



# ADVANCING PATIENT CARE WITH RELIABLE MISSION-CRITICAL SERVICE PARTS LOGISTICS

## *Choice Logistics High-Tech Medical Equipment Case Study for Elekta*

### ▶ BACKGROUND

Sweden-based Elekta is an international “human care” company pioneering significant innovations and clinical solutions for treating cancer and brain disorders. The company develops sophisticated, state-of-the-art tools and treatment planning systems for radiation therapy and radiosurgery, as well as workflow enhancing software systems across the spectrum of cancer care.

Elekta’s solutions in oncology and neurosurgery are used in over 5,000 hospitals globally. On a daily basis, more than 100,000 patients receive diagnosis, treatment or follow-up with the help of a solution from the Elekta Group. Elekta’s install base encompasses the globe, including 53 countries in North America, Europe and Asia. The company has approximately 2,300 employees.

### ▶ CHALLENGE

Patient care is the utmost priority for Elekta, and the functionality of their equipment is essential to supporting this charge. Because cancer patients rely on a continuous regimen of treatments, equipment downtime can interrupt the course of care. As such, the availability of Elekta’s technology is the essence of mission-critical service delivery. To maintain this sophisticated equipment and ensure it is fully operational, mission-critical service parts must be available with little advance warning.

The company previously supported service parts management for each division (neuroscience, oncology and software), with an internal operation that functioned independently on a regional and country-by-country basis. This approach was limiting, as the disparate IT platforms for inventory management created both service disruptions and inconsistencies. Elekta endeavored to establish global continuity to deliver exceptional client results regardless of location.

Initially with its oncology division, Elekta sought a relationship with an outside provider who could manage their service parts supply chain on a unified basis. This would allow them to optimize inventory levels and improve client service, while reducing costs with variable, rather than fixed investments in facilities, personnel, technology and transportation. Pursuing variable costs whenever possible is important for an innovative company like Elekta, since research and development of new technology takes precedence for a majority of spending.

### *CUSTOMER QUOTE*

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“Choice’s expertise and the simplicity of their platform made integration with our internal management systems less problematic than other providers.

This gave us the capability to leverage the power of the system that much sooner. Now, we can quickly and easily review the amount of inventory in the field, as well as the exact location, to improve our service part fulfillment capabilities.”

**Nigel Weston**

*Vice president of Supply Chain Management  
Elekta*



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### ▶ SOLUTION

In 2006, after a thorough due diligence review of niche and multinational organizations, Elekta established a partnership with Choice Logistics. With its sole focus on mission-critical service parts logistics, Choice could provide a solution that maximizes inventory levels, coupled with an expansive geographical footprint to support Elekta's worldwide install base. Elekta was especially attracted to Choice's powerful global IT platform, enabling seamless inventory visibility across their entire distribution network. Most importantly, Elekta was able to deploy the Choice solution in less than a year.

"The fact that we could implement the main program in only 10 months was astounding," said Nigel Weston, vice president of Supply Chain Management for Elekta. "Choice's expertise and the simplicity of their platform made integration with our internal management systems less problematic than other providers. This gave us the capability to leverage the power of the system that much sooner. Now, we can quickly and easily review the amount of inventory in the field, as well as the exact location, to improve our service part fulfillment capabilities."

In addition to the inventory visibility benefits, Choice provided Elekta with access to its global network of strategic stocking locations (SSL). This makes the parts easily accessible on an overnight basis, or within two-to-four-hours, depending on individual SLAs (service level agreements).

This flexibility is essential, because of the complexity of Elekta's needs. Elekta's field engineers prioritize delivery times depending on the urgency of the repair. There are simply too many variables for a blanket delivery policy, and Choice's SSLs assist Elekta in meeting customer demands. Along with the global SSLs, Elekta also utilizes several distribution centers in North America and Europe, with an additional facility planned for APAC. These facilities form the backbone of the service, acting as major geographic stocking location to meet local demands.

### ▶ RESULTS / BENEFITS

As a result of its global IT platform and reliable network of SSLs, Choice Logistics has created efficiencies throughout Elekta's entire oncology service parts supply chain of 2,000 parts, ranging in value from a few dollars to more than \$50,000. Each month, they process about 1,000 to 1,500 spares orders worldwide.

### CUSTOMER QUOTE

"The capability Choice provides through its technology and SSLs helps us effectively distribute parts to best support our customers, while optimizing inventory levels."

"This, in turn, reduces spending on new inventory until it is absolutely necessary, dramatically improving our cash flow."

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Improved visibility enables Elekta to better allocate inventory and has reduced overall levels by 13 percent. Even though levels were lowered, inventory availability is at an all time high of 98 percent. This means that when a part is needed, it is virtually always available to meet the mission-critical needs of customers. It also allows Elekta to plan more effectively and ship a greater number of parts in bulk to RDCs, which has reduced transportation costs approximately nine percent in the first year alone.

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Elekta and Choice regularly engage in quarterly reviews to evaluate current operations, and identify areas for refinement. They also conduct strategic whiteboard sessions, to discuss new directions for Elekta, and how Choice can adapt to help them fulfill their goals.

With the efficiencies created by this project and emerging opportunities globally, Elekta is looking to expand into new markets within Latin America, India and the Middle East. Since these countries present significant logistical challenges, Elekta will rely upon Choice for entry solutions to meet the regulatory requirements while keeping service parts supply chain operational costs down.

“Now that the partnership is established, we can support emerging markets quicker, thereby increasing market share and profitability,” Weston said. “For instance, we will be establishing operations in Latin America, which is no small task, with an implementation timeline of about thirteen weeks. This is an important region for us, and the speed and reliability of the Choice approach enhances our ability to aggressively pursue new locales.”

“This project has allowed us to strengthen our relationship with current customers, and expand our horizons for continued growth with new customers all over the world,” added Weston. “Choice’s sound processes, reliable technology and global reach make us more competitive against much larger companies without the burden of fixed investments.”



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