How Do You Avoid Overstock When You Need to Deliver Within a Heartbeat?

Patients and caregivers across the globe entrust their health to CT scanners and X-ray machines that use components designed and produced by Varex Imaging Corporation, a spin-off of Varian Medical Systems Inc. and one of the largest independent suppliers in the industry. Realizing that delay can threaten the well-being of its end customers, Varex prioritizes timely delivery. The company relies on its sales and operations planning experts to forecast demand so that proper stock levels and logistics are available when needed.

As real-time business becomes the norm, Varex set itself the long-term goal of building a smart factory that maximizes automation and takes advantage of developing Internet of Things capabilities. The road map toward that smart factory has three milestones: demand sensing, capacity planning, and inventory optimization. The SAP® Integrated Business Planning solution, implemented by Varex’s SAP partner Bristlecone Inc. using a set of powerful accelerators, has already achieved the first milestone: demand sensing. Having gained highly accurate demand forecasts, Varex can reduce inventory by up to 30% and achieve leaner operations for agile, cost-effective responses to future customer demand.
“Within four short months, our digital transformation project had already paid off. Our planning horizon is twice as long as the 3 to 6 months we were working with. Our rolling forecast translates into a dynamic revenue plan for managers.”

Gabe Peterson, Senior Director of Enterprise Applications, Varex Imaging Corporation

Even before going live with the first phase of digital transformation, Varex planners were able to use the new solution to generate accurate forecasts. Cutting-edge demand prediction software and support for real-time response to changes in demand will help ensure the just-in-time production and shipment that please customers and reduce inventory costs.
Shipping Medical Imaging Components on Time with SAP® Integrated Business Planning

Before: Challenges and Opportunities
- Enhance demand planning to improve forecasting accuracy
- Fine-tune sales and operations planning to optimize capacity and inventory
- Raise on-time delivery rates to boost customer satisfaction
- Complete full digital transformation to maintain competitive edge

Why SAP and Bristlecone Inc.
- In-depth knowledge of SAP experts about enterprise software solutions and business planning functionality
- Accelerators from Bristlecone Inc. for fast implementation of SAP solutions
- Solid relationships with SAP and Bristlecone and the opportunity to set the stage for on-going innovation

After: Value-Driven Results
- Extended the planning horizon from between 3 and 6 months to 12 months for broader visibility and higher predictability
- Established a 12-month rolling forecast as the basis for dynamic capacity and revenue planning
- Instituted criteria to measure forecast accuracy in order to highlight areas for improvement
- Demonstrated results within 4 months, with users harnessing new forecasting capabilities even before Varex went live with SAP Integrated Business Planning
- Completed project on time and within budget with minimal disruption
- Positioned the company to meet its long-term goal of reducing inventory 20% to 30%

“As a best-run business, Varex never accepts good enough. With SAP Integrated Business Planning, we’ve built a platform that helps us master demand planning. Now we can optimize capacity and inventory and prepare to address the challenges sure to follow in this digital age.”

Gabe Peterson, Senior Director of Enterprise Applications, Varex Imaging Corporation