



PHILIPS MEDICAL SYSTEMS

A division of Royal Philips Electronics, the company is a leading worldwide supplier of sophisticated medical equipment such as X-ray, MRI, CAT, and ultrasound scanning devices that are distributed and serviced in more than 100 countries.

Industry: Manufacturing
Geography: Global

Deployment Summary

- Project integrates 50 diverse SAP® and legacy systems deployed in 60 organizations located in 30 countries into a single, real-time architecture.
- Application-independent architecture better accommodates a quickly changing product portfolio and new company acquisitions.
- Flexible application environment allowed company to quickly switch, split, or combine enterprise resource planning (ERP) systems midstream.

Benefits

- Total cost of ownership (TCO) for the interfacing infrastructure dropped by approximately 50 percent.
- Reduced network traffic results in significant network cost savings.
- Upgrade to new ERP system enabled better scaling of architecture and less-expensive implementation with no integration downtime.
- Fluid IT infrastructure supports new business strategies that increase competitiveness, boost market position, and improve customer service.
- Integration increases profitability.



“We needed a far-sighted information integration strategy that would help us to manage constant changes and put us in front to meet the challenges that await us. With our TIBCO-powered architecture, we can better help our customers improve their outcomes, manage resources and changes, and reduce costs.”

**Reinier Lodewijks, Manager of Global Application Integration,
Philips Medical Systems**

Philips Medical Systems and Its Customers Reap the Benefits of Enterprise Integration

At Philips Medical Systems – whose customers use Philips products to save lives – “customer satisfaction” means more than just delivering superior products. As a division of Royal Philips Electronics, Philips Medical Systems is a leading global manufacturer of a wide range of diagnostic imaging, monitoring, and other equipment to customers in more than 100 countries around the globe. It’s no surprise that in a competitive, quickly changing industry such as healthcare, Philips Medical Systems must offer not only the most advanced technology but also deliver in areas such as system reliability and emergency customer service.

In the 1990s, the company set an ambitious goal to transform its information systems so that they could support agile new business models and maintain a strong focus on customer satisfaction. At the time, Philips Medical Systems had a highly distributed business – factories on different continents, dozens of sales offices, support and spare parts centers in 30 countries – that used more than 50 different systems. The initial business integration strategy

was based on an internally developed, point-to-point integration that transferred data each night. When immediate information was required, personnel had to know which system to log on to, access that system directly, and then enter the data manually – sometimes even multiple times – to be able to retrieve the information.

According to Reinier Lodewijks, manager of global application integration at Philips Medical Systems, this mishmash of architectures was “a classic spaghetti problem” that demanded a radical new approach to integration. If Philips had used the original point-to-point integration approach, it would have required more than 3,000 separate interfaces to obtain a fully integrated business model, which would be highly costly and complex.

“We operated a traditional corporate computing environment. We had many legacy systems, each responsible for different aspects of manufacturing, sales, and distribution,” he says. “But we were looking for a more flexible technology to meet our current and future needs.”

TIBCO solution enables real-time information flow

As a part of the company's information systems transformation goal, Philips Medical Systems decided to migrate business-critical functions onto a modern ERP solution. After careful evaluation, the company standardized worldwide on the SAP R/3® system. Because an ERP system touches almost every part of the business, Philips realized that it first needed to review its middleware infrastructure. Philips believed that enterprise integration software is a critical element of the transformation project and that TIBCO Software Inc. had the answer: TIBCO's business integration solution. According to Lodewijks, "We liked the architectural approach of the TIBCO messaging bus. It made the decision very simple for us."

At Philips, TIBCO's business integration solution empowers business processes with real-time information flow and verification of the accuracy of all data entering the network. These capabilities are vital to the company's relationships with healthcare providers. For example, when a hospital urgently needs a replacement part for a piece of medical equipment, requests and confirmations immediately zip across the network to place, fulfill, and settle the order. No more silos of information and slow communication. In fact, this improved data exchange was accompanied by an overall reduction in network traffic.

TIBCO accomplishes massive integration with ease

When undertaking a project of such magnitude, a gradual implementation approach was appropriate. When Philips switched its ERP package from Baan to SAP R/3, the change was quick and seamless because the new application was integrated with minimal coding. Using TIBCO's application integration solution, Philips was able to minimize the disruption that comes with a major ERP implementation.

Another potential challenge was developing new software to tie all disparate applications within Philips Medical Systems into the TIBCO solution. In the new architecture, each application simply links into the TIBCO backbone through a software adapter – which enabled the rapid integration of new applications during implementation and will make the process equally simple in the future.

The implementation process and tools were so successful that Philips Medical Systems was able to accomplish the integration by spending 25 percent less than it would have spent on a point-to-point integration.

In 2000 and 2001, Philips Medical Systems acquired all or part of several other companies. With its TIBCO-enabled, streamlined, enterprise-wide business process management solution in place, Philips could more quickly unify its own business processes with those of the newly acquired companies so as not to miss a beat in delivering to its customers.

New integration strategy brings fast time to market

Philips Medical Systems and TIBCO now are collaborating on a new project that will further shorten and simplify application integration. Utilizing TIBCO's development tools, Philips is producing new adapters in only two to four weeks with standard TIBCO software and replacing old adapters built in-house.

This approach will make it possible to roll out new application integration projects in mere days. As a result, Philips further reduces its development costs while maximizing the flexibility of its IT architecture.

Philips Medical Systems is highly regarded for producing technology breakthroughs. Now, the company utilizes a technologically advanced IT architecture behind the scenes to stay on the competitive edge and keep customers satisfied.

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TIBCO Software Inc. (NASDAQ: TIBX) is the leading independent business integration software company in the world and a leading enabler of real-time business, helping companies become more cost-effective, more agile and more efficient. TIBCO has delivered the value of real-time business, what TIBCO calls The Power of Now®, to thousands of customers around the world and in a wide variety of industries.

www.tibco.com

Global Headquarters
3303 Hillview Avenue
Palo Alto, CA 94304

Tel: +1 650-846-1000
+1 800-420-8450

Fax: +1 650-846-1005