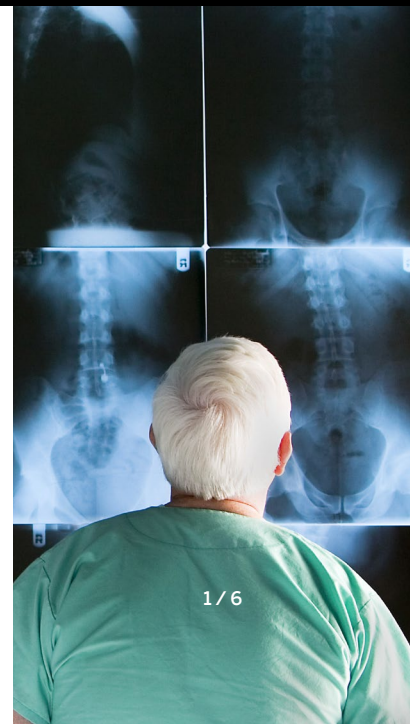


Reach Surgical: Accelerating the Pace of Growth and Innovation with SAP S/4HANA®



Automatic staplers and minimally invasive surgery products from China-based Reach Surgical Inc. are used in hundreds of hospitals around the world. To support plans for continued growth, the company was **the first in Asia to adopt the latest version of SAP S/4HANA®**. Now, its processes are integrated, increasing control and efficiency while also improving decision making.





Reach Surgical Inc.

Tianjin, China

www.reachsurgical.com

Industry

Healthcare

Products and Services

R&D, manufacturing, and medical equipment sales

Employees

380

Revenue

¥230 million

(US\$33.63 million)

SAP® Solutions

SAP S/4HANA®

Executive Overview

Before: Challenges and Opportunities

- Meet increasingly higher demands for minimally invasive surgery, trauma care, and faster recovery times
- Become a global leader in the medical equipment sector by selling world-class products at less than half the cost of competing products

Why SAP

- Widespread use of the SAP® ERP application in the medical equipment sector
- Cutting-edge innovation of SAP S/4HANA®
- Expert guidance from SAP Digital Business Services

After: Value-Driven Results

- Sales processing and invoicing at record speed
- Faster costing
- Integration of all lines of business for more-efficient operations
- Better visibility into and control over supplier relationships

“With SAP S/4HANA our processes are more streamlined and integrated. I have greater visibility – especially into the supplier network.”

T.C. Fung, Chief Technology Officer, Reach Surgical Inc.

4 million

Sales orders processed on the first day after going live

5 days

Cut from the financial monthly close cycle

6 months

To implement, at 10% of the cost of other competitors

<8.5 days

Switch time

Learn more ▶



Making the very best medical equipment for doctors worldwide

As the economy grows and new technologies emerge, patients have increasingly higher demands for minimally invasive surgery, trauma care, and faster recovery times. Against this backdrop, the global market for medical equipment is growing at a rapid pace, making it one of the fastest developing sectors in the industry. Historically, the medical equipment market has been dominated by companies in the United States and Europe. That said, the Chinese market is growing at a remarkable speed, with Reach Surgical Inc. as the country's third-largest medical equipment company.

When the firm was founded in 2005, Reach Surgical's president, Yuncai Fang, was intent on

delivering world-class products made in China at prices 30% to 40% lower than those of foreign competitors. Not only would this transform the business, it would also have a huge social impact in terms of improving quality of life for patients.

Reach Surgical plans to quickly become the first choice for patients and clinicians in China. It currently has a strong export business, with at least one third of its products being sold abroad. In fact, Reach Surgical hopes that at least half of its revenue will come from export sales by 2020. It is not surprising, therefore, that the company turned to SAP for the cutting-edge software it needed to support such significant growth goals.

Executive overview

Company objectives

Resolution

Business transformation

Future plans

“Reach is now in third place, closely following the first- and second-ranked global medical equipment enterprises in China. Our goal is to reach the number-one spot in the Chinese market.”

T.C. Fung, Chief Technology Officer, Reach Surgical Inc.



The right technology to support rapid growth

With its strong focus on sales development, Reach Surgical is one of a few companies in China to adopt SAP S/4HANA®, and the first to deploy the latest version across all lines of business. The choice was based on CTO T.C. Fung's strong confidence in the SAP® ERP application, which is very popular in the medical equipment sector for its ability to accurately monitor numerous functional categories and their production and sales processes, and also to help ensure strict compliance with related laws and regulations in several countries.

Reach Surgical worked with SAP Digital Business Services to deploy SAP S/4HANA in July 2016. To maximize the software's capabilities and minimize the need for customization, the company's internal processes were cleaned and streamlined before the

implementation. "It was a matter of opportunity, and also a matter of competitive advantage," notes Fung. "We needed to take a systematic approach to control costs and ensure standardized processes and business functions. SAP S/4HANA makes that standardization possible – so we wanted to take advantage of that, rather than customize to fit various processes. This was a key factor in our success."

However, in early October, a higher hardware quotation from a third-party cloud service supplier resulted in the need to reconfigure and redeploy the system. During this period, the project team redeployed the prototype with SAP S/4HANA 1610 within one week, eliminating the cost and effort of a subsequent upgrade.

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"Reach finished the project in just six months. It would have taken competitors tens of millions of yuan and one to two years. We got it done for a fraction of the cost in a quarter of the time."

T.C. Fung, Chief Technology Officer, Reach Surgical Inc.



Faster, more-integrated business processes

The project took six months to complete and involved 15 business units, 72 end-to-end processes, three rounds of training for 1,200 people, 2 rounds of user acceptance testing, and 20 end-to-end scenario tests. Eventually, the final test was carried out on New Year's Day in 2017, meeting extremely high requirements for switch timeliness, business continuity, and data accuracy. The entire team lived up to expectations, and SAP S/4HANA went live on January 9, 2017 – opening a new chapter in Reach Surgical's enterprise resource planning journey.

The day after the launch, 4 million sales were completed and invoiced over the following 48 hours – a speed unimaginable before. Costing could also be completed faster than ever. Full business process integration now meant that, right at the close of production, orders could be entered, goods

delivered, and overall material expenses and processing time for the batch calculated.

SAP S/4HANA is also streamlining supplier management, from supplier classification to allocation. "In the past, I only knew there were hundreds of suppliers, and I needed to perform many manual operations to get specific data for each one," says Fung. "Now, I can pull supplier information from SAP S/4HANA with one command. I can also group suppliers and report on key criteria like capacity, quality, and management expenses. This lets me see the purchase quantity and whether it is reasonable – 80% of the purchase quantity should go to the top 10 to 20 suppliers – so I can better manage them. As such, many internal processes can be streamlined and optimized."

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Innovation never stops

Reach Surgical expects to move to the cloud during the second phase of its SAP S/4HANA project, and plans to experiment with virtual reality and augmented reality technologies.

“Currently, R&D in medical equipment is mainly based on 3D printing, but this has its limitations,” says Fung. “From a training perspective, traditional practice is to work with people on-site. Virtual technology has not yet taken off in China. We are in talks with SAP about collaborating in this area.”

There will be plenty of opportunities and challenges for the medical equipment sector over the next few years. Manufacturers will face regulatory and budget pressures and will need to embrace technology upgrades and innovation. The increasing popularity of cloud computing, nanotechnology, deep learning, personalized medicine, and smart devices will greatly benefit these companies and their customers. With SAP S/4HANA as the wind in its sails, Reach Surgical is on a course to become a world leader in its field.



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