

Client Value Study

Theragenics, Inc.

Brief Overview

Logic dictates that the whole is greater than the sum of its parts. Theragenics, a Georgia-based medical device company, discovered that quantifying just how much greater is no simple task.

Theragenics had operated as a single entity for 20 years. Its premier brachytherapy seed products earned a solid reputation in the surgical products and cancer treatment markets. Its palladium-103 TheraSeed® device and iodine-125 based I-Seed are used primarily in the minimally invasive treatment of localized prostate cancer.

Starting in 2005, Theragenics shifted into acquisition mode and bought three companies—increasing in size and varying its product offerings with each purchase. Operating four disparate business units as a profitable, synchronized whole demanded an equal mix of passionate leadership, concerted effort and, perhaps most important, compatible information technology systems.

Growth and acquisitions create setbacks in information technology alignment and financial reporting for medical device company.

Situation

As part of its acquisition strategy, Theragenics identified companies that produced medical devices complementary to its existing product portfolio. Theragenics also looked for family-owned companies that were close to reaching their maximum growth potential.

Its three newest subsidiaries—CP Medical, Galt Medical and NeedleTech—fit into both categories. “Each one had been approached by large companies to sell out,” says Theragenics CFO Frank Tarallo. “But the owners had questions about whether the company would carry on. They wanted to protect their people. They didn’t want to lose their legacy.”

That’s where the similarities among the companies ended. In addition to their diverse product mix, they were spread out across the country—in Oregon, Texas and Massachusetts. Each unit had its own software system for finance, accounting and manufacturing, with little or no IT support staff. In short, the owners were used to running the companies their own way.

SITUATION

Corporate IT department largely undeveloped, with only one staff member. Recent acquisitions made identifying high-level IT needs imperative.

TATUM BUSINESS STRATEGY AND IT ALIGNMENT

Tatum assessed existing IT infrastructure and needs at four operating units and made recommendations for IT improvements—including cohesive ERP system and additional personnel—to the CEO and CFO.

SITUATION

Four operating units—each with its own IT, finance, manufacturing and inventory tracking systems—made obtaining timely, accurate and consolidated data difficult.

SYSTEM SELECTION AND IMPLEMENTATION

Tatum managed ERP vendor interviews, site visits and selection from start to finish—taking care to involve employees from each operating unit.

SITUATION

Existing IT staff lacked communication skills and strategic vision to manage needs of the growing company. Some operating units did not even have IT staff member(s).

TATUM BUSINESS STRATEGY AND IT ALIGNMENT

Tatum suggested hiring an IT director to grow with company’s need and usher in implementation of new ERP system. Recommended candidate hired and exceeding expectations.

SITUATION

The existing C-level staff lacked a mechanism through which to gather staff from other operating units to collect their input and hear concerns regarding the acquisition and beyond.

MERGER AND ACQUISITION

Tatum established a Program Management Office staffed by C-level executives and managers from all four operating units. Initially set up for IT projects but designed to serve other company needs into the future.

"We knew we needed help to identify the company's high-level IT issues and to get all of the operating units on the same system."

Frank Tarallo, Chief Financial Officer, Theragenics

Collecting timely and accurate financial and manufacturing data at the corporate level ranged from difficult to impossible. Consolidating that data across all four operating units was out of the question. Just closing out the month took up to three weeks. Spreadsheets were out-of-date before management could even respond.

Why Tatum

"We knew we needed help with identifying our high-level IT issues and bringing all our operating units together on the same system," says Tarallo. "Even if the existing staff had the experience to handle the job, it would have taken too long."

Theragenics wasted no time in choosing a consulting firm with expertise in business strategy, IT alignment, and system selection and implementation. Tatum's reputation—and its fit with the middle-market-sized company—helped seal the deal.

Tatum started its engagement with an in-depth IT assessment of Theragenics corporate and its three newest operating units. Standardized processes were central to Tatum's core recommendations for significant IT improvement. Infrastructure corrections came first, to ensure reliable communications and standards across the board.

Results

In short order, Tatum's strategic assessment put Theragenics on track to develop a world-class IT operation. The initial phase shaved two months off the expected timeline.

The ERP selection process involved a selection committee of up to 20 staff members from each operating unit. Guided by Tatum's 3,000-question survey, the committee helped prioritize system needs and evaluated vendors.

After narrowing the field, Tatum joined committee members on site visits to the top two contenders. Within three months, the selection committee made a unanimous decision for its ERP provider. Theragenics was poised to move into implementation—with day-to-day guidance from Tatum and its new corporate IT director, who joined the company in late 2008.

Today, Tatum continues to help Theragenics integrate its ERP solution across all operating units. Theragenics will ultimately have accurate financial, manufacturing and inventory reports available on demand.

So what's next for Theragenics? "We're done acquiring for the short-term," Tarallo says. "Our focus will be on integrating the four operating units—demonstrating the company can grow organically both in terms of revenue and profit."

And with Tatum on board to ensure that system implementation proceeds according to plan, that's one math problem the growing company is sure to solve.



About Tatum

Companies turn to Tatum when critical business challenges arise because we immediately deliver C-level financial and technology operational expertise via solutions tailored to the Office of the CFO. We understand the urgency of NOW and our VELOCI-T solutions were designed to help business leaders accelerate results to create more value.™

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