

Verathon, Inc. Creating Focus Across the Organization



Company Description

Verathon Inc. (a subsidiary of Roper Industries) is a medical device company whose mission is to provide state-of-the-art devices that offer innovative improvements in patient care. Products include electromechanical systems for use in health care facilities, as well as reusable and disposable accessories for these systems.

Business Situation

In 2011, Verathon faced uncertainty surrounding time-to-market and developmental success of new products. Additionally, there were issues around inconsistent market demand projections across the organization, growth of the customer base, and usage patterns that drive demand for the disposable accessories. It was difficult to know where to focus development efforts, how to decide among differing sales forecasts, prioritize resources among projects, or even how to frame discussions to make these decisions.

Solution

Portfolio Navigator® software provided tools to improve product development decisions. At the start of a development project, a range of sales and growth projections collected from across functional groups was combined with baseline assumptions about time and cost of development, unit cost, pricing, and usage patterns. From these inputs, Portfolio Navigator generated tornado diagrams demonstrating clearly and visually which changes would have the greatest impact on profit, and supported multiple “what if” analyses to predict the effects of different options.

Portfolio Navigator was then employed at product development phase reviews. At each review, ranges of uncertainty decreased, ultimately converging to sales and production forecasts that were understood and supported across the organization.

Results

Verathon is beginning to better organize and frame discussions about projects with multiple uncertainties, and quickly focus development efforts on areas that would have the greatest impact on the bottom line. For instance, one project team discovered that overall profit would be primarily driven from sales of disposable accessories, rather than of the device itself. Finding that sale price did not appreciably affect profit, they lowered the list price of the device to increase the number of users and therefore the demand for the disposable accessories.

TECHNOLOGIES / SERVICES

Portfolio Navigator enterprise software

Uncertainty/risk analysis models

Value maps

BENEFITS

Aligned decision making across organization

Rationalized sales forecasts

Improved cross-functional communication

Portfolio Navigator gives us clarity of thought, and allows me to quickly and easily provide my busy executives with simple answers to complex problems.

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SmartOrg software and services help companies discover their most profitable opportunities. We provide solutions for the economic evaluation of opportunities, especially when the future is clouded with uncertainty.

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