



Redefining IT's Role at Varian Medical Systems

A Life Sciences Company's IT Transformation Enables Substantial Business Improvements with the Help of SAP Enterprise Support

by James Buchanan

Rather than turning to their IT departments strictly for technical support, many companies are starting to envision a more vital, central role for IT. In this context, IT becomes a partner to the various domains of the company — sales, marketing, manufacturing, purchasing, supply chain, and so on — to support value creation through improved business processes.

As any experienced CEO, CTO, or IT manager knows, this kind of transformation brings forth a number of challenges, the biggest of which often is freeing IT resources from their ongoing support responsibilities to create the departmental bandwidth needed to take on these new challenges.

Palo Alto, California-based Varian Medical Systems has successfully made this IT transformation and is reaping the benefits. Critical to achieving this goal has been the company's strong partnership with SAP. Varian Medical's SAP Enterprise Support engagement, in particular, is playing a crucial role by providing ongoing, mission-critical expertise and technical support during two major strategic corporate initiatives. The first involves modernizing the company's applications landscape by undertaking a large-scale SAP software implementation. The second focuses on redefining the IT department's role within the company.

Dramatic Growth Leads to a Large-Scale SAP ERP Reimplementation

Varian Medical Systems, a business that focuses mainly on developing radiation technology for medical and industrial use, is a growing company with projected revenue of \$2.2 billion for the 2010 fiscal year. About 80% of its revenue is derived from producing medical devices and related software for oncology radiation therapies. The company also produces x-ray imaging and security inspection products, which represent the rest of its business.

5 Lessons Learned

from Varian Medical System's Experiences with SAP Enterprise Support

1 Understand everything your support package offers. SAP Enterprise Support is more than a simple tech support engagement. Varian Medical quickly learned that support services could play a mission-critical role in three vital areas: project support, production support, and the provision of insight and education for a deeper understanding of current and emerging SAP solutions.

2 Connect with your support advocates often. Varian Medical not only made good use of the overall support services, but also forged close relationships with SAP support advocates who were able to provide regular technical expertise and serve as a human interface into the larger SAP organization. This interaction enabled the company to receive timely service, quickly access the right resources, and better understand its many support options.

3 Properly prepare for each support engagement. Varian Medical optimized its use of SAP Enterprise Support by engaging in thorough discussions and interviews with SAP representatives and providing relevant data and information. The result has been greater speed to project completion and OSS ticket resolution, as well as higher-quality outcomes.

4 Rely on SAP expertise for project support. Varian Medical found that SAP Enterprise Support is on point to bring the right SAP resources in at the right time, as well as to plan, orchestrate, coordinate, and review the end results for greater quality and more efficient implementations. These services ensure that Varian Medical can extract the most value from its relationship with SAP.

5 Shift IT's focus beyond just tech support. Varian Medical's IT department has been able to rely on SAP Enterprise Support to ensure that internal clients receive the most timely and accurate technical support possible. This has enabled the IT team to shift its focus to supporting numerous business projects that create new opportunities and drive value for the company.

With growth anticipated across all lines of its business, Varian Medical realized that, in order to sustain current and future strategic direction, it had to improve its analytics, data capture, and forecasting, as well as modernize its IT infrastructure, which at the time consisted of a highly customized SAP R/3 4.6C system and limited back-end systems for business intelligence and customer relationship management. In January of 2009, approximately 18 months after initiating a business and IT transformation project, the company went live with SAP ERP 6.0 and dramatically expanded the user base for both its SAP NetWeaver Business Warehouse (SAP NetWeaver BW) and SAP Customer Relationship Management (SAP CRM) solutions. Then, in April of 2010, the company went live



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Director, Enterprise Applications, Varian Medical

with an SAP ERP Human Capital Management (SAP ERP HCM) solution, bringing Varian Medical's HR systems from three countries to 31.

To say the least, these large-scale implementations represented a significant undertaking for Varian Medical, which has operations in about 50 countries across the globe. "These were two massive 'big bang' experiences — going live across all our

countries, for all our employees, with all of our systems and modules," says Tom Rodden, Director of Enterprise Applications for Varian Medical. "Neither was a simple upgrade. They were complete re-implementations that involved dramatic process transformation and redesign. It was a pretty risky and large undertaking for Varian Medical."

Transforming IT with Application Lifecycle Management

In parallel to these large-scale projects, Varian Medical began to evolve IT from its traditional technical support role to create a closer partnership between the IT department and the business side of the company. The goal was for IT to provide greater support for value-generating projects and initiatives.

"It was an important move for us strategically to liberate our internal resources from day-to-day production support duties and focus them on projects that add value to the business and take us to the next level," says Rodden. "Our company looks to technology to address the challenge of treating cancer, so the business is also inclined to look to IT and its software for solutions; both should be on the cutting edge and capable of taking the com-

pany to new places and providing new opportunities."

He adds, "There is definitely a belief at Varian Medical that IT can be a powerful enabler in many business areas — whether it is finance, manufacturing, service, order management, or any other. All of these constituencies look to IT for ways to improve their processes and automate, simplify, accelerate, and improve their business lives."

According to Rodden, what enabled the IT department to go beyond its former support-centric role was the establishment of a strong relationship with a global outsourcing provider. However, simply bringing in a partner to shoulder a large part of the support role wasn't enough. Varian Medical's IT management, all the way up to CIO, thoroughly understood that fully leveraging its newly implemented systems and executing an IT transformation strategy would require a deeper and more collaborative partnership with SAP.

"Becoming a first-class IT operation meant ensuring that we have the best possible support we can get from our number one application vendor, SAP," says Rodden. "We wanted the consultants and our internal IT team to get quick, accurate answers and receive the optimal, best-in-class support from SAP — which we have achieved through our SAP Enterprise Support engagement."

Engaging with SAP Enterprise Support

Soon after Varian Medical selected the SAP Enterprise Support services package, it engaged the SAP Enterprise Support Advisory, which worked with the company as a guide and liaison into the broader SAP organization and its many support services. "Initially, we talked about what SAP Enterprise Support really means and the variety of services included in the Continuous Quality Check portfolio of remote services," says Rodden. "We quickly moved beyond discussing better management of OSS tickets and began to realize there are many different forms of SAP services designed to do projects better — whether it's design review, performance analysis, go-live checks, or other services."

According to Rodden, Varian Medical is making use of all aspects of the support contract and getting the optimal value from the services provided. "I break down our engagement with SAP Enterprise Support into three buckets," he says. "There's project support that chiefly focuses on our larger projects and for which we are seeing great value from SAP. Then, there are services for production support so that we get the best and fastest support for our partner's support team and our own internal IT team. The third is education, where we gain new insight into some existing solution or new software being rolled out that could help us address emerging business needs."

SAP software accounts for about 80% of Varian Medical's IT landscape. "With that big a share of the application infrastructure, we should be very close with SAP. We should be talking constantly," Rodden says. "And we do. Sometimes it feels like I engage with SAP support as frequently as I meet with my direct reports."



Varian Medical engages SAP Enterprise Support to cover a range of topics, such as support issues, project activities, special performance activities, and bi-annual performance analytics that are delivered in the SAP Enterprise Support report.

In a general sense, Rodden says that his department and the company as a whole are in a much better position as a result of their work with SAP Enterprise Support. He sees the collaboration as a nice win for both companies. "It's mutually advantageous to look to each other as partners in many ways, including approaches in collaboration and approaches to development," he says. "And because the business is well aware of the great results from our collaboration with SAP, we're not at the end of the relationship in terms of the depth to which we can go."

Varian Medical's Gains and Wins

According to Rodden, there are a few key benefits that Varian Medical has been able to achieve as a direct result of its relationship and continued engagement with SAP Enterprise Support. These include:

- **Improved projects.** While Varian Medical has been better able to execute on a number of projects, there is no greater example of this than its implementation of SAP ERP, SAP CRM, and SAP NetWeaver BW. "Throughout this project, we made good use of the services provided by SAP Enterprise Support," says Rodden. "We brought in the right people at the right time to help orchestrate, coordinate, plan, and review the results to ensure that we took advantage of whatever conclusions the SAP team came to. Using quite a number of services, we were then better able to introduce and implement the appropriate changes before, during, and after go-live."
- **Timely and effective support.** The support services provide an entryway into SAP's organization, which makes IT more effective at seeking and receiving just the right support for a wide range of issues. "There is

no question that we feel turnaround time and quality of response have improved, which are aspects I view as critical,” Rodden says. “For example, we have reduced the number of OSS tickets that might have required a lot of time in the past, to the point where long lead-time tickets have been largely eliminated. The shorter duration tickets have been significantly accelerated as well. Unquestionably, the business has realized significant benefits and IT is spending less time following up and re-explaining things to different SAP support personnel, so it’s a win-win.”

- **Better project preparation.** In the past, says Rodden, when planning for and executing on various projects, certain aspects would invariably slip. As almost an incidental benefit, engaging with SAP Enterprise Support has pushed Rodden’s team to be more thorough in preparation, thereby enhancing execution. “The entire team understands that the services would only be truly beneficial if we prepared for them properly,” he says. “So we decided to take advantage of almost every service, and it put pressure on our project teams to get their ducks in a row. This prepared everyone in a way we probably wouldn’t have achieved if the service hadn’t been a trigger.”
- **Faster system performance.** Some of the benefits of the collaboration between Varian Medical’s IT team and SAP have been noticed company-wide. For example, the company recently engaged with SAP Enterprise Support to execute on a 3–4 week performance improvement initiative. “The business is definitely seeing the benefits,” Rodden says. “They are seeing dramatic improvements of 80% or higher in the speed of some of our poorest performing programs — reducing some from 10 hours to two hours, or from two hours to 30 minutes.”

Valuing IT as a Business Partner

Although Varian Medical still has many more IT projects on its plate, Rodden says his department has come a long way in a relatively short amount of time. Not only has the company successfully executed two broad-scale software implementations on a global basis, but the IT department has proven its worth as a highly capable partner to the business side of the company.

“Other companies may not consider IT a real partner that has good ideas about how to create better and more efficient business processes,” says Rodden. “Over the past couple of years, we have demonstrated that we really are a valuable partner to the business and, in many cases, we can lead the charge. In that respect, I think we are in a good place compared to a lot of other companies.” ■



At a Glance

Varian Medical Systems

Headquarters: Palo Alto, California

Industry: Life sciences

Revenue: \$2.2 billion (projected for 2010)

Employees: 5,100 worldwide

Company details:

- Operates 79 offices located in more than 50 countries
- Manufactures devices and software for treating cancer and other medical conditions with radiotherapy, radiosurgery, proton therapy, and brachytherapy
- Produces devices and software for x-ray medical imaging, as well as cargo screening and industrial inspection

SAP solutions:

- SAP ERP 6.0
- SAP NetWeaver BW 7.0
- SAP NetWeaver Portal
- SAP CRM 5.0
- SAP ERP HCM

James Buchanan has authored a number of books that explore cutting-edge business concepts and technology, including an MIT Press book on Internet governance issues. James is currently writing a book about the surviving members of the Abraham Lincoln Brigade. You can email him at editor@insiderPROFILES.wispubs.com.