormstrup cautioned. “Don’t wait until your current systems fall apart because the hill is only going to be harder to climb once you’re up, running, commercialized and growing your revenues.”

A U.S. manufacturer that’s ready to begin selling its products in Canada or Europe, for example, will be much more prepared to do so with NetSuite in place, versus having to go through a full ERP implementation while also expanding into the global marketplace. “Do it before any of these big events happen,” said Ormstrup, “versus trying to run your operation on QuickBooks and then having to scramble to get up to speed when those international opportunities come calling.”





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