SAP Business Transformation Study | Healthcare | Varian Medical Systems Inc.

How Do You Implement and Comply with New Standards for Revenue Recognition?

Caregivers across the globe turn to Varian Medical Systems Inc. for the latest hardware and software tools for the treatment of cancer. Based primarily on capital equipment, Varian's business is low volume and high complexity, with revenue due at various intervals after sale. Managing service contracts and order to cash had always been a challenge, but when new standards were announced for revenue recognition, the IT team knew it needed help migrating from the old standards rationally.

Varian decided to work with its trusted partner SAP by beta testing the next release of the SAP® Revenue Accounting and Reporting application, which addresses the new compliance requirements. Through SAP Enterprise Support services, the SAP Digital Business Services organization helped IT staff raise a broad understanding of the inefficiencies in the order-to-cash process. Building on a reliable framework of flexible business rules, Varian is now positioned to streamline revenue accounting in operations worldwide.

Migrating Proactively to New Standards by Beta Testing Revenue Recognition

Varian Medical Systems Inc.
Palo Alto, California
www.varian.com

Industry
Healthcare

Products and Services
Integrated hardware and software solutions for radiotherapy and radiosurgery

Employees
6,500

Revenue
US$2.7 billion

SAP® Solutions
SAP® Revenue Accounting and Reporting application and SAP Enterprise Support services

A pioneer in integrated solutions for radiotherapy and radiosurgery, Varian Medical Systems Inc. works with many of the world's leading clinicians to create a world without fear of cancer. Each year the company must realize sales of 700 capital assets and manage 45,000 ongoing contracts. A need to adapt to new industry standards led Varian to beta test evolving compliance functionality in the SAP Revenue Accounting and Reporting application.

Before: Challenges and Opportunities

- Address forthcoming accounting standards proactively to eliminate last-minute surprises
- Simplify accounts receivable complexities by automating as many manual processes as possible
- Streamline contract management and order-to-cash processing to help simplify accounting and reporting
- Minimize the need for local customization by contributing directly to the vendor software development process

Why SAP

- Trusted partnership based on over eight years of collaborative implementation of back-office solutions
- Deep consulting resources to help scope enhancements to existing systems and manage change for users
- Broad portfolio of general support services to safeguard the component IT projects
- Pilot program for revenue accounting services from SAP Enterprise Support, including escalation manager

After: Value-Driven Results

- Consistent and reliable revenue forecasting for better business planning
- Increased automation to speed processing across contract management and order-to-cash functions
- Scalable framework of easily adaptable business rules for enterprise-wide process transparency
- Extensive documentation and training to maintain productivity during the migration from old standards

"SAP is ahead of the curve on addressing the new ASC 606 accounting standard. There is no need to look anywhere else for streamlined revenue recognition processes to remain compliant, untangle complexity, and boost ROI."

Snehashish Sarkar, Vice President of EAS, Varian Medical Systems Inc.

Predictable

Revenue forecasting

Streamlined

Processes for contract management and revenue recognition

Flexible

Business rules for scalability upward and outward

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