SAP Business One

WORLDHEART

HEALTHCARE INNOVATOR ARMS ITSELF FOR FULL-SCALE PRODUCTION WITH SAP® BUSINESS ONE

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QUICK FACTS

Company
- Name: World Heart Corporation
- Location: Salt Lake City, Utah
- Industry: Healthcare
- Products and services: Implantable heart pumps
- Revenue: US$2 million
- Employees: 59
- Web site: www.worldheart.com
- Implementation partner: Audaz Business Solutions

Challenges and Opportunities
- Meet demands of a full production environment, not just R & D
- Integrate support for all business functions company-wide
- Introduce automation into multidepartment business operations
- Provide information needed for FDA compliance
- Eliminate manual data entry
- Implement true materials requirements planning (MRP)

Objectives
Replace legacy systems with a single, integrated business application covering all the needs of a complete business

SAP® Solutions and Services
SAP® Business One application (version 8.8)

Implementation Highlights
- Went live within budget and on schedule 8 weeks after purchase
- Readily converted bills of materials to SAP Business One

Why SAP
- Simplicity and intuitiveness of user interface
- Integrated functionality for all business operations
- Availability of information needed for FDA compliance
- Basis for best business practices
- Affordability
- SAP's reputation
- Scalability to carry the business for the foreseeable future

Benefits
- Enables users to be trained quickly, including those with cross-functional roles
- Experiences flawless performance and reliability, with no downtime
- Automates interdepartmental information flow
- Simplifies bill-of-materials management
- Obtains true MRP functionality with "what if" modeling

Existing Environment
- ASK Group Manman software
- Microsoft Navision software
- Microsoft Office tools

WORLDHEART
TECHNOLOGY *for* LIFE

World Heart Corporation, a developer of heart pump devices, recently started implants of its products into recipients in the United States under an FDA-approved clinical trial. With manufacturing now a high priority, the firm's disparate legacy business applications no longer sufficed. "We replaced them with the SAP Business One application," says Glenn Christensen, director of cost accounting and financial planning and analysis for WorldHeart. "Now we have integrated, automated support for the full gamut of business operations."

Life-Saving Implantable Blood Pumps

WorldHeart provides life-saving devices for people with late-stage heart failure. These mechanical circulatory support devices, commonly called heart pumps, are implanted into patients' left ventricles to sustain their lives, in some cases while they await the availability of heart transplants. WorldHeart's devices are unique in the healthcare industry in that they make use of complete magnetic levitation to avoid all friction and therefore are expected to not wear out and to be gentle while handling blood.

Like most firms that pioneer cutting-edge technology, WorldHeart spent many years primarily in R & D mode before its next-generation product – the Levacor VAD, or Ventricular Assist Device – was ready for deployment. During this period, the company employed several applications to support its business operations. It used Microsoft Navision for general ledger activities, Manman from ASK Group Inc. to sup-

port manufacturing, and Microsoft Word and Excel for bills of materials and other functions. These applications were not integrated, and therefore data exchanged among them had to be manually reentered. While certainly not ideal, this environment sufficed for the years when WorldHeart was primarily an R & D company with a satellite location in Salt Lake City, Utah.

Need for a Single, Company-Wide Solution

The situation changed abruptly when the FDA granted approval for World-Heart to begin testing its latest innovation in human patients, and the company moved its headquarters to the Salt Lake City location, where it consolidated operations, including manufacturing of the Levacor VAD. Suddenly it became essential to manufacture products exactly as specified by engineering, using parts exactly as ordered by procurement, to the exact specifications as stated in sales orders, using exactly the materials available in inventory –

and quickly. At the same time – again like most firms that pioneer cutting-edge technology – WorldHeart had to closely monitor its bottom line and the personnel efficiency that impacts it so greatly. "Our sudden business shift made it abundantly clear that we could no longer afford disparate business software support," says Christensen. "We needed one integrated application to embrace accounting, sales, purchasing, engineering, and manufacturing and to completely automate the information flow among them all."

Bills of materials (BoMs) and materials requirements planning (MRP) were particular problems, since WorldHeart had to endure many manual steps in figuring out how to line up all the necessary materials to meet its production schedules.

Fast, On-Schedule Implementation Including BoM Conversion

WorldHeart performed thorough due diligence on three enterprise resource planning (ERP) system contenders before making its decision. "We found SAP Business One very well suited to the needs of a business like ours – small but with the full range of needs that any business has," Christensen explains. "We liked the way it integrates business functions together, with automated flow of information from department to department. With its intuitive user interface, we knew that our people would come up to speed quickly. SAP Business One fit our budget well, and of course it's from SAP, with its reputation for excellence."

Audaz Business Solutions, a local supplier of implementation services, introduced WorldHeart to SAP. Audaz examined the company's needs and predicted that implementation would be straightforward, including the all-important step of converting the firm's existing BoMs to SAP® Business One. These BoMs, whose contents were in Word and Excel at the time, contained vital information needed not only for manufacturing but for compliance with FDA regulations. In addition, they were highly complex, with several levels and substantial embedded cost information.

True to its projections, Audaz completed the implementation in just eight weeks, right on schedule and within budget, including the BoM conversions. Mean-

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while WorldHeart was realigning its business processes to take advantage of the best practices SAP Business One supports. "I have been involved with several ERP software installations, always with applications from an SAP competitor," Christensen mentions. "Our SAP Business One implementation was remarkably fast and smooth compared to everything in my experience."

Truly Integrated Operations at Last

WorldHeart is now several months into production with SAP Business One and reports flawless performance and reliability. Training was just as straightforward as the company expected, even for the many employees who have cross-functional roles. The product is meeting all expectations for integrating and automating the information flow among departments, thereby eliminating manual data reentry and improving efficiency. "It's fantastic to be able to accept a purchase order and immediately see its effect on every department of the company," Christensen exemplifies. "Finance can see the impact on general ledger and actuals-versus-budget, accounting knows everything it needs to set up invoicing, and operations can start planning the shipment without delay. SAP Business One even handles returns processing."

Management of BoMs is far easier than before, since their entire structure is contained in SAP Business One, with its rich management functionality, instead of scattered among many Microsoft Office files. True MRP, which World-Heart essentially never had because manufacturing was managed in one application and accounting and purchasing in another, is proving to be another immense win for the firm. "It's so easy to do modeling now, to see for instance the effect of a change in the price of a component," Christensen explains. "In no time we can gauge the impact on our overall cost and make

product pricing adjustments or other changes as necessary to ensure we stay competitive."

More Power with SAP Crystal Reports®

Next on WorldHeart's radar screen are the fixed assets and reporting functionalities in SAP Business One. "We are especially excited about the reporting power we now have available with the SAP Crystal Reports® offerings that are included in version 8.8," states Christensen.

Like any small company with big ambitions, WorldHeart runs lean operations while working toward the big commercial success it foresees. "With the efficiency that SAP Business One and its best practices make possible, we have the help we need to achieve our business goals. And it is so scalable that we aren't concerned about outgrowing it anytime soon," Christensen concludes. "SAP Business One has been a big win for us in every respect. We're light-years ahead of where we were."