Case Study: Medical Device Manufacturer

CAPEX to OPEX, Cost-Savings & Cloud Management

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Client Overview

The client is a medical device manufacturer that produces and markets electrotherapy devices for use in pain management, physical rehabilitation, neurological diagnosis and cardiac monitoring.

The company was founded in 1996 and is headquartered in Lone Tree, Colorado. The company has 300+ employees with sales agents across the United States and globe.

In 2010, the client restructured its business into three subsidiaries: medical, monitoring solutions and neuro diagnostic.

Medical manufactures electrotherapy devices for pain management and physical rehabilitation. Monitoring solutions manufactures devices for non-invasive cardiac monitoring. Neuro diagnostic manufactures devices for neurological diagnosis.

Industry
Healthcare

Founded
1996

Employees
201-500

Headquarters
Lone Tree, Colorado

GCG

Business Challenges

New Products & Markets

The client was searching for ways to reduce costs due to the investment made in new medical products and markets.

There was a need to free up capital to support their continued product research, sales and marketing efforts.

Reduce CAPEX

The client's physical servers, storage and networking equipment were coming up on a hardware refresh which required an increase in CAPEX budget for the IT department. This was an important decision that needed to be made quickly.

Reduce OPEX

The client restructured their operations and cut employee headcount from 450 to 300. The IT department was eliminated except for a single help desk employee.

The CFO was also targeting their OPEX on IT related services including local, long distance, toll-free, Internet and network. The client was spending $23,000 a year on IT services.

System Downtime

The client experienced significant downtime from hosting their mission critical applications and data at their internal data center.

This greatly impacted the business operations including sales and support. Downtime lasted several hours at a time and business operations grinded to a halt.

Unexperienced IT Staff

The CFO and employee in charge of IT had little knowledge and background of their current environment. They were both tasked with finding a solution for outsourcing their IT.

The client need a partner they could trust to deliver the right solutions and providers for their IT infrastructure and support.

Outdated Technologies

The client's technology environment was outdated. This included the internal data center and telecommunications closet.

The client had legacy servers as well as phone systems and PBX. This all had to be managed by technical IT staff with knowledge of the hardware components.

Solutions

Technology Assessment

GCG immediately recognized the client's frustrations and sense of urgency for their current situation.

It was agreed that a technology assessment would help define the client's requirements. This covered existing IT infrastructure, services, usage, providers, contracts, invoices and monthly charges.

The technology assessment was completed in under two weeks.

Technology Roadmap

GCG worked with the IT employee, CFO and key executives to determine their technology roadmap. This defined immediate and future goals for their IT infrastructure.

GCG offered insight into the latest technologies and providers that could fulfill their capital strategies and business requirements.

It was determined that a fully managed cloud solution would be best for the client.

Cloud Readiness Assessment

GCG introduced providers and consultants to complete a cloud readiness assessment. This created an inventory of all servers, applications, websites, software and data.

It also included healthcare industry standards and regulations such as HIPAA and PCI-DSS since the client accepted credit cards.

The results revealed that the client could select a fully managed cloud solution with cloud servers, storage, backup and desktops.

Hosted VoIP & New Phone System

The assessments helped determine that a new voice service and phone system was needed. This was based on an analysis on the costs of their existing on-premise PBX versus a hosted VoIP solution.

Switching from PRI to hosted VoIP could save 25%. It also required zero IT staff to manage a hosted VoIP solution.

RFP Management

GCG to assist in writing and managing the Request for Proposal (RFP) process. Three providers that met the client's requirements for a fully managed cloud solution with hosted VoIP and new phone system.

The RFP process took a total of two week to complete. GCG offered insight into each of the providers and solutions. The client was able to make decisions quickly based on the work performed by GCG.

Project Management

GCG provided project management support during the implementation process to ensure that the transition from a physical environment to virtual went smoothly.

This included coordinating the migration of data and applications. Weekly calls were held to ensure timelines were met.

Testing and implementation of the new services and technologies went as planned.

Results

28% Cost Reduction in IT

GCG reduced the client's monthly expenditures from 23,000 to $16,560. This represented a 28% reduction in the client's OPEX for IT.

The client was also able to eliminate the need for a large IT department to manage their physical IT infrastructure since the environment was fully managed in the cloud.

Upgraded Technologies

The switch from an on-premise PBX to a hosted VoIP solution with a new phone system resulted in numerous features added which helped increase productivity in the office and call center.

CAPEX to OPEX Shift

The full managed voice and cloud solution allowed the client to shift IT from CAPEX to OPEX thus freeing cashflow for their newly launched products, product development and marketing efforts.

A large capital outlay to replace legacy servers, storage devices, networking gear and a phone system was completely avoided.

Zero Downtime

The fully managed cloud solution resulted in zero downtime for the client. The virtual servers had additional protocols in place to protect against outside threats. There were also backup and recovery measures put into place.

The solution exceeded all HIPAA and PCI-DSS regulations and industry standards.

IT Support Resources

The help desk employee that ran IT was empowered by the provider. Any issues with the IT infrastructure were resolved quickly. The IT employee was able to focus on help desk and traditional IT support services rather than issues with infrastructure.

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