



Case Studies in Supplier Costing Within a Low Volume Medical Device Manufacturing Environment.

FRED JOHNSON - ORTHO CLINICAL DIAGNOSTICS



Ortho Clinical Diagnostics who we are

We are a global leader of in vitro
diagnostics serving the global
clinical laboratory and
immunohematology communities.



Ortho Clinical Diagnostics what we do and why

Worldwide across hospitals, blood banks, and labs, our high-quality products and services enable health care professionals to make better-informed treatment decisions to improve and save lives.

Ortho Clinical Diagnostics at a glance

- ▶ 75 years in this business
- ▶ Customers in 120 different countries
- ▶ 250 different products
- ▶ 4200 employees worldwide
- ▶ \$1.7 billion in annual revenue
- ▶ Former business unit of Johnson & Johnson
- ▶ Recently became independent

Ortho Clinical Diagnostics

two types of products

Non disposable machinery

- ▶ Made in low volumes
- ▶ Expensive to produce

Disposable support products

- ▶ Made in very high volumes
- ▶ Less expensive to produce

Briefly considered costing tools

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- ▶ Alignment procedure biases results
- ▶ Not useful for this type of work

DFMA

- ▶ Previous experience with DFMA & BDI
- ▶ Saved millions at other companies

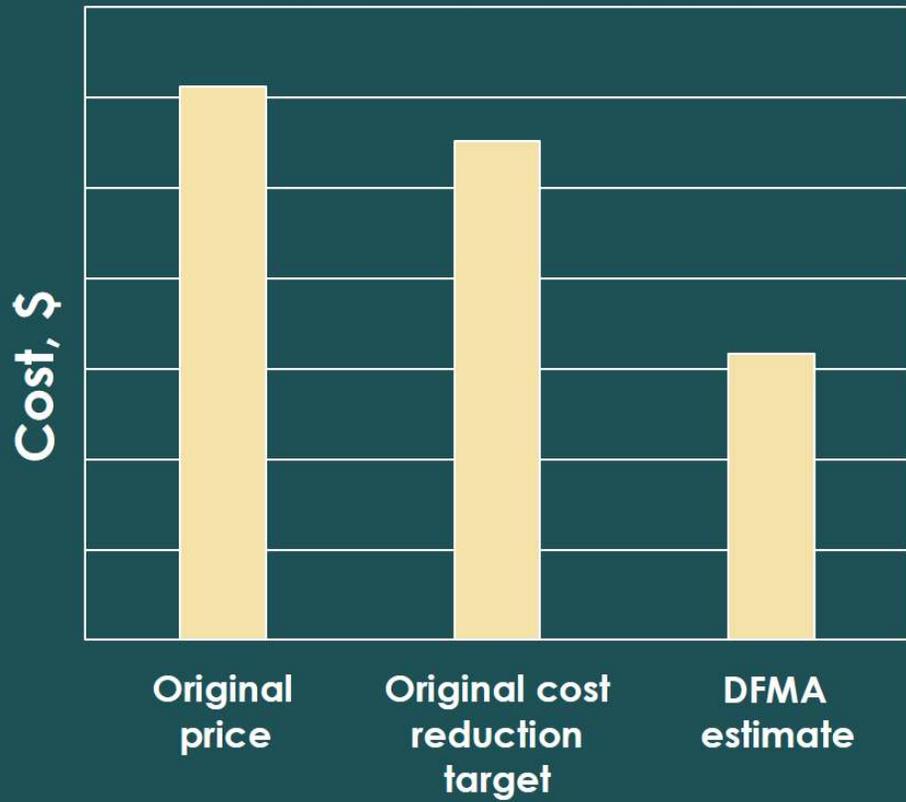
Setup of DFMA Software

- ▶ Added supplier chargeout rates
- ▶ Added adjusted material prices
- ▶ Provided data to BDI
- ▶ BDI provided me with software ready to work

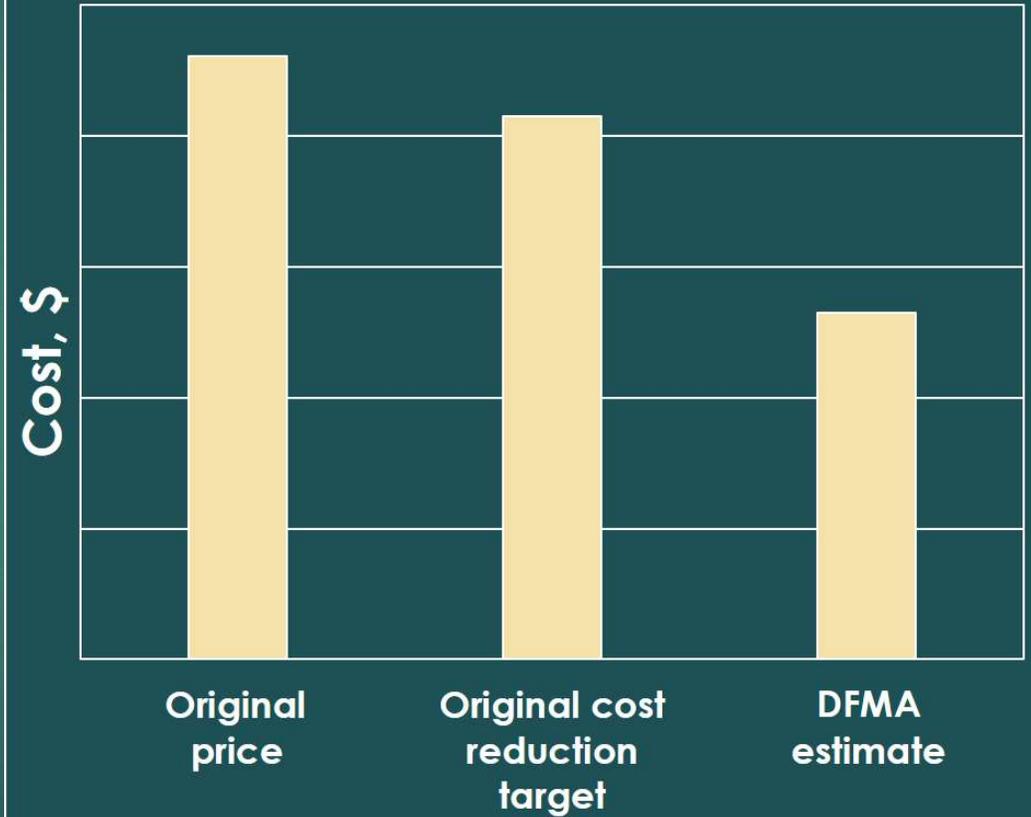
Two sizes of fabricated tables



Long Fabricated Table



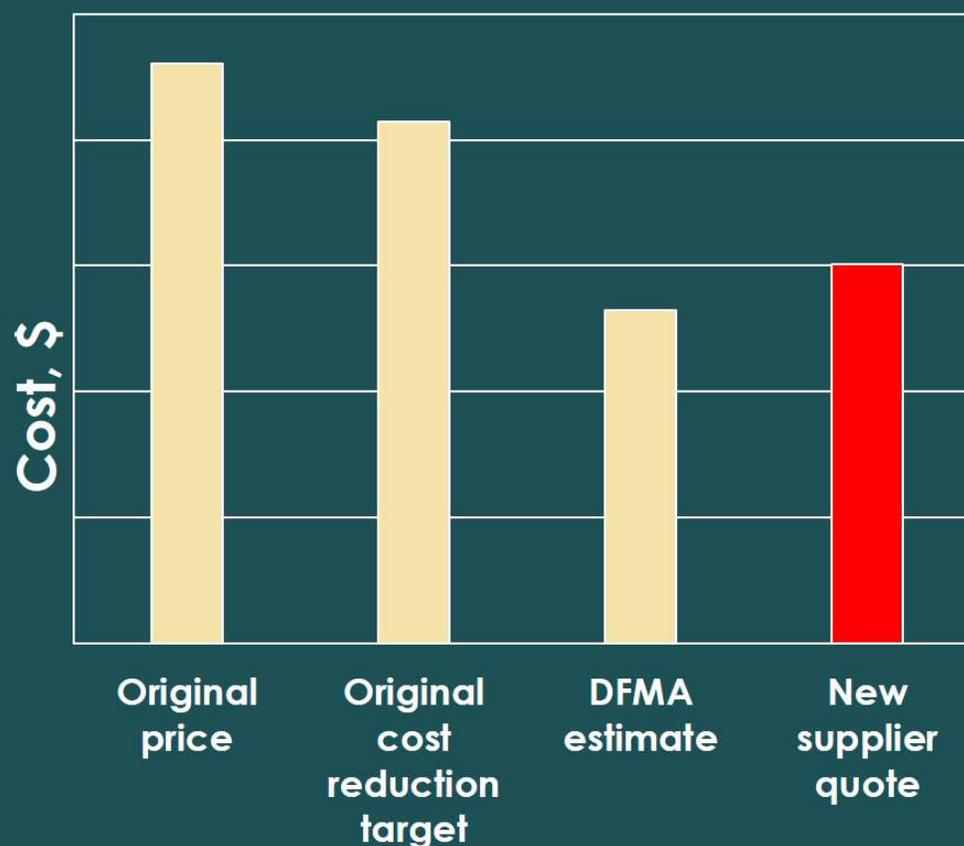
Short Fabricated Table



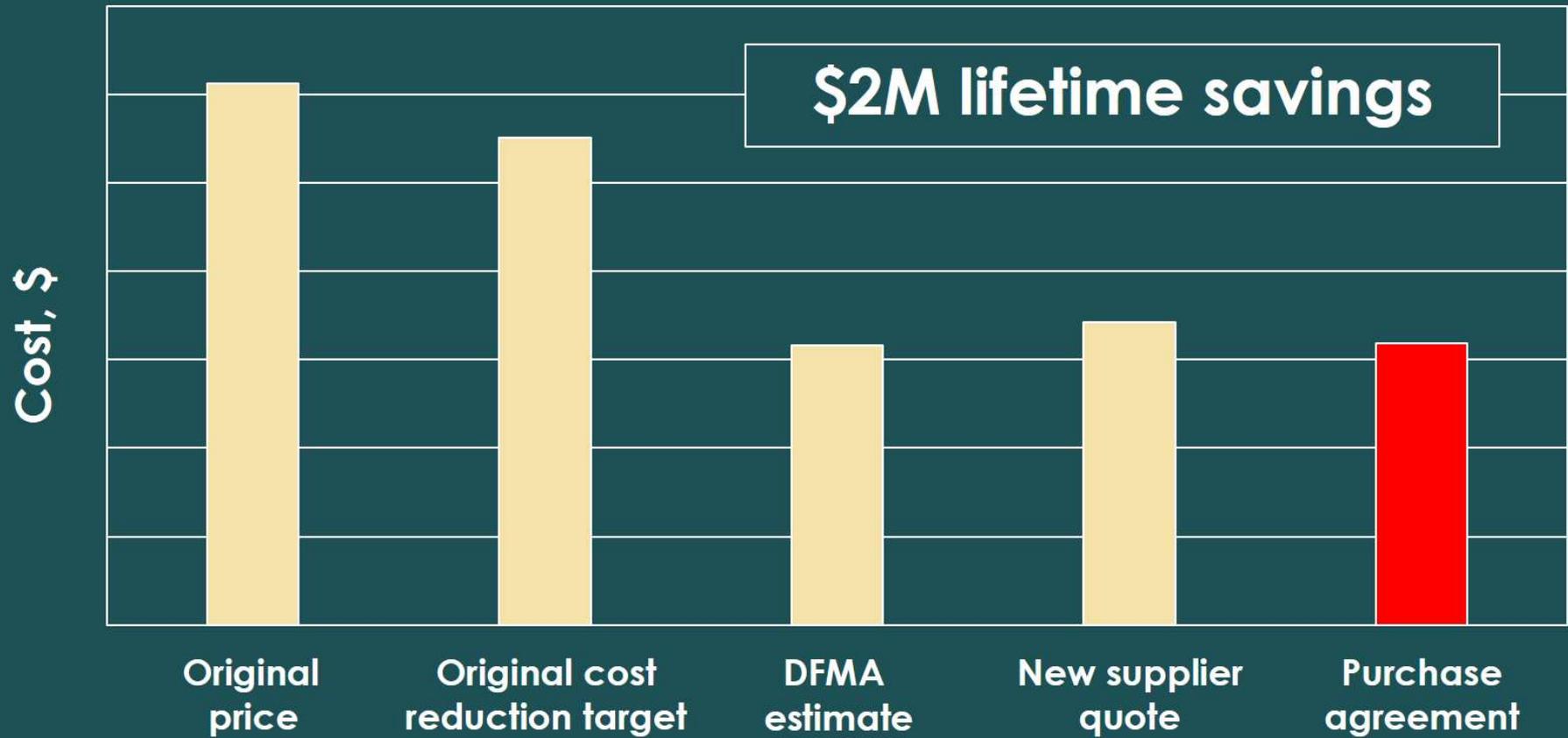
Long Fabricated Table



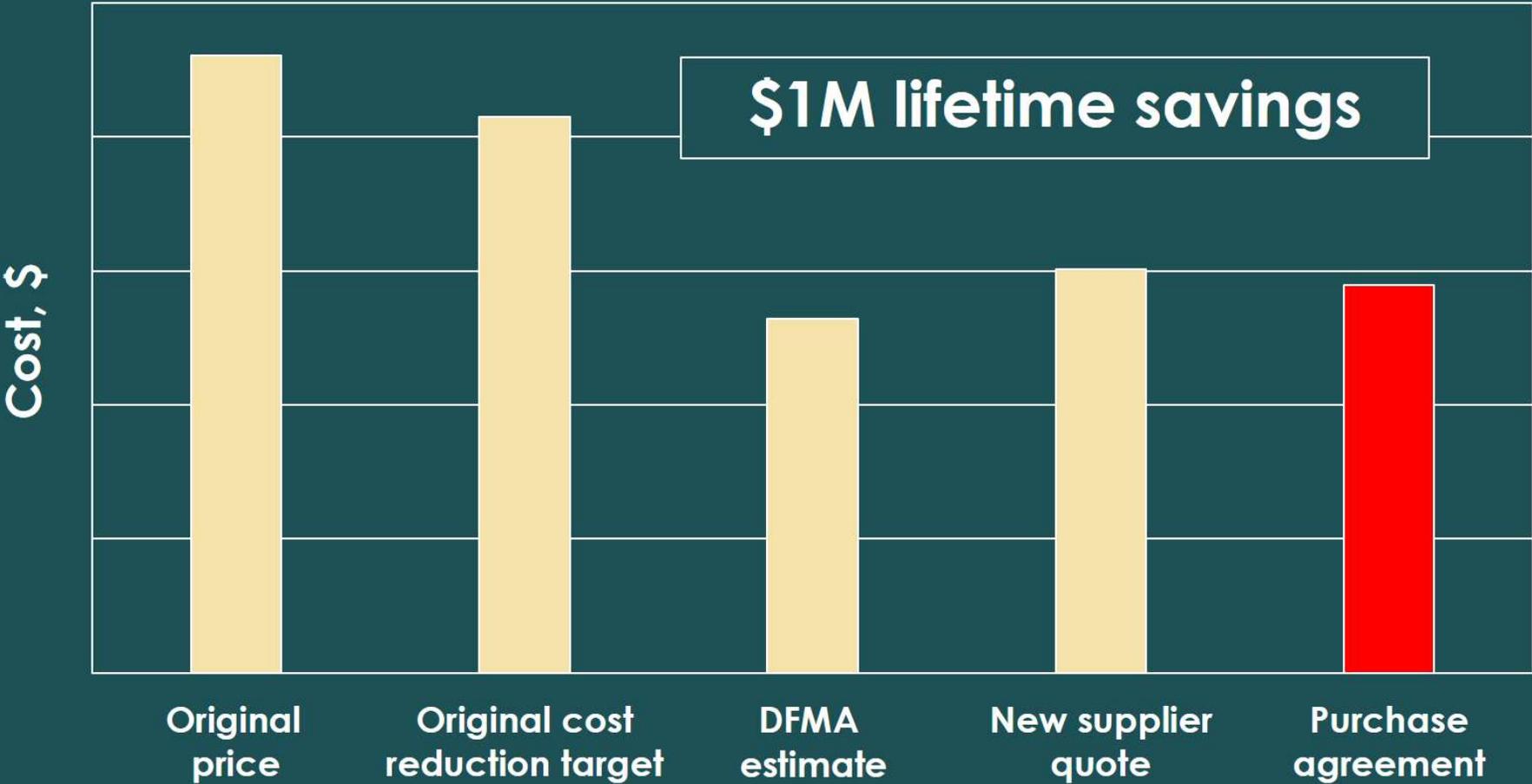
Short Fabricated Table



Long Fabricated Table



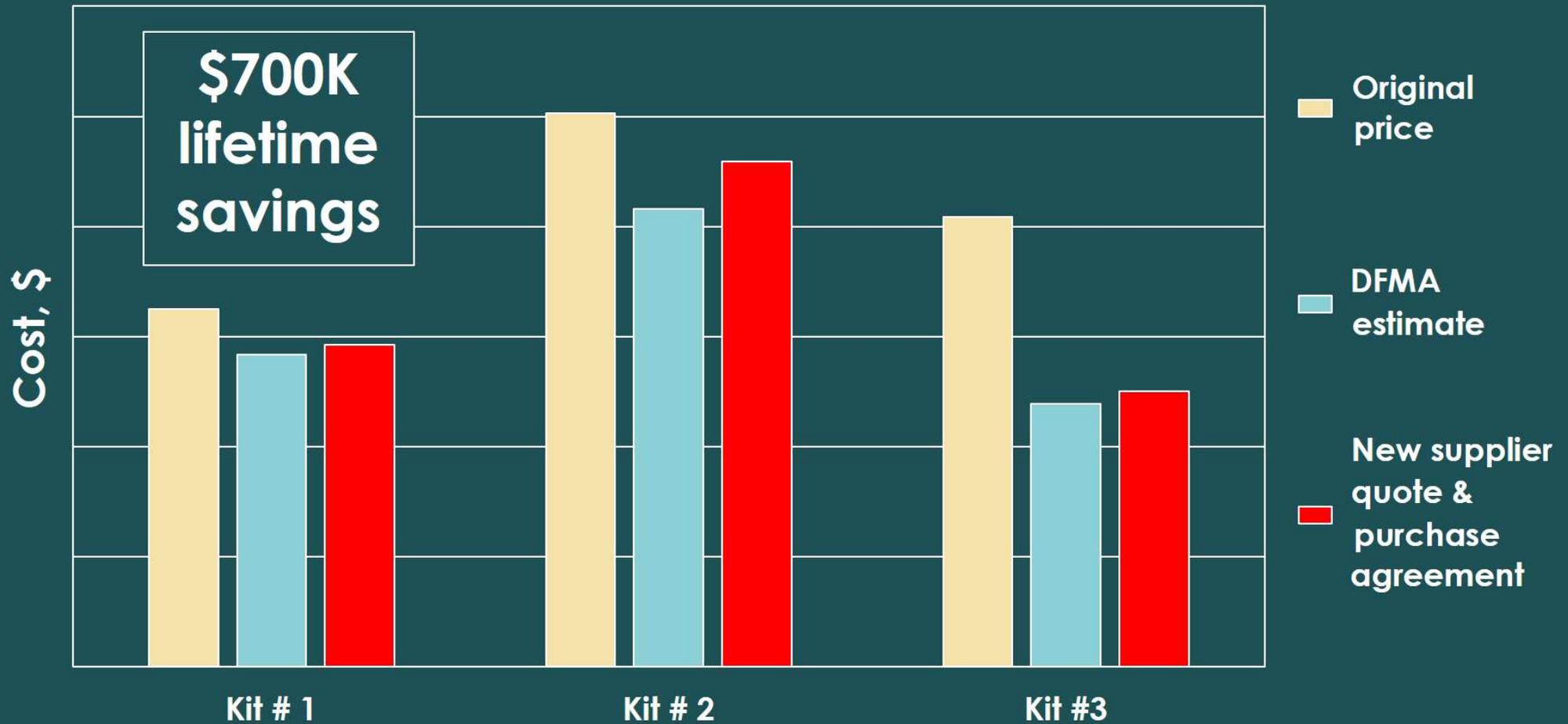
Short Fabricated Table



Anchor bracket kits



Anchor bracket kits

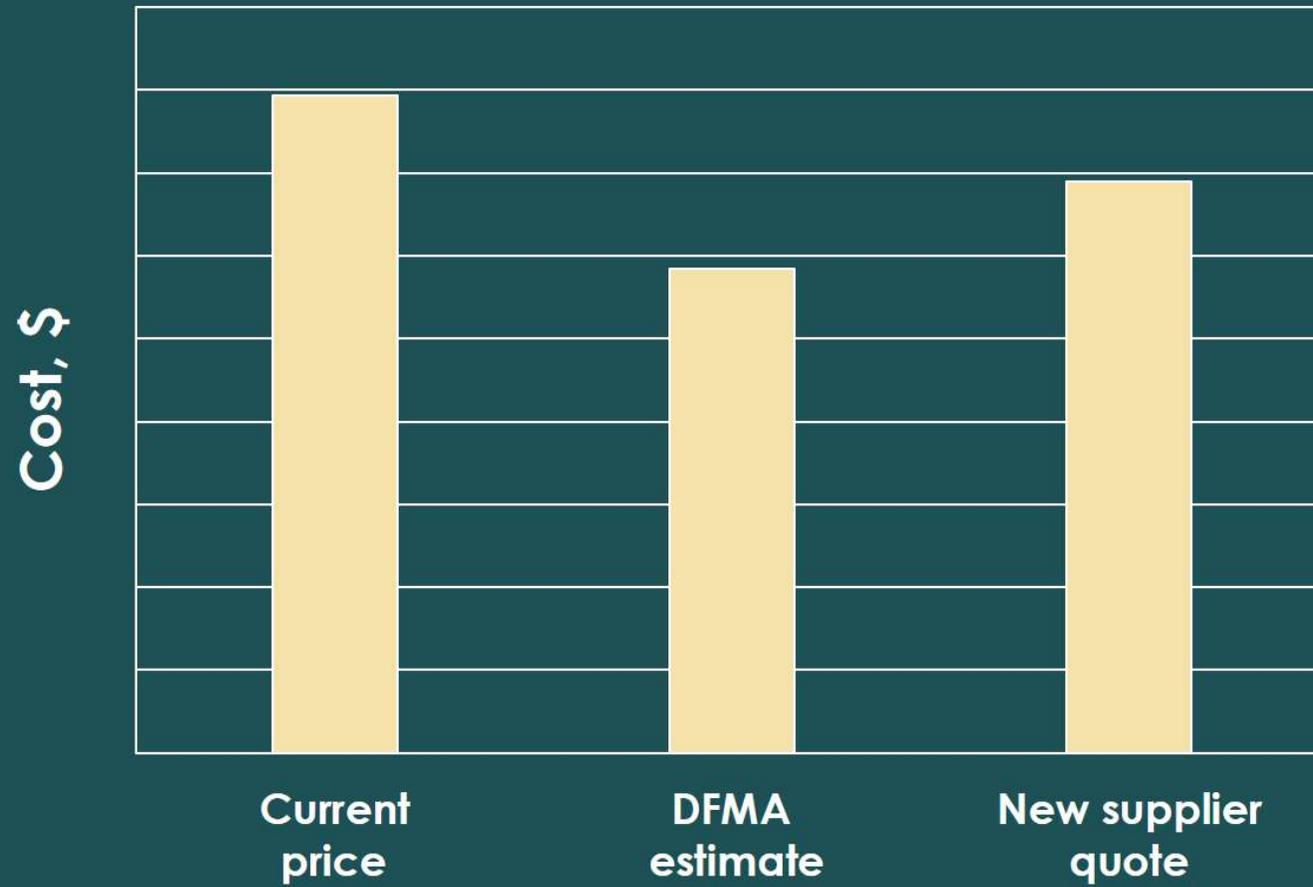




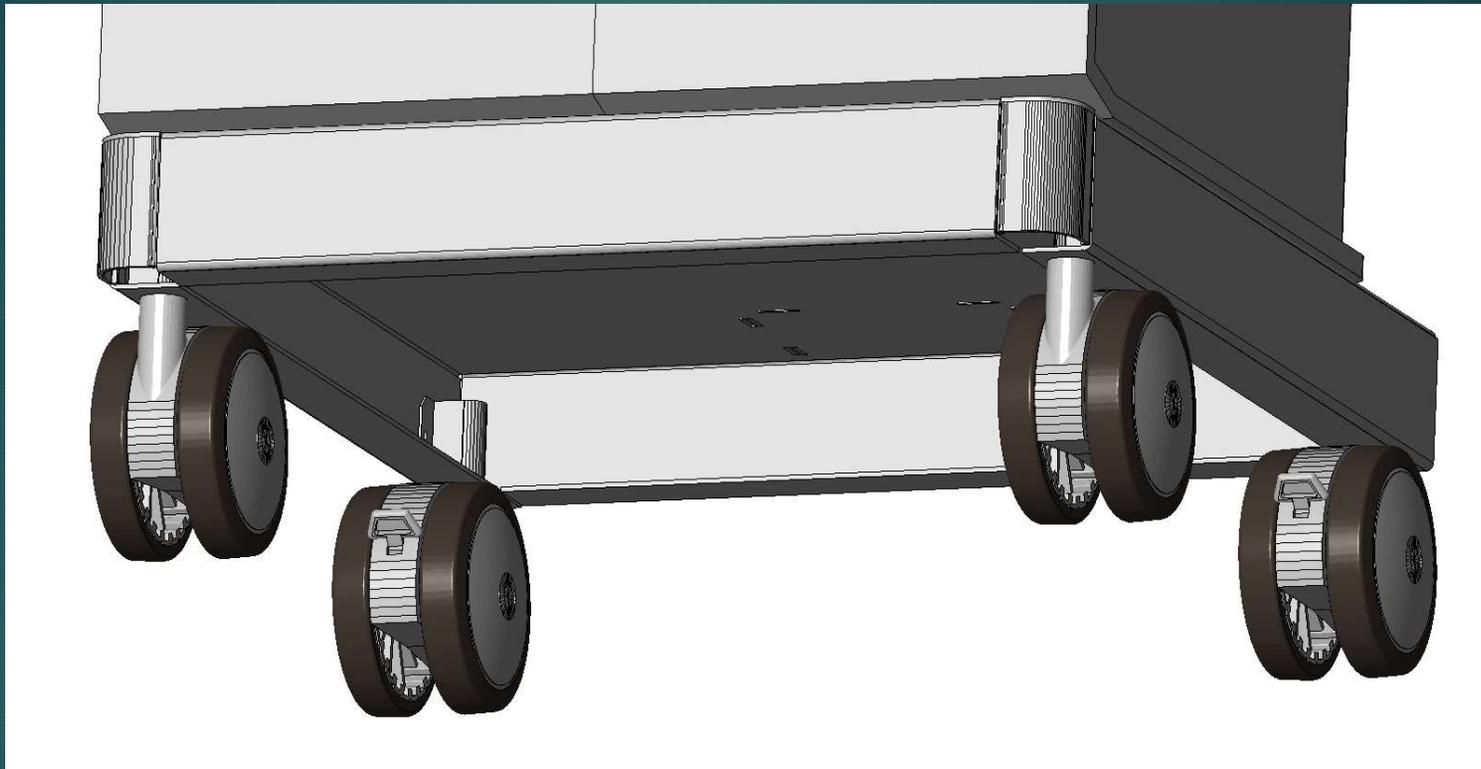
Cart cost-down

- ▶ Stores and carries consumables for our machinery
- ▶ Primarily composed of sheet metal and standard structural steel shapes fabricated, welded, and pop-riveted together.

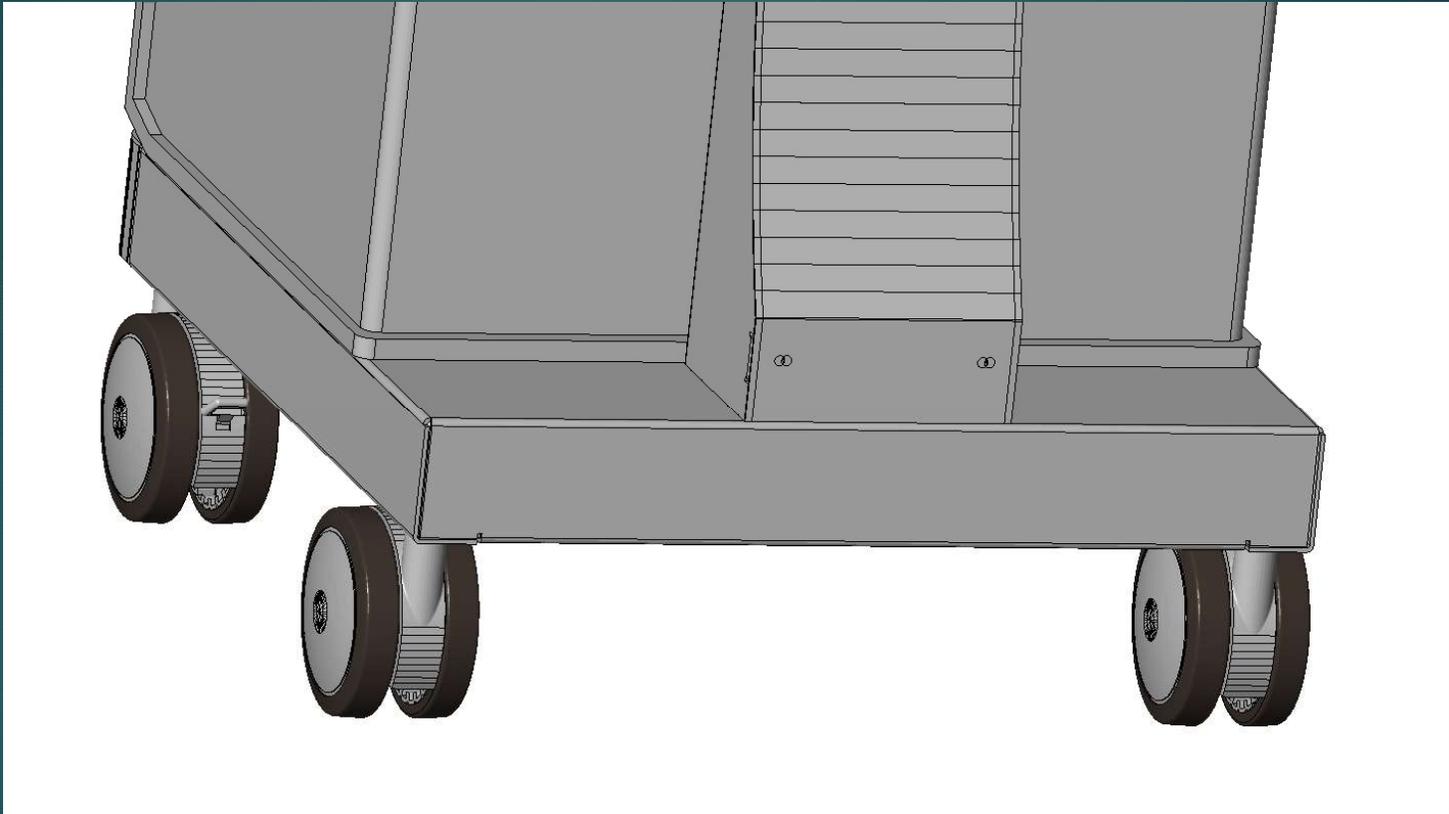
Cart



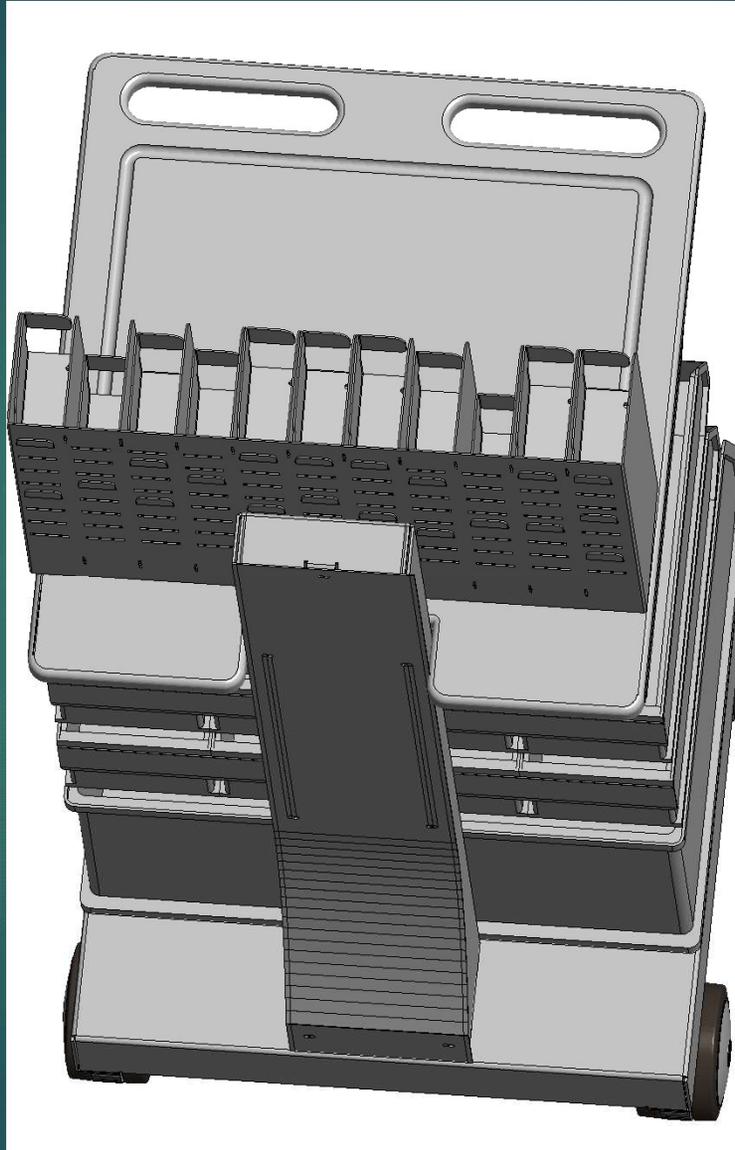


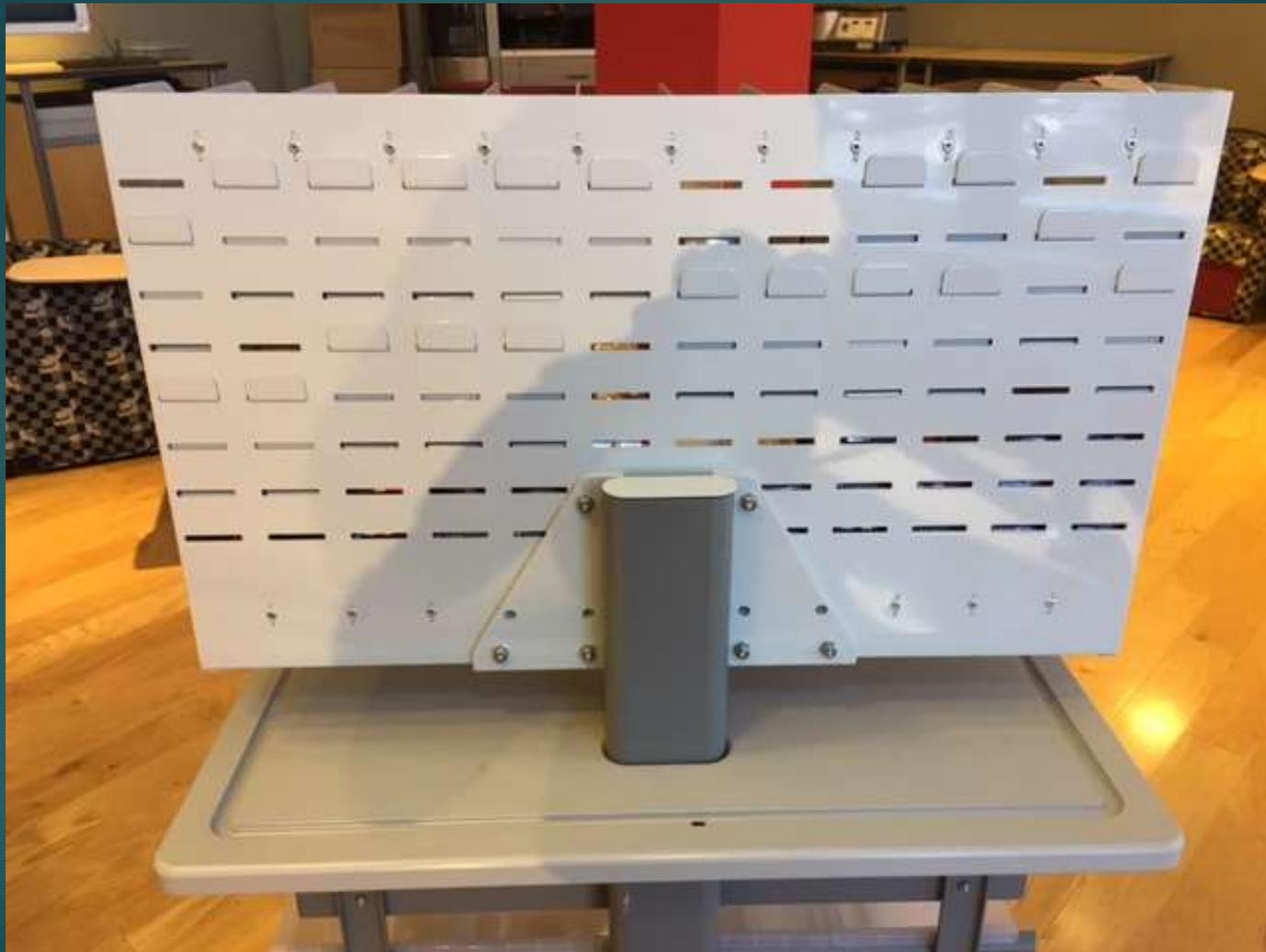


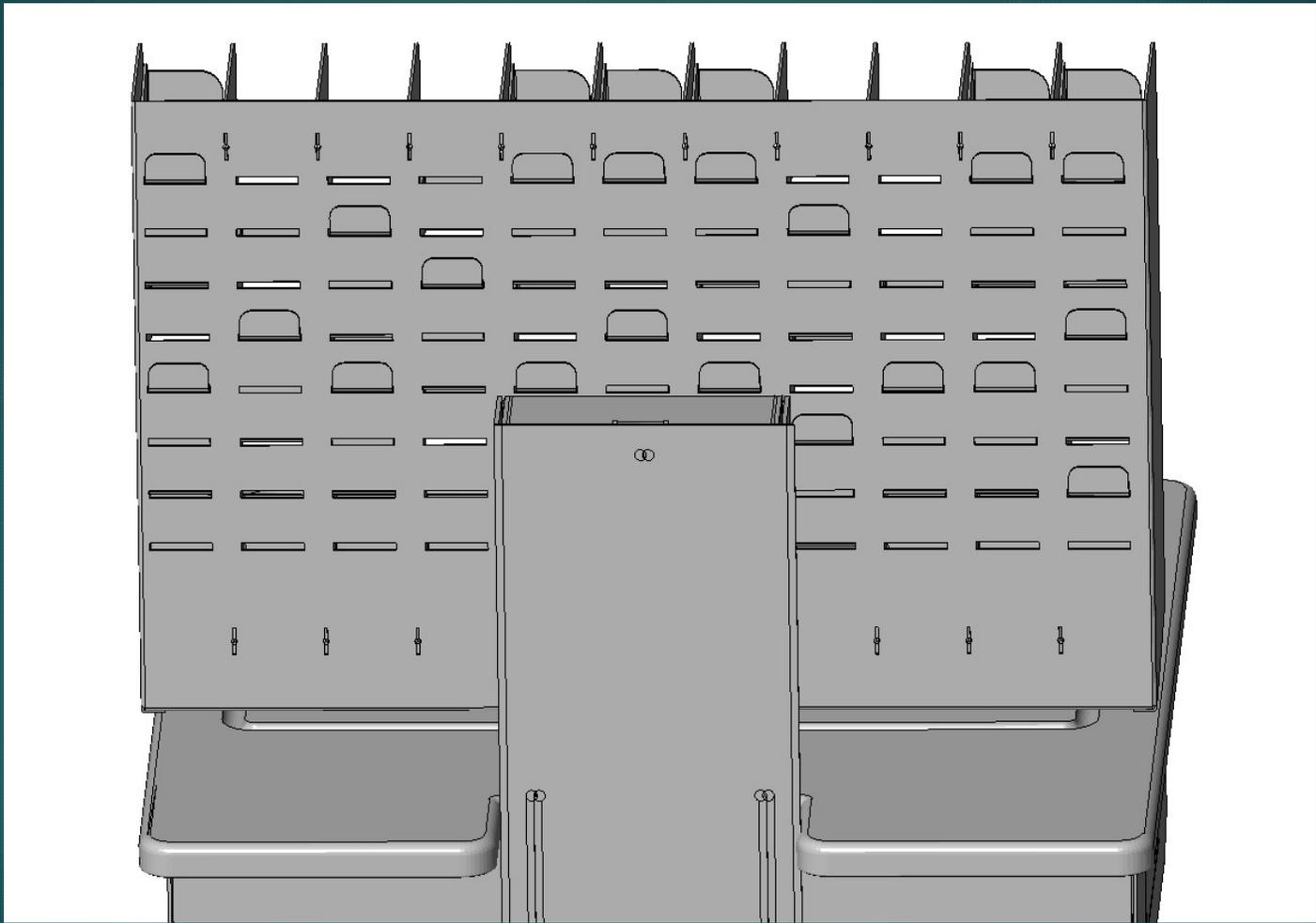










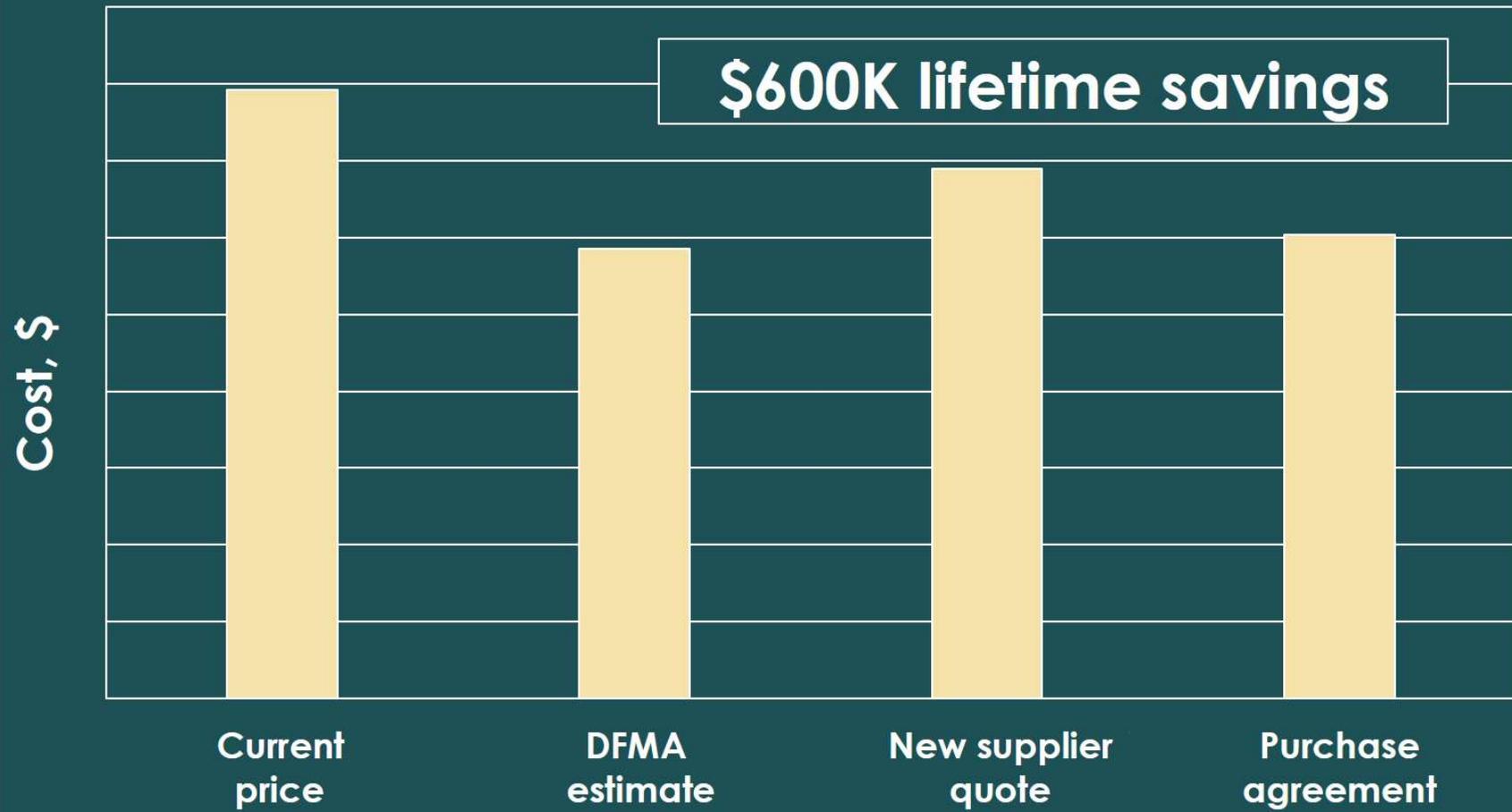






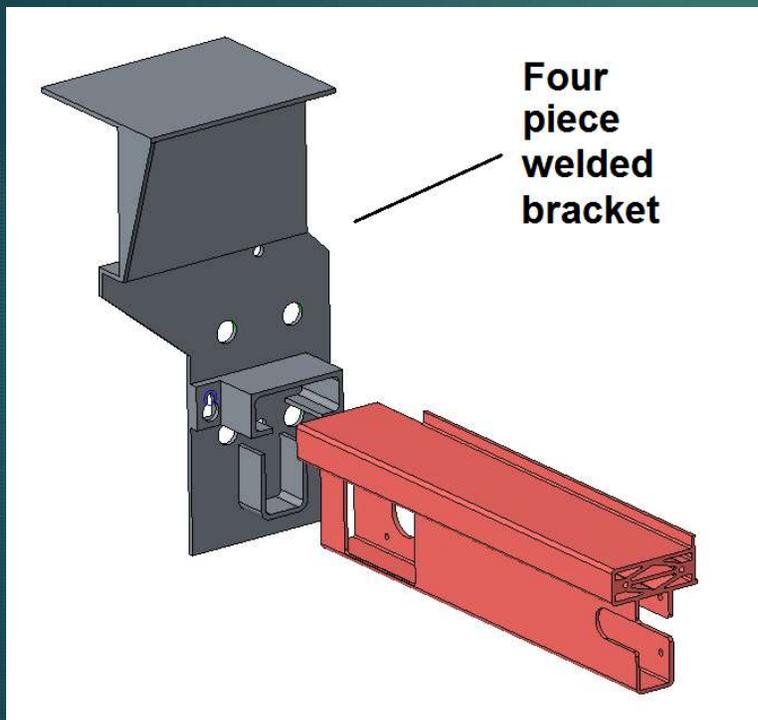
Cart

\$600K lifetime savings

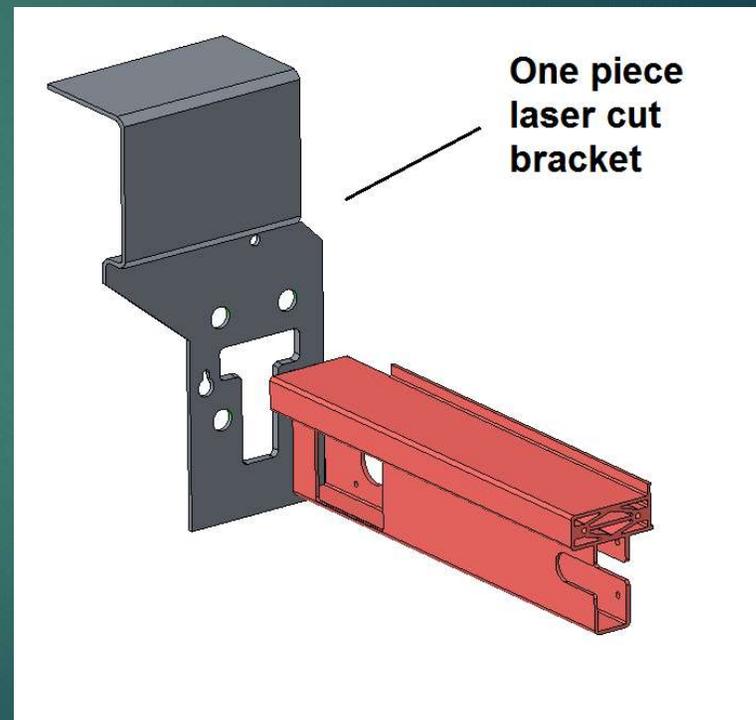


Redesign for cost reduction

Original



Redesign



Overall supplier costing results

- ▶ Working for year and a half
- ▶ 33 negotiated projects
- ▶ \$32.7M captured
- ▶ Much larger savings identified
- ▶ Quality of estimates is important