



Less is More:

How One OEM Saved \$1.9 Million in Project Costs by Consolidating Suppliers

A major medical device manufacturer wanted to bring a new, game-changing laparoscopic surgical instrument to market. The OEM needed to partner with suppliers who could deliver components and complex assemblies. The suppliers had to be capable of meeting performance and regulatory requirements, as well as timeline objectives.

Because of its long-standing relationship with MW Components, a division of MW Industries, the OEM invited them to bid on the project. Initially, MW Components was asked by the company to manufacture three of the 13 components it had bid on. (Two of those components required complex assembly.)

As the project proceeded, MW Components' multi-discipline expertise led to the company being awarded the manufacture of 23 individual components, including four complex assemblies.

Project management

Because MW Components was brought into the project in its early stages, it was able to deploy its project management skills at the outset to accelerate the OEM's medical device launch time.

In this instance, MW Components was able to provide fast-track options which reduced the device launch time by 5-6 months. This time savings benefit was the result of all 23 components being sourced simultaneously with one supplier. If seven suppliers were responsible for producing 23 components, the OEM validation activity would be drawn out. All seven suppliers would have to be visited. It would take approximately 5-6 months to complete the audits and qualify the suppliers.



Laser-cut articulation tube

Supplier consolidation

A key part of this timeline reduction was the elimination of six additional suppliers from the project. By minimizing the number of suppliers, the OEM's speed-to-market was dramatically improved. With a tight number of critical suppliers, communications are likely to be clearer, redundant efforts are reduced or eliminated, and accountability is more evident.

The other major benefit of supplier consolidation is minimizing validation requirements. This happens by eliminating the need to audit each supplier's quality system to ensure they are capable of maintaining the product integrity over the long haul. Each supplier that is part of the project will have to go through the validation process for each component they produce to ensure compliance with various government regulations and OEM protocols.

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MW Components was able to provide fast-track manufacturing options which reduced the device launch time by 5-6 months.

Showing the OEM how the number of suppliers could be pared down not only reduced the launch time by six months, it also dramatically cuts costs typically associated with validation efforts and OEM project management.

Technology forefront

To help support the disruptive path being taken by the OEM, MW Components' engineering staff developed seven new manufacturing processes and launched a new state-of-the-art laser cell that further expanded capabilities by adding laser machining, welding and ablation techniques.

MW Components separates itself from other suppliers because it has the capability to shift quickly to address customer needs by having available capital to invest in new technology or equipment. For example, one of the new processes required an investment in two new pieces of equipment to apply and cut heat-shrink tubing required by the device.

The ability to invest in solutions and think outside the box are critical attributes of a strong medical device component manufacturer.

Regulatory support

Because one of the assemblies leaves the MW Components facility as a complete ready-to-use product, the supplier needed to have the capability to upload information onto the U.S. Food & Drug Administration device listing page.

The ability to fabricate assemblies and document them in the FDA device listing system is a benefit of partnering with MW Components. The company has invested both time and dollars to ensure that its professional staff is able to support the OEM's FDA device submission.

Staffing

Since its launch, the device is enjoying market place success, due in part to the contributions of MW Components. Increasing sales has led to MW Components adding a quality engineer and a mechanical engineer to its staff to support the device's sales growth.

There is now a dedicated engineer who is responsible for daily project management of all activity associated with this device throughout all MW Components locations.

Conclusion

Significant cost and time savings can be realized when the OEM relies on an MW Components' project management capability to handle multiple components and assemblies. In this particular instance, MW Components was able to shave five to six months off the commercialization cycle and almost \$2 million dollars in expenses.

MW Components' strong pedigree in medical device component manufacturing enabled this OEM to exceed commercialization timeline goals and allowed them to divert assets more quickly to the next product development project.



Formed metal components

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The bottom line

5-6 months removed from the commercialization timeline

6 suppliers removed from the project

Suppliers consolidated as MW increased production support from 4 to 23 individual components

Approximately \$1.9 million in project costs were saved

Effective project management results in significant cost savings

Executive summary: Significant time/money savings with supplier consolidation

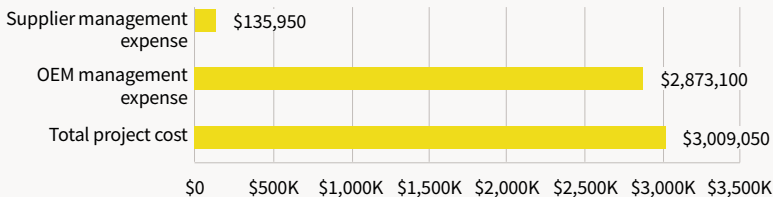
	7 suppliers	1 supplier	Savings
Hours	86	44	42
Cost	\$3,009,050	\$1,157,700	\$1,851,350
Speed-to-market (months)	11	6	5

The chart above provides a top-level snapshot of cost and time savings that can be realized when consolidating suppliers. The three scenarios that follow show a detailed breakout of dollar and time metrics.

- The first scenario shows a common project management example: one OEM managing 19 components and four assemblies via seven suppliers.
- The second scenario shows the significant cost and time savings that can be realized when the OEM relies on an MW Components' project management capability to handle those 19 components and four assemblies.
- The last graph is a comparison of scenario 1 vs scenario 2. It shows the significant cost savings and speed-to-market that can be realized when an OEM consolidates suppliers.

Scenario 1: The OEM manages 19 components & 4 assemblies with 7 suppliers

11 month time span summary

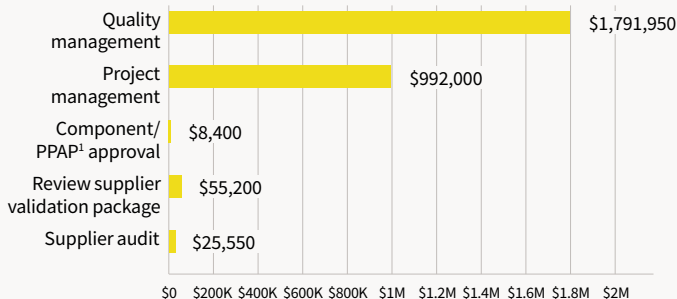


Total project assembly cost:
\$1,157,700 vs \$3,009,050

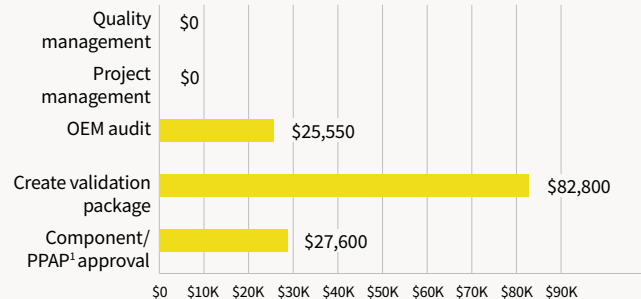
Savings \$1,851,350

Expense breakdown

OEM expenses



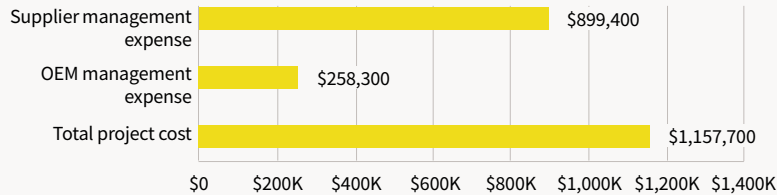
Supplier expenses



¹Production Part Approval Process

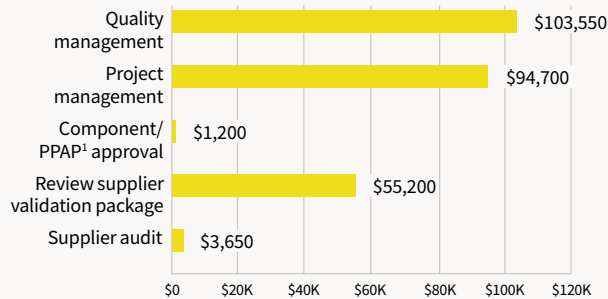
Scenario 2: The OEM manages 19 components & 4 assemblies with 1 supplier with weekly conference call

6 month time span summary

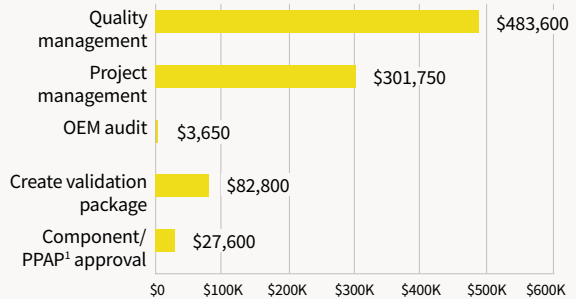


Expense breakdown

OEM expenses

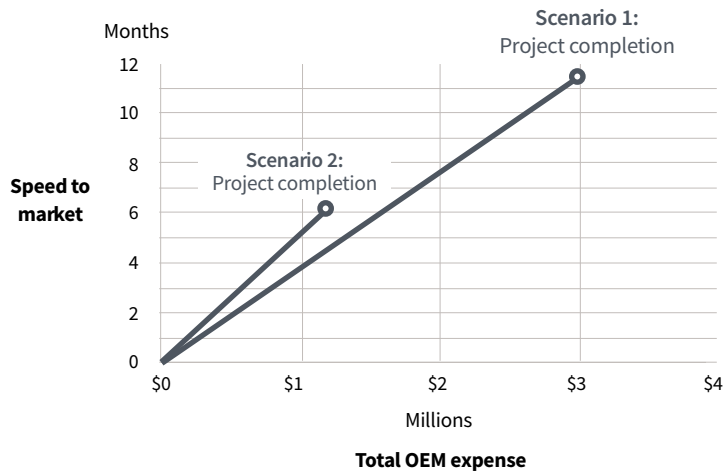


Supplier expenses



¹Production Part Approval Process

Project management comparison



The MW Components difference

A strong pedigree in medical device component manufacturing

Project management expertise

Investing in state-of-the-art manufacturing equipment

Metrology to support quality throughout the life of the program

Technical skill level

To learn more visit MWComponents.com or contact us at 704.280.8875 | sales@mwcomponents.com