

## Field Inventory Management for Medical Device Manufacturers



**Stephen Bradley - CEO**

Medical Tracking Solutions, Inc. was established by an experienced team of industry professionals with expertise in the areas of medical device sales, distribution, logistics, loaner kit processing, and software development. The MTS team's own intimate understanding of the medical industry's challenges and the critical need for solving the many problems associated with field inventory, multi-level bill of material tracking, and mobile inventory, is what prompted the development of MTS's first product, iTraycer.

iTraycer is a comprehensive inventory management system that assists medical device and biologic companies, and their distributors, in better managing the challenges of field inventory. iTraycer does this through a customized SaaS Web Suite, a GMP compliant Receiver Manager, and an intuitive Mobile Application. The iTraycer solution gives real time visibility of each field inventory transaction improving sales efficiency and engagement, increasing operational efficiencies while reducing costs with improved cash flow. This can result in a 2% to 4% improvement in operating income.

**Interview conducted by: Lynn Fosse, Senior Editor, CEOCFO Magazine**

**CEOCFO: Mr. Bradley, what is the focus of Medical Tracking Solutions today?**

**Mr. Bradley:** The focus of the company is helping medical device manufacturers particularly in implant and biologics businesses better manage their field inventory. Field inventory is a very big part of the asset base of these companies, and represents millions of dollars of investment that the manufacturer owns from the warehouse through the distributor groups to the hospitals. It does not change title until it is actually consumed in surgery, so all of these many items including very expensive instrumentation is owned and maintained by the OEM throughout the distribution supply chain.

**CEOCFO: What have been the traditional methods of keeping track?**

**Mr. Bradley:** There have been a few traditional methods. For many companies, the primary method of managing the inventory has been Excel spreadsheets and whiteboards. Over the last few years, manufacturers and distributors have developed simple software applications to help manage the inventory. The ERP systems have not been very effective as they are incapable of handling inventory outside the walls of the manufacturing facility. Over the last three to five years, dedicated software has been developed to help this problem.

**CEOCFO: What about the system that you have developed?**

**Mr. Bradley:** Medical Tracking Solutions' product is called iTraycer. It is a system that supports inventory management and multi-level bill of materials (BOM). The first level of the BOM is instruments and implants, which are then organized into trays (the second level of the BOM), and those trays are organized into surgically focused kits (the third level of the BOM). iTraycer is built to allow visibility and traceability of all the inventory in this fairly complex environment. The solution allows you to build, change, modify and move these trays and kits in accordance with workflows and transactions, while maintaining control of the inventory across a diverse distribution network. It starts with a cloud-based web suite that provides a detailed look at where the inventory is located and how it is configured. The web suite communicates with a mobile app that allows sales reps to schedule surgeries, manage surgeries, maintain consigned inventory and transfer product in the field. iTraycer tracks the inventory transactions in accordance with designed workflows.

**CEOCFO: Are the manufacturers the people using your product as opposed to the hospitals or is there a combination?**

**Mr. Bradley:** Today, the manufacturers manage the inventory and they are the ones with the most skin in the game. They own the inventory throughout the supply chain, and maintain the greatest financial and regulatory risk. For a small spinal implant manufacturer, field inventory could be fifty percent of the total asset base of the company. Small companies generally do not manufacture, so field inventory is one of their greatest assets and a major part of their company value.

**CEOCFO:** *Have medical device companies been looking for a better way or is it more something that they are happy to know exists when they find out about your product?*

**Mr. Bradley:** As the chairman of our board Jim Liang says, we are not trying to convince a man walking through the dessert that he is thirsty; he knows he is thirsty and he is trying to figure out what is going to quench that thirst. Everyone knows field inventory management is an issue in the market, but the challenge is identifying the best way to manage the challenge.

**CEOCFO:** *Why is iTraycer the best way?*

**Mr. Bradley:** I think iTraycer is the best way because we provide a strong three-level bill of material inventory management system through our web suite, combined with a very intuitive and simple to use mobile application. There are folks who do the inventory management well and there are folks who do the mobile application well; I think we offer the best of both worlds.

**CEOCFO:** *How do you reach potential customers?*

**Mr. Bradley:** One of the other big differentiators of Medical Tracking Solutions is that we are not a group of IT people bringing a solution to industry. Rather, we are a bunch of medical device industry veterans delivering an IT solution to the industry we grew up in. Our SVP of Sales, Jonathon Tillman spent twelve years in the medical field inventory management business, as he and his family grew a company called Millstone. I spent nearly eighteen years at Stryker, one of the industry leaders. Through our experiences, we have been able to develop contacts across the industry that connects us with our prospective customers. A second way we reach customers is through our website, and in many cases people reaching out to us. We have been fortunate built a solid pipeline of potential customers.

**“We are a company of medical device industry professionals who have been in our customer’s shoes, understand what they need, and are committed to making sure we make their business better.” - Stephen Bradley**

**CEOCFO:** *iTraycer has lots of features and functionality. Do many of your customers take advantage of the full range of capability or do they start small and then realize what you are able to provide?*

**Mr. Bradley:** There is probably a two-fold answer to that. For some of the companies, they will start small and build up and use everything. For others companies, they will just use a portion of the offering because other portions are not germane to their business. We try to make sure that we can help the \$2 to \$10 million companies as well as the \$500 million to \$5 billion companies.

**CEOCFO:** *Is this on a subscription basis?*

**Mr. Bradley:** We charge an initial implementation fee and a subscription fee. On the implementation, our focus is to cover our costs. Our monthly subscription fee is based on the value we provide our customers. We feel with can improve profitability for our customers between two and four points. Our cost is a small fraction of that.

**CEOCFO:** *What is involved in implementation?*

**Mr. Bradley:** Implementation generally starts with making sure that the workflows of the company and the workflows of the software are aligned. We compare our customers’ business processes today with our software processes and agree on what processes we want to use moving forward. We try to be flexible and allow them to maintain their best practices and incorporate the best practices that we have integrated in our software. The second piece of implementation is integration with their ERP or finance software to eliminate errors and wasted time of double entry. The third phase of implementation is rolling the solution out across the distribution network. A key element of implementation is getting the distributors and sales reps trained and using the system.

**CEOCFO:** *How do you ensure ease-of-use?*

**Mr. Bradley:** One of the things we try to do is put the software in the hands of a wide variety of people and ask them to use it. If it is not intuitive enough to figure out without instruction, we need to improve the software. We continually ask how we can keep it simple while improving the process for the field rep. If it does not make their life better, then they are just not going to use it.

**CEOCFO:** *You joined the company six months ago or so, what attracted you?*

**Mr. Bradley:** The first thing that attracted me to the company was the team that I would be working with. The chairman of the board, Jim Liang, is an impressive person. His background includes key roles with Morgan Stanley, IBM and Amdocs. He has to be one of the most intelligent yet humble people I have worked with. I also get to work with Greg Smith, our founder who is a serial entrepreneur and an outstanding sales person. The second thing that attracted me was that iTraycer is a great solution in a market that needs it. I sat down and I crunched some numbers that impressed me with the

impact we could make to the profitability and cash flow of a business. With the pressures medical device businesses face due to the Affordable Healthcare Act, products that bring profitability back to companies are very compelling. The people, the product and a solution that is intuitive and straightforward and effective made the opportunity appealing.

**CEOCFO: *What do you think will be different next year for the company?***

**Mr. Bradley:** I think we will be more established, in more places and looking at the next verticals. I think the future of this type of solution that brings connectivity and visibility to our supply chain will translate from implant and biologics into capital businesses, and from medical device into hospitals. Today there is not closed loop visibility of the supply chain. Visibility of medical devices into surgery and usage and back to the distribution chain will help the hospitals and the medical device manufacturers see what is going on within the supply chain and improve it. I think there is a long-term future to our market.

**CEOCFO: *What should people remember most about Medical tracking solutions and iTraycer?***

**Mr. Bradley:** We are a company of medical device industry professionals who have been in our customer's shoes, understand what they need, and are committed to making sure we make their business better.

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**BIO:** Mr. Bradley brings Medical Tracking Solutions Inc. (d/b/a iTraycer) over 17 years of leadership in with Stryker Corporation, a leader in the medical device industry. From 2011 through 2012, Mr. Bradley served as the Vice President of Kalamazoo Campus Operations, a 1400 person manufacturing and sourcing organization supporting over \$1.5 billion in customer sales. From 2007 to 2011, Mr. Bradley served as the Vice President of Global Operations for Stryker Medical with manufacturing facilities in Michigan, New York, Quebec and Puerto Rico. From 2005 to 2007 Mr. Bradley led Stryker Medical's information technology organization and national service organization. Prior to that Mr. Bradley led various service, manufacturing, and distribution organizations for Stryker in both the United States and Ireland. Mr. Bradley is a graduate of the United States Military Academy at West Point with a Bachelor of Science in Mechanical Engineering, and spent nine years as an infantry officer including participation in the Invasion of Panama, and the first Gulf War.

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