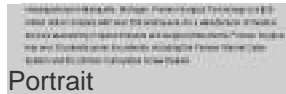


May 16, 2007 || SAP All-in-One as the backbone of Pioneer Surgical Technology operations:

Getting Implants In Doctor's Hands Faster

When Dr. Matthew Songer, an orthopedic surgeon, set out to build a better spinal implant, his tools were his father, a pair of wire crimpers and a guitar tuner. Today, the Michigan-based company is a leading innovator in the design and manufacturing of spinal and orthopedic implants. When the aches and pains of growth started setting in, SAP All-in-One offered just the right adjustment.



Pioneer Surgical Technology develops and markets solutions for surgical procedures that have historically proven difficult or problematic for both surgeons and patients. The launch pad for the business was the development of a groundbreaking spinal solution in 1992. As an alternative to the difficult and dangerous wire-based system traditionally used for surgeries such as realigning the spinal column resulting from an injury or the disease scoliosis, Dr. Matthew Songer introduced a cable-based system which offered a softer, more flexible solution for spinal correction. Once established in the spinal market, Pioneer Surgical Technology leveraged that success into the OEM market. The company has a projected growth rate of 50 percent as they continue to work with surgeons and patients and OEMs developing new products, such as the Peek Plus system for vertebral body replacement implants designed with threaded inserters for secure fit and worry-free insertion.

The whirlwind of product development, manufacturing, and commitment to innovation has led to happy surgeons, pain-free patients, and exuberant venture capitalists. But the growing pains Pioneer Surgical was experiencing in the areas of operations and product delivery had become too much to put off any longer. "We needed a tool that would help us figure out whether we had the right capacity for our future sales and to be able to put a production schedule around that capacity," says Dean Stetson, Information Systems Manager at Pioneer Surgical Technologies. In other words, the company needed to get their products into the hands of surgeons faster. SAP All-in-One was waiting for their call.

Limited integration between financial and production data

Pioneer Surgical's legacy system consisted of an unsophisticated MRP system which limited integration between financial and production systems and allowed uncontrolled changes to critical information. "We had a lot of manual processes," says Stetson. "There was not a lot of ability to customize the system to our business processes." Working with OEMs introduced an added layer of complexity when developing products, and Pioneer's legacy system, which included a combination of Exact MAX, Great Plains and a Pervasive database on a Novell operating system, was not up to the task. Additionally, Pioneer's old MRP was much happier with Pioneer being a one terminal, one facility organization. The faster Pioneer grew into a multi-site and multinational organization, the faster the relationship between the MRP and the operations team degraded.

The company created a selection team who evaluated the strengths of each vendor based on the company's key ERP objectives: a six-month implementation, a relatively low cost, and an application preconfigured to fit their business processes. The selection team identified a broad list of 15 vendors, which was eventually narrowed down to two. After on-site demos by both finalists, SAP All-in-One proved to be the best solution. "I don't think you can find another ERP system with more total functionality," Stetson says.

SAP's large installation base, commitment to research and development, and strong market presence contributed to the team's decision. "It gives you a certain sense of security when you know there are many,

many other companies that have implemented SAP and have been running it for years,” says Stetson, who adds that he didn’t want to be re-implementing a solution in the next few years, “which seemed like a possibility with some of the other vendors.”

Speedy legacy data conversion

Stetson’s goal was to be up and running in five to six months, so there was no time to waste. As a relatively small company with limited IT resources, the company turned to SAP partner Answerthink , who assisted with the scrubbing of legacy data and conversion as well as training key personnel on the new system.

Stetson says one of the biggest challenges during implementation was legacy data conversion. “I think for any ERP implementation, if you have legacy data that you need to load into the system from your previous applications, it’s a lot of work, it’s a lot of effort and it takes a lot of time.”

In the end, Pioneer Surgical’s implementation was on time and on budget. Furthermore, go-live had no negative effect on sales, production or deliveries. “I think the management team was expecting more firefighting going on, but there were really no major issues,” says Stetson.

Changed culture of operation in manufacturing, sales and fulfillment

SAP All-in-One has changed the culture of operations at Pioneer Surgical. In the area of manufacturing, Pioneer Surgical can minimize potential product shortages by utilizing SAP’s sales and operations planning tools. “With SAP, we can do this kind of analysis in just a few minutes, whereas it used to take us several weeks to do it using in our Excel spreadsheets,” says Stetson.

In sales, they are now able to capture more robust information, such as the surgeon purchasing the product. “In the past, we’ve only been able to analyze to the hospital level, but now we’re going to be able to analyze the buying patterns of the person that’s actually making the purchase decision,” says Stetson.

In the fulfillment area, deliveries and scheduling are now automatically generated, and shipping is better integrated into the sales process. “We’re growing our revenues very rapidly and as we do this, we won’t have to hire an army of employees just to process sales orders. Instead, we’ll be able to hire research and development engineers so we can fuel our future growth,” Stetson says.

In an FDA-regulated industry, inventory tracking is a crucial part of the process. The detailed audit trails in SAP All-in-One provide greater internal accountability and allow Pioneer Surgical to maintain its relationship with surgeons and regulatory boards as they continue to break new ground with superior spinal surgical solutions.

More needs, more solutions

Pioneer Surgical recently also purchased SAP xApp Manufacturing Integration and Intelligence (SAP xMII), a packaged composite application to support business processes on the shop floor. The company’s goal with xMII is real time communication between the business and manufacturing end -- including information about orders, materials, equipment status, costs, and product quality. Later this year, the company will look to Product Lifecycle Management (PLM) to improve their project and document management processes, which will help them speed new products to market and also better manage the product-related data required by the FDA.

“I feel that we are running what, in my opinion, is the best business software in the world and for what I believe is going to be a lower total cost than any of the competitors that we evaluated,” says Stetson. “From an IT perspective, we’re very well-positioned for whatever demands lie ahead for our business.”



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