

New Flexibility in Global Purchasing

Customer Profile

Zimmer Holdings Inc. is an American company specializing in musculoskeletal health care, and is a world-leading provider of orthopedic implants. The company's headquarters are located in Warsaw, in the state of Indiana. The company is listed in the S&P 500. The central office for the EMEA region is in Wintethur, Switzerland, and emerged from Centerpulse, a spin-off of Sulzer Medica. The company's main products include knee, hip, shoulder, elbow, spine and dental implants, as well as plates and screws for treating broken bones. Zimmer uses JAGGAER for its global purchasing, Supplier Relationship Management, and Purchase Order Management. The world market leader for synthetic bone

replacement material in the joints practices cost-effective sourcing while ensuring that its high quality standards are met.

Challenge

The medical implant industry has changed. What used to be done with stainless steel is now done mostly with ceramic, titanium, and titanium alloys after the discovery that stainless steel is not suitable for extended use within the body. Unrelated to the exact type of raw materials and individual components that Zimmer uses to create its high quality products, there are a comparatively low number of sources that meet the company's high quality standards. As the leading provider of synthetic bone replacement material in the knee and hip, Zimmer Holdings has very detailed specifications for the material it purchases.

The requirements cover aspects of the exact method of production, the raw materials being used, the structures that must be taken into consideration, etc. The challenge here is making these specifications electronically available to all potential vendors.

Solution

The company has specific requirements for its vendors and for sourced components. All of the necessary information is entered in SAP. The last standard solution the company

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— Giuseppe Messina
Strategic Sourcing Leader EMEA
Zimmer GmbH

used failed to integrate the specifications from SAP into the ordering process, and after researching other options on the market, Zimmer chose JAGGAER, the global market leader for electronic process re-engineering in direct procurement. The company is using the Supplier Management (SRM) and purchase order management (POM) modules to support its ordering processes and its supply base management. Now that the POM module has been implemented, all of the relevant specifications can be made available electronically to any potential vendors. Once an order has been placed, the tool creates a PDF that contains all of the data and specifications from SAP so that the vendor has access to any necessary information. This guarantees a high level of usability.

Detailed Purchasing Based on Forecasts

In order to ensure targeted purchasing, the demands for one fiscal year are estimated in a forecast for the following year, then the quantities, items, and size are recorded, and the delivery times are entered. The system calculates in detail how much of one material Zimmer needs to purchase. The orders that were entered in the ERP system are then processed in the POM module and sent to the vendors. Implementing a purchasing solution speeds up critical processes significantly and makes purchasing on the global market more flexible. Orders that used to be faxed can now be sent to the vendors directly from SAP. The order confirmations also used to be sent by e-mail, fax, or by mail; printed, scanned and then entered manually into SAP. Today, these processes are completely paperless.

The vendor confirms the order directly in the portal, and this information is recorded in SAP. The healthcare system is under pressure, because the glory days of the medical industry are in the past. More efficient and cost-effective processes are in demand. In the search for more affordable sources, quality and safety cannot be sacrificed. Saving money is one thing, but the patient is always the end customer. Any impurities or fractures in the implants would be inexcusable for Zimmer.

The solution from JAGGAER helps the world market leader achieve both goals: cost-efficient purchasing while guaranteeing quality.

Bottom Line Results

- Automation of ordering process and relief for tactical sourcing
- Direct transfer of specifications from the ERP system into the purchase order
- Automatic availability of purchase order as a PDF document including all details
- Paperless exchange of purchase orders and order confirmations
- Detailed purchasing planning and re-engineering of inventory using forecast

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