



BIO**DERM**[®]



WCR[™]
WOUND**CARE**
RESOURCES

Modernizing a Life Sciences Acquisition With ERP



How medical device manufacturer **BioDerm** upgraded the backend systems of a recent acquisition with **SAP Business ByDesign**



NAVIGATOR SAP Gold Partner
BUSINESS SOLUTIONS



Founded: 1991

Industry: Medical device manufacturer

Customers:

1,000+ hospitals

20,000+ direct consumers

100+ VAD clinics

Annual Revenue: \$20 million-\$50 million

Employees: 85 employees

ERP implementation time: Less than 6 months

By Jennifer Whitney

For many companies looking at long-term growth, acquisitions are a part of their strategy. It's a great way to create a bigger business while gaining entry to new markets and technology.



BioDerm Inc., a manufacturer of Men's Liberty, an external urinary collection device with hydrocolloidal skin technology, was looking to grow its business portfolio in this manner. The Largo, Florida-based company set its sights on Wound Care Resources (WCR), a supplier of ventricular assist device (VAD) wound care products based in Yorkville, Tennessee.

The acquisition was completed in June, 2019, and it enabled BioDerm to enter a wound care market worth \$15.25 billion in 2020, and expected to grow to \$24.01 billion by 2028 with a compound annual growth rate of roughly 6.1 percent over the next few years, according to estimates by research firm, **Fortune Business Insights**.

With growth comes growing pains, however. One of the biggest challenges of nearly any acquisition is merging cultures, technologies and back-end processes.

BioDerm was faced with this kind of challenge when it realized that WCR, which hails from a small, rural town and is composed of fewer than 30 employees, had a relatively weak technology infrastructure even though it had complex operations involving roughly 400 SKUs.

Since its inception in 2006, WCR had been relying on an paper-based workflow with heavy use of QuickBooks to maintain records for their 1,100 or so active patients at any given time. That was combined with another system for additional record-keeping.

"They were printing up to 400 pieces of paper per patient," recalls Matt Geary, director of IT for BioDerm. "Their process was to print and then hand the paper to the next person who would finish working with the document and then hand it to the next person. They had these big binders of paper for each patient. It actually worked beautifully; every audit was immaculate, but it was paper-oriented and they had high expenses with their print vendor."



ERP: An Obvious Solution for a More Efficient Workflow

BioDerm immediately saw a need for an upgrade. For its own operations, eight years ago BioDerm had implemented **SAP Business By Design**, a cloud-based enterprise resource planning system (ERP) that now handled the company's manufacturing processes and most of the company's operations, including record creation, shipments, invoices, account receivables and so on.

"We use SAP Business ByDesign for everything, from shipping to inventory sales orders and even tracking our marketing," explains Geary. "Anything that we need in addition to that, such as leveraging our insurance database, our own internally-developed software portal then transfers back SAP through web services."

Since implementing SAP Business ByDesign, BioDerm has reduced its sales-generation time by up to 95 percent, and has been able to integrate multiple software platforms into the SAP system. Impressively, BioDerm has grown at an average of 32.5 percent since implementing the SAP system.

Given BioDerm's own experience and the pre-digital processes at WCR, moving the new acquisition to ERP seemed obvious.

At the time of acquisition, WCR was using simple databases for storing customer information and shipment details in addition to its paper-based workflow. "WCR lacked a robust transaction or reporting system, so we knew all along that we would need to migrate that business onto our current SAP platform," adds Marc Garofani, chief financial officer at BioDerm.



Fast Implementation During Transition

The initial work for the migration, internally nicknamed “SAP Project Alliance,” kicked off in August, 2020, but the project got sidelined several times due to other high-priority projects within the company. BioDerm itself was going through the **process of being acquired** by Mountaingate Capital at the time, a Denver, Colorado-based private equity firm.

Mountaingate had expressed some concern about bringing WCR onto the system, but BioDerm’s business case for the added visibility and streamlining of WCR operations ultimately won out. With the help of **Navigator Business Solutions**, an SAP Gold Partner with more than 500 ERP implementations under its belt, the SAP Business ByDesign implementation was completed in February, 2021.

“Given the amount of activities we had going on at the time, it actually is quite impressive that we were able to quickly migrate a third of our business onto a completely new platform and get the users trained to use the system in a short period,” Garofani notes. “I think it speaks well to the knowledge and the experience that Navigator brings to the table, as well as being able to quickly migrate in a fast-paced environment.”

The changeover to the new system came with a couple of challenges, however. Most notably, WCR’s team was not tech-savvy and had expressed trepidation about making the change. This led to some initial resistance.

“We had to kind of hold their hands at first, and assure them that the change would be a beneficial experience for them,” Garofani says.



The acquired company's operations also required some customization to the ERP platform.

WCR deals predominantly with third-party payers, including government, insurance and private payers. WCR employees were used to certain processes when managing these transactions, so BioDerm was concerned about interrupting established business workflows. The modifications were pursued to ensure that the system would be intuitive for employees and not remove any prior functionality and clarity around how billing and collections were performed.

Immediate Efficiency Gains

As comfort with the ERP platform grew, employees started to see the value in the system. A specific benefit was the ability to develop custom reports that automatically refreshed.

"It's a huge time saver and a huge win for the business," Garofani notes.

The transition also eliminated the need for any double data entries. Everything is now automated behind the scenes.

"They don't have to go behind the scenes and make adjustments to their data. Once the system figures out what you're doing, the automation just keeps it going," explains Shawn Stone, vice president of operations at BioDerm.



For example, when WCR enters a sales order, the system automatically generates a purchase order. The prices and valuations are already set up in the system, including pricing for insurers. So when it comes time to send an invoice, the system automatically inputs the correct costing amounts.

“That’s very powerful for them, because previously only one person knew how to finesse things like SQL queries,” notes Geary.

A Foundation for Future Growth

BioDerm isn’t done yet, however.

The migration to SAP Business ByDesign was split into two phases. The first phase involved streamlining the accounting and inventory aspects of the WCR business. The next phase, currently under way, will go more “behind the scenes,” according to the company, integrating other workflows into SAP for even greater efficiency.

“It’s a pretty robust offering,” Geary notes, “and we’re not even using everything yet.”

With BioDerm eyeing other acquisitions in the future, the firm feels it’s in a great position to make a bid for another business and be able to integrate additional companies as needed, according to Stone.

None of this would have been possible without the help of the company’s implementation partner, however.



“It’s easy to give Navigator praise,” says Geary.

“If you ever use SAP, you’re going to want a partner like Navigator,” he notes. “Typical vendors would shy away and say things like, ‘We’re not trained or not certified in that area, so we’re not going to help you.’ Navigator, on the other hand, basically is like having SAP on staff.”

Stone agrees.

“Navigator has been so responsive,” he says. “They understand our needs, and if they don’t understand something, they get you to the person that can help you figure it out.”

Integrating new acquisitions has well-known challenges. But BioDerm has found the right formula.

