

VANGUARD PREDICTIVE PLANNING CASE STUDY

MICROVENTION

A medical device company needed a unified, enterprise-grade solution that could reduce forecast effort, increase forecast accuracy, and streamline operations to reduce production costs and maximize sales.





About MicroVention

MicroVention, a subsidiary of the Japanese Terumo Medical Corporation, develops devices and technologies that treat vascular diseases and associated complications, such as brain aneurysms.

MicroVention has grown rapidly since being founded in 1997 and now sells products in more than 60 countries worldwide. The company continues to introduce new products including different types of stents, occlusion balloons, polymer coils, and drainage catheters. Based in Tustin, California, MicroVention has expanded its physical footprint to include manufacturing and administrative facilities in Santa Ana and Aliso Viejo, California, and in San Jose, Costa Rica.

The Challenge

By 2013, when MicroVention opened its manufacturing facility in Costa Rica, unit sales and product-line growth had already begun to outstrip management's ability to meet global demand cost effectively. The reason was simple. MicroVention was operating with inadequate technology and outdated processes for forecasting demand and planning operations.

Prior to August of that year, when MicroVention implemented Vanguard Predictive Planning, sales and operations planners had to hustle through manual processes for gathering data and preparing forecasts each month. These processes were not only labor intensive, but rife with guesswork, input error and formatting inconsistencies. The result was unreliable sales forecasts, which led to faulty demand planning, ill-timed production scheduling, and unsustainably high operating costs.

The company was not only wasting valuable human resources on the compilation and management of spreadsheets, the output of those spreadsheets was difficult to interpret and unfit for critical planning purposes. The situation had become untenable.





The Solution

MicroVention needed a unified, enterprise-grade solution that could reduce forecast effort, increase forecast accuracy, and streamline operations to reduce production costs and maximize sales. To do that, they would need an automated system that could expand their forecast capability with best-in-class statistical methods. This would enable planners to spot growth trends, manage new product releases and product transitions, and understand product dependencies.

Management chose Vanguard Software on a trial basis to see how well its business forecasting and planning platform could improve forecast accuracy while accommodating some unique custom requirements.

The software handily captured all monthly historical data and auto-generated unprecedentedly accurate baseline forecasts. From there, users learned how easily they could make adjustments and overrides in the system workflow to fine-tune historical baselines. Adjustments are generally based on sales-team foreknowledge of buyer plans and marketplace activity.

Users were also able to use the system's dynamic reporting capability to analyze forecasts by revenue, unit, region, product family, and SKU. Demand planning and production scheduling improved markedly as a result. The company now looks to install Vanguard Software's Supply Planning module, with the expectation of lowering inventory carrying costs by 15 to 20 percent within six months of implementation. Currently, MicroVention uses Vanguard Software globally to determine business trends, allocate resources, and prioritize capital investments.





The Results

Implementing Vanguard Predictive Planning has yielded the following results:

- One Year Payback - positive net return on investment
- 90% decrease in labor hours dedicated to forecasting preparation
- Reduction of forecast production and reporting cycled from weeks to minutes
- 28% increase in forecast accuracy
- 12% improvement in order fulfillment
- 9% reduction in error-related operating expenses

“Vanguard delivered more than we expected, which was a real eye-opener for many of us.” - Farhan Jama, Sr. Manager for Operational Excellence at MicroVention

