

“Medical Device Outsourcing”
Medical Device Industry Supply Chain Council
Webinar April 23, 2009



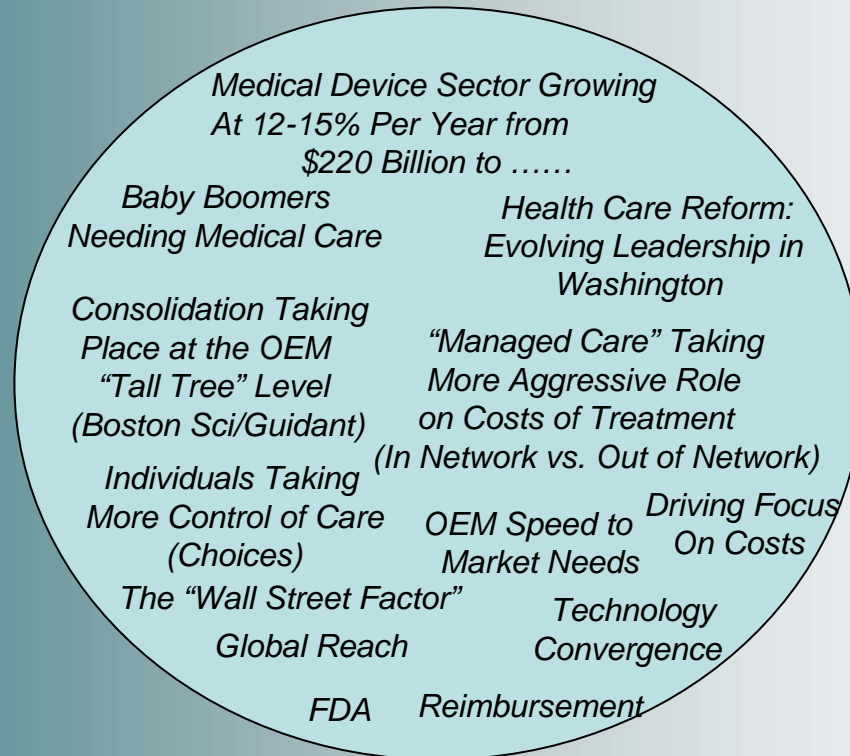
Christopher A. Oleksy
President
ATEK Medical
coleksy@ATEKmedical.com
www.ATEKmedical.com

Setting the Stage: Christopher Oleksy, CPIM

- **Graduated 1984, Indiana University Kelly Business School**
(Quantitative Business Analysis & Production Operations Mgmt.)
- **14 Years Dow Corning Corporation** (World Wide Supply Chain Leader)
 - (From 'Functions/Plants to Supply Chain Businesses')
 - (Created Numerous Strategic Alliance Relationships)
- **7 Years Medtronic Corporation**
 - 5 Years, Led Cardiac Surgery Supply Chain Alignment/Compression
16 facilities - > 7
Aligned Previous Acquisition Derived Supply Chains
Outsourced Facilities to Supplier/Partners
 - 2 Years Global Business Systems
Led Mfg. Council, SAP Make Ldr., SAP Program Office Leader
- **4 Years President of ATEK Medical**

Where is Health Care Going?

***“The Oleksy Crystal Ball..
Changes Are Coming..”***



What Does All This Mean to Managing Supply Chains?

The Supply Chain ‘Sourcing Make or Break Value Proposition is Simple’

***“After 25 Years of Implementing Supply Chain/Sourcing Solutions,
I Discovered “The Oleksy Supply Chain Algorithm”:***

And... It’s as Simple and Straight Forward as $E=mc^2$

SUCCESS = RP -> RT @ RT in RP

FAILURE = RP NOT -> RT @ RT in RP

Translation: RP -> RT @ RT in RP

**RP (Right Person)
-> (Doing)**

**RT (Right Thing)
@ (At)**

**RT (Right Time)
in RP (Right Place)**

FAILURE = RP NOT -> RT @ RT in RP

Another Way to View This is :

Opportunity Value is:

RP (Right Person)

-> (Doing)

RT (Right Thing)

@ (At)

RT (Right Time)

in RP (Right Place)

Opportunity Cost is:

RP NOT -> RT @ RT in RP

Regardless of Where you Sit Within a Supply or Value Chain, Your Organization Must Master the Oleksy Algorithm..

RP (Right Person)

-> (Doing)

RT (Right Thing)

@ (At)

RT (Right Time)

in RP (Right Place)

What Happens if we Don't?

Fundamental Supply Chain Sourcing “Challenge”..

“We Solve The Wrong Problem..”

Why Does this Happen?

“Mis-Aligned Solution..”

OR..

“The Wrong Execution of the Right Idea”

“Solving The Wrong Problem..”

***One of the Most Common Supply Chain
Errors :***

***Lowering Inventory Levels
Without Understanding the Reason **FOR**
The Inventory***

So How Do We Not Solve the Wrong Problem?

Alignment..... And Re-Alignment Will Make or Break Your Supply Chain/Business!

What is Your Company's Business Direction?



Configure The Direction! (Operations Configuration) RP->RT@RT in RP

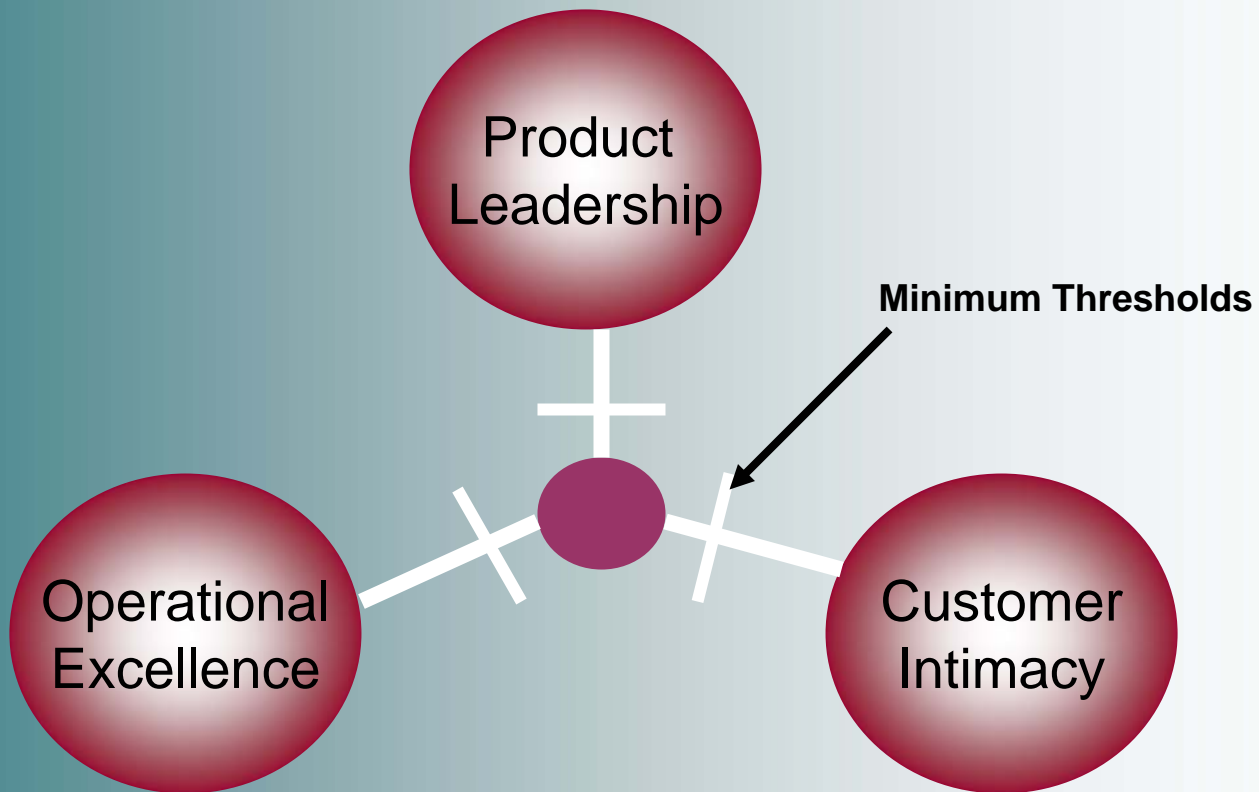


Actions! (Who Does What?) RP->RT@RT in RP



Measure for Success! (Walking the Talk)

A Best Practice: Business Model Assessment



Alignment..... And Re-Alignment Will Make or Break Your Supply Chain!

What is Your Company's Business Direction?(Business Model Assessment,



Configure The Direction! (Operations Configuration) RP->RT@RT in RP



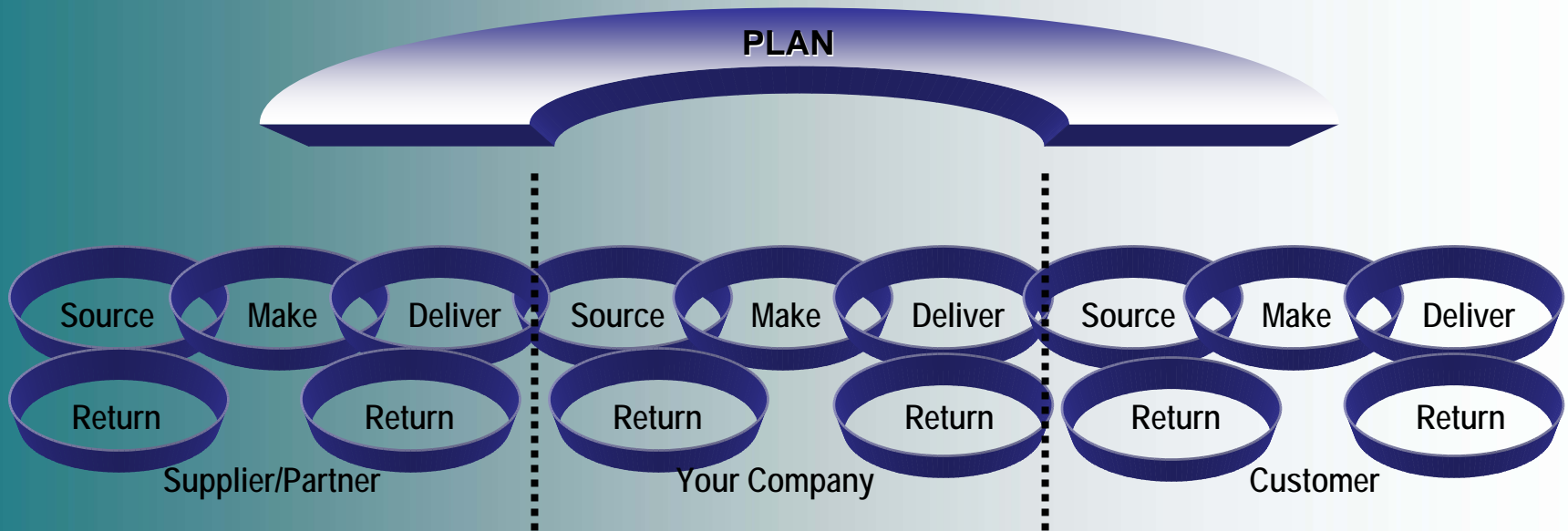
Actions! (Who Does What?) RP->RT@RT in RP



Measure for Success! (Walking the Talk)

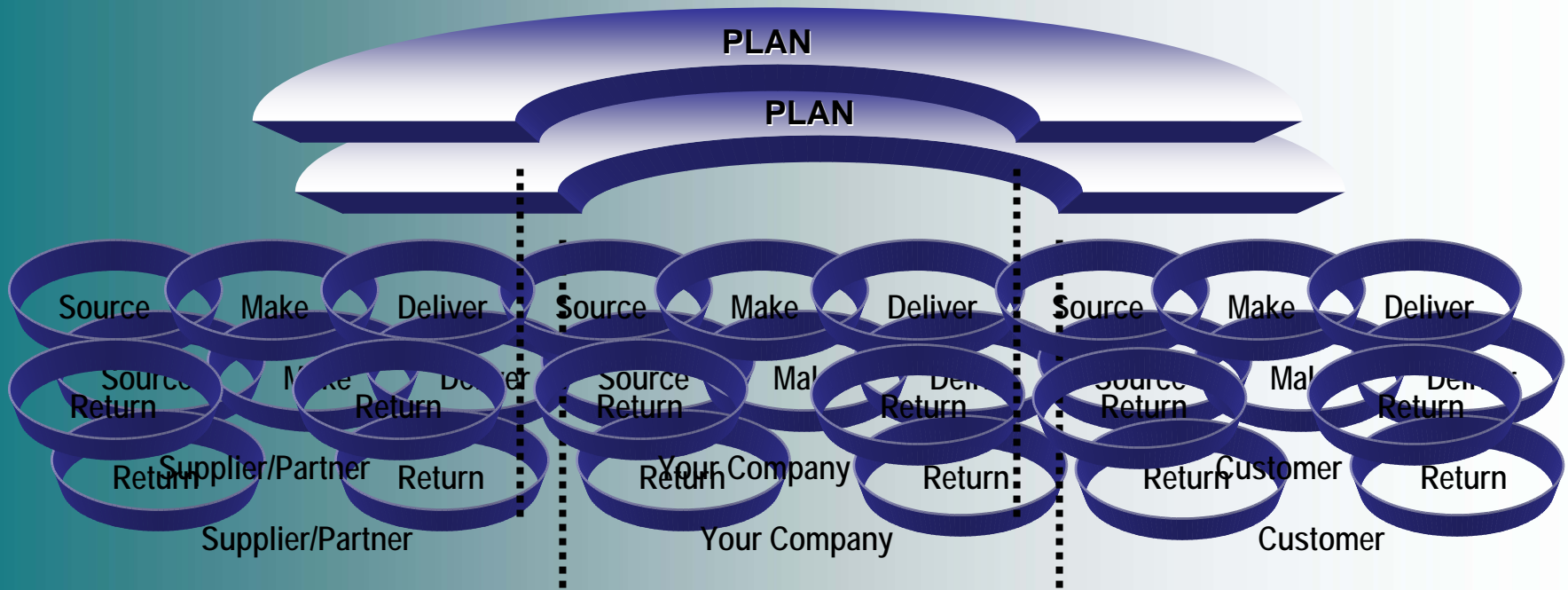
SCOR[®] Supply Chain Operations Reference Very Helpful Here -> www.supply-chain.org

Typical Supply Chain Components

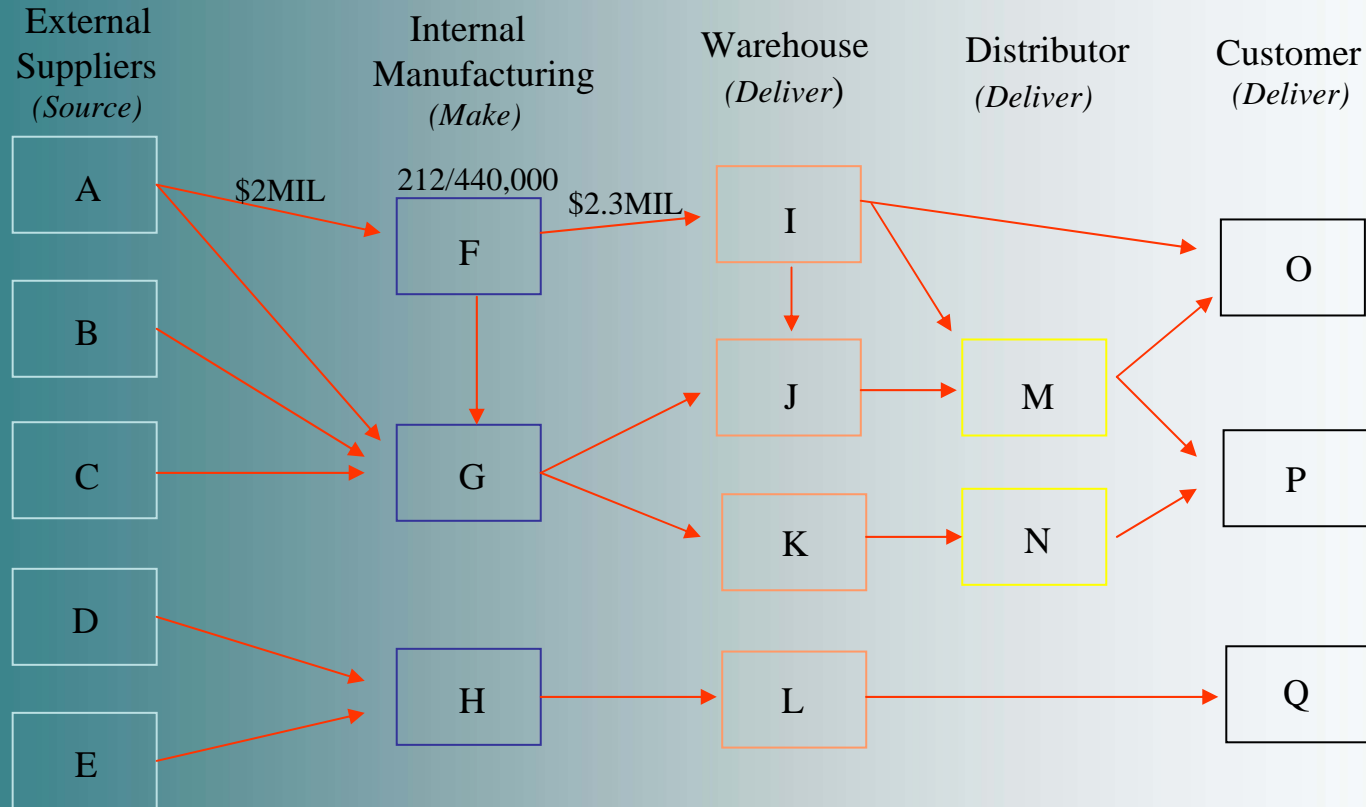


What Does *Consolidation* Within The Medical Device Industry Do To/For Outsourcing?

Common Supply Chain Challenge in The Medical Device Industry is Over-Lapping Supply Chains Due to Acquisitions Or Consolidations.

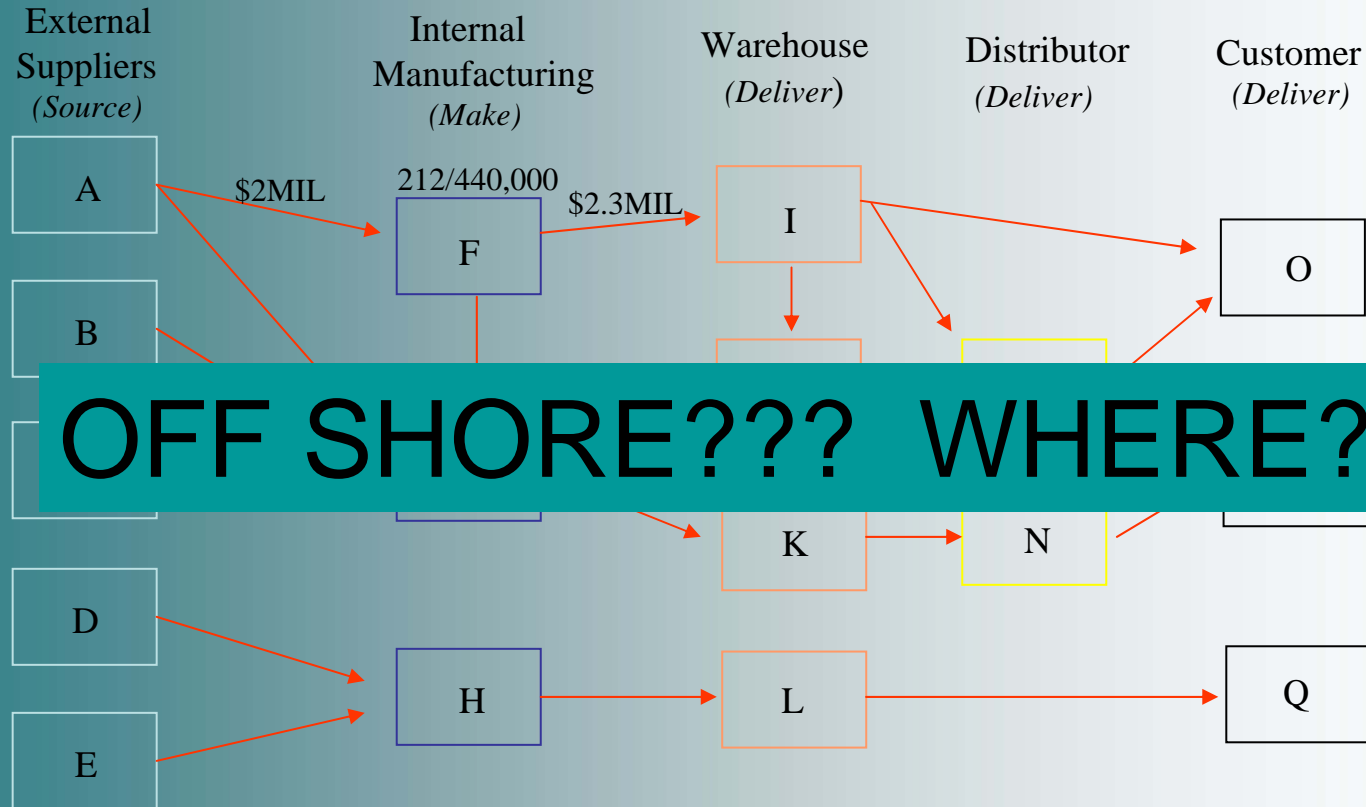


Supply Chain Thread Analysis Let's You Look at Overlaps



**See Oleksy MPO Article From May 2006,
"Your Supply Chain is Worth a Thousand \$"**

Supply Chain Thread Analysis Let's You Look at Overlaps



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"Your Supply Chain is Worth a Thousand \$"**

Another Sourcing Challenge...

Convergence of Needs...

Total System Design Collaboration (TSDC)
(Oleksy Article for Medical Device Technology – October 2006)

Figure #1

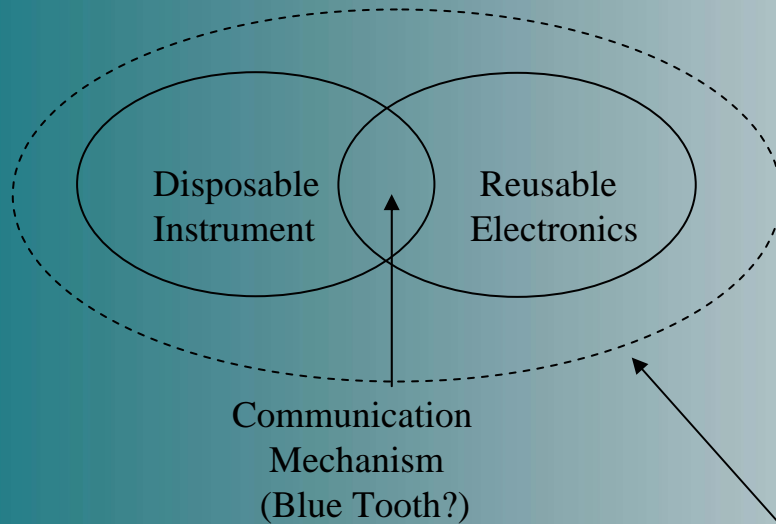
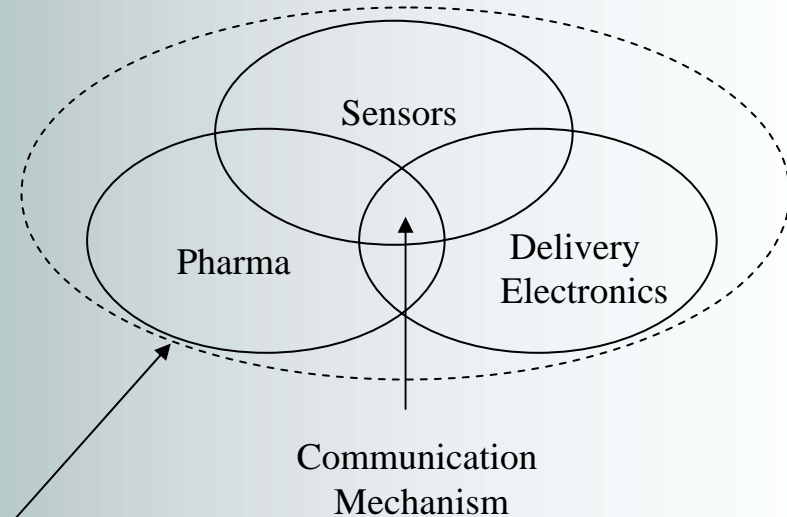


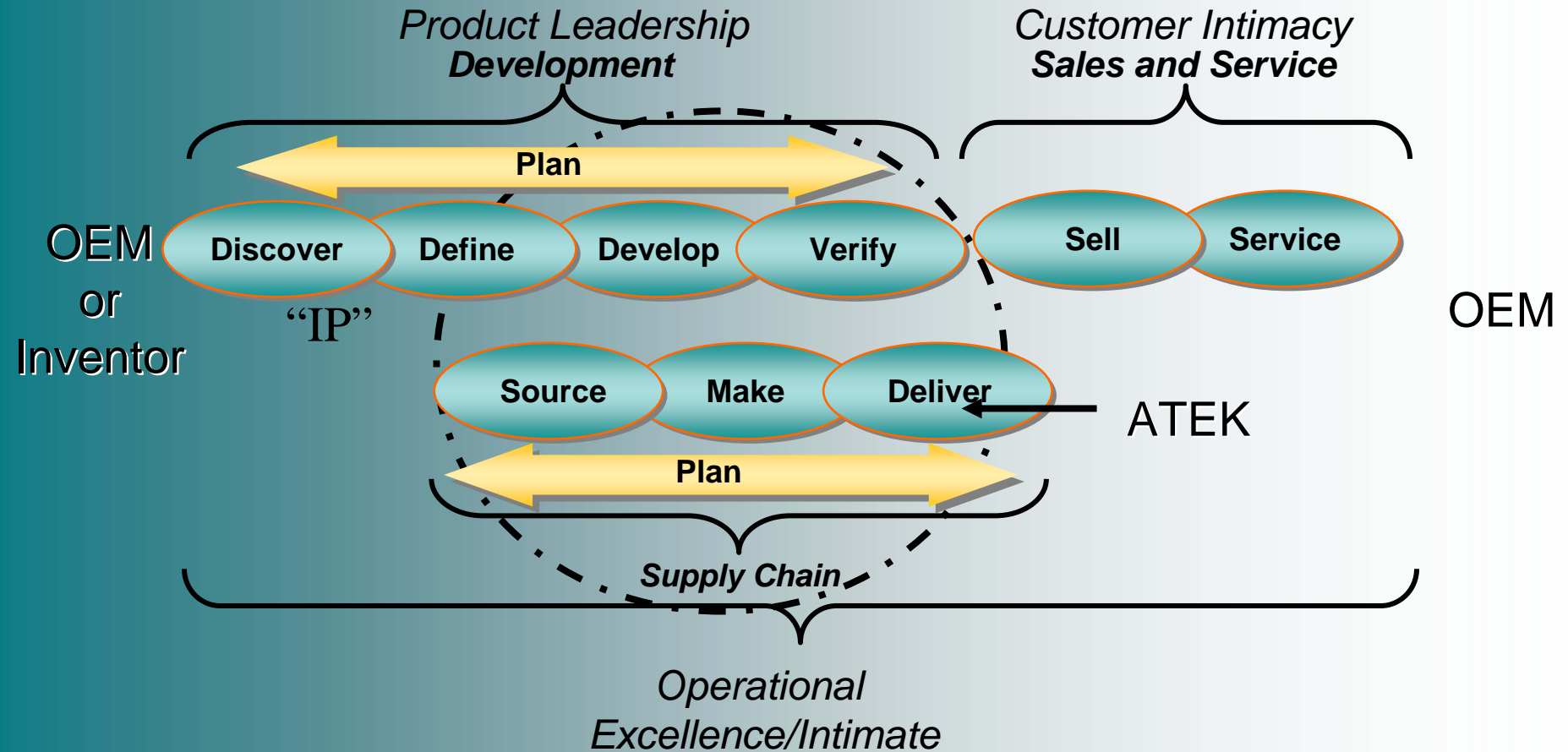
Figure #2



Collaboration Management

Outsourcing is KEY Here... Can't do Everything!

“Walking the Talk”: Alignment Example



Bottom Line:

**Who Will Be Successful In
The Medical Device Industry??**

“The Oleksy Crystal Ball Says:”

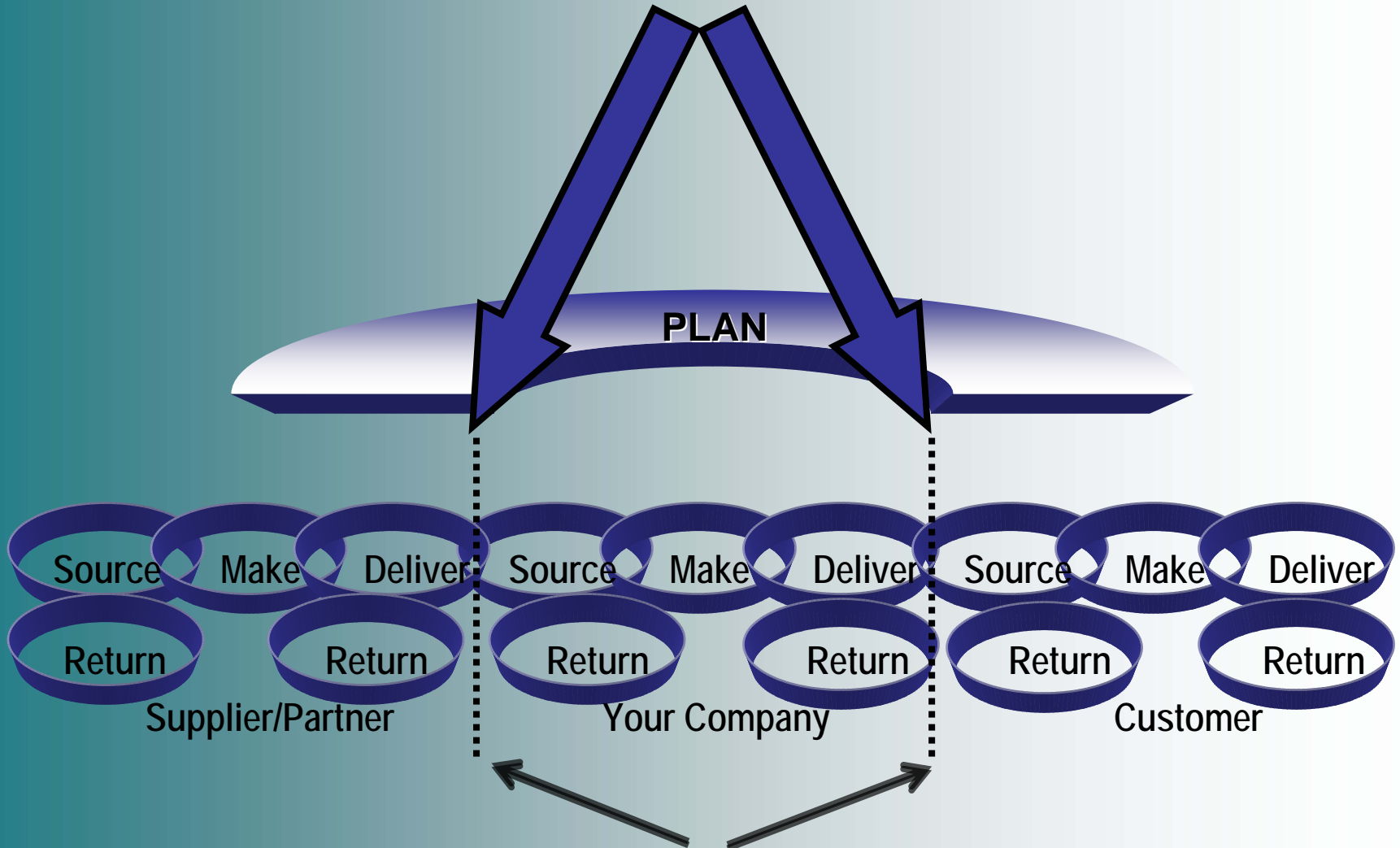
***Companies That Master
The Configuration of These Elements***



***And Recognize That They Must Outsource
And Partner to Master their Configuration***

AND ->

“WIN WIN Touch Points”



It is IMPERATIVE that a WIN WIN Relationship take Place at these 'Touch Points'

Last But Not Least.. And Probably the Most Important..

RP (Right Person)

SUCCESS = RP -> RT @ RT in RP



A Word About the Right Person.....

Mastering the Algorithm Depends on People... not Models..

**It is Mission Critical that you have Talented People
Making your Sourcing (Make/Buy) Decisions.. People from
All Disciplines who Determine the Business Direction...
Then Configure... Then ACT.. Then Measure.... And REPEAT.**

**It's Everyone's Responsibility to Configure Supply Chains,
Not Just the Supply Chain Team....**

Key Elements of Successful Outsourcing:

Medical Device Industry is Going to Change Consistent with Health Care Industry Changes.. Therefore, you must...

Master the Oleksy Algorithm : RP -> RT @ RT in RP

You Do this By Aligning Your Activities.. Don't Solve the Wrong Problem..

Understand The Elements of Product Leadership, Operational Excellence and Customer Intimacy as you Align and Master the Algorithm

Understand the Supply Chain Operations Reference Model (SCOR)
www.supply-chain.org

Consolidations will Create Over-Lapping Supply and Value Chains...
Color Code Them..

Understand that Technology Convergence Will Be Key.. Can't Do Everything...

Talented People are the Most Important Aspect of the Oleksy Algorithm
You Need Thought Leaders to Execute! AND... They need to be WIN WIN People!

See Chris' Other Articles at ATEK's Web Site: www.ATEKmedical.com





Thank You!!!

Christopher A. Oleksy
President
ATEK Medical

Email: coleksy@ATEKmedical.com

Web: www.ATEKmedical.com