NUCLEUS RESEARCH

ROI: 472%
Payback: 1 Year

DOMO
KONICA MINOLTA HEALTHCARE AMERICAS

ANALYST
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THE BOTTOM LINE

Konica Minolta Healthcare Americas, Inc. (KM) deployed Domo in AeroRemote Insights, a cloud-based analytics solution for the medical devices it manufactures. This delivers data to customers in visualizations and easily digested dashboards surrounding the usage and performance of their medical imaging devices. In each year since the solution went live, KM has grown its number of signed service contracts (that include AeroRemote Insights) and collected substantial additional profits.

THE COMPANY

Konica Minolta Healthcare Americas, Inc. (KM) is a multinational medical device manufacturer, specializing in digital radiography equipment for diagnostic imaging. The company headquarters are in Tokyo, Japan, and it maintains offices in 49 countries worldwide; it employs approximately 45,000 people across all locations. In a crowded market for medical devices, KM has moved to differentiate itself in recent years by offering managed digital services along with the physical assets, such as with AeroRemote Insights, a solution that delivers asset utilization and performance information for digital imaging equipment.

THE CHALLENGE

As the industry standard shifted from film-based imaging to digital, equipment became simpler and cheaper to produce, leading the space to become crowded with participants. With digital equipment using solid-state detectors that capture images faster and more clearly than before, technicians can serve dramatically more patients per day. As KM noticed the changing marketplace, the company realized that to stand out from competitors, it needed to focus on optimizing the customer experience. It saw service contracts as an opportunity to add value to deals beyond traditional equipment maintenance and upkeep. AeroRemote Insights began in 2016 with KM began offering customers device analytics along with the equipment, first by delivering a PDF file to customers monthly that showed device usage and performance data. It wanted the analytics to be more robust and interactive and realized that the PDF-based approach was not scalable.

Cost : Benefit Ratio | **1 : 3.2**

THE STRATEGY

In 2017 after the PDF-based data program had been running for months, product heads were exposed to Domo and saw how easy it was to use. KM was looking for a solution to make the data from the program more interactive and it saw the visualizations from Domo as a viable option. KM had been considering an in-house build led by the parent company out of Japan; however, in September 2017 the company leadership informed the product team that the solution would not be ready. As a contingency, the product team had been considering third-party platforms and had a shortlist of Domo and Sisense.

In November of 2017 at the annual conference for the Radiological Society of North America (RSNA), KM and Domo created a demonstration platform to highlight the potential of the solution to prospective customers.

One of the driving factors in the decision to choose Domo was how quickly KM could transform raw data into actionable insights on the platform. Domo integrated with KM's IT ecosystem without extensive technical configuration and the solution is completely cloud-based. AeroRemote Insights launched for beta customers in March 2018 and was fully rolled out for general availability in June 2018.

The solution delivers information on asset use and performance, technician productivity, and urgent situations that need immediate manager attention. With Domo, it delivers these insights in intuitive visualizations and dashboards. This managed service adds value to traditional physical asset contracts (without increasing the price) and has increased contract capture rates for KM. One common use case is enabling an "X-ray gently" initiative; customers can track X-ray rejection rates and the concentration of X-rays per exposure in order to minimize rejections (and excess costs) while exposing patients to the least amount of potentially harmful radiation possible.

KEY BENEFIT AREAS

Since KM leverages Domo Everywhere technology to power AeroRemote Insights, a customer-facing service contract, the main benefit of the project is the additional revenues from service contracts that AeroRemote Insights generates. In the two years since the program debuted, KM has seen a nearly 10 percent increase in units under service contract, generating significant new profits.

Although the benefit to customers using the solution is not quantified in this study, customers can anticipate increased technician productivity, decreased equipment downtime from proactive monitoring, and increased patient safety by minimizing net X-ray exposure.

While Domo is traditionally used internally to create a centralized big-picture view of a company, KM is using Domo to provide these insights to customers as a service. This demonstrates the flexibility of the Domo platform and highlights a growing trend in the industry where capable providers analyze data and deliver insights to customers who are less well-equipped to uncover those insights for themselves. By successfully leveraging these insights to guide their operations (X-ray protocols, patient scheduling, etc.), customers can achieve cost and time savings that are characteristic to traditional analytics deployments. These benefits are not quantified in this study as it focuses instead on the benefit to KM as a result of its choice to use Domo to provide these analytics to customers.

CUMULATIVE NET BENEFIT

965,120

482,375

(370)

Year 1   Year 2   Year 3
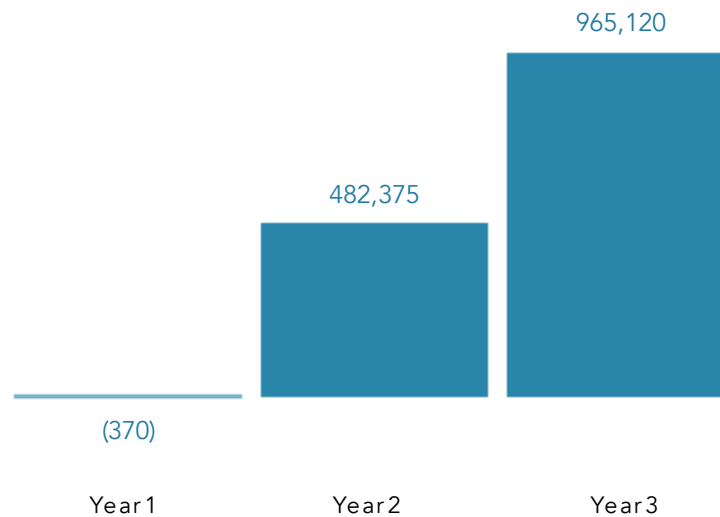
KEY COST AREAS

The largest cost area of the Konica Minolta deployment was the purchase of the Domo subscriptions. Other cost areas over the three-year period included personnel time for the product managers and IT agent who executed the implementation and support it on an ongoing basis, and the cost of attending Domo's annual conference, Domopalooza.

LESSONS LEARNED

This deployment represents an atypical Domo deployment as the majority of customers leverage the solution internally for business intelligence. KM recognized an opportunity to differentiate itself in the market by offering an analytics solution to complement the physical assets it manufactures and opted for a third-party integration over an internal self-build. After the parent company announced that it would not have a bespoke solution developed, instead of shifting the burden to KM IT staff, the product team saw it would be more cost-effective and timelier to leverage a third-party solution like Domo.

Another key takeaway from the project is KM's agility in the market to notice that the space of physical equipment manufacturers was becoming crowded. As edge computing becomes increasingly adopted, facilitated by improvements to internet connectivity and edge device computing power, companies who deal in physical assets would be savvy to consider opportunities to collect and deliver connected intelligence and asset usage data as a differentiator.
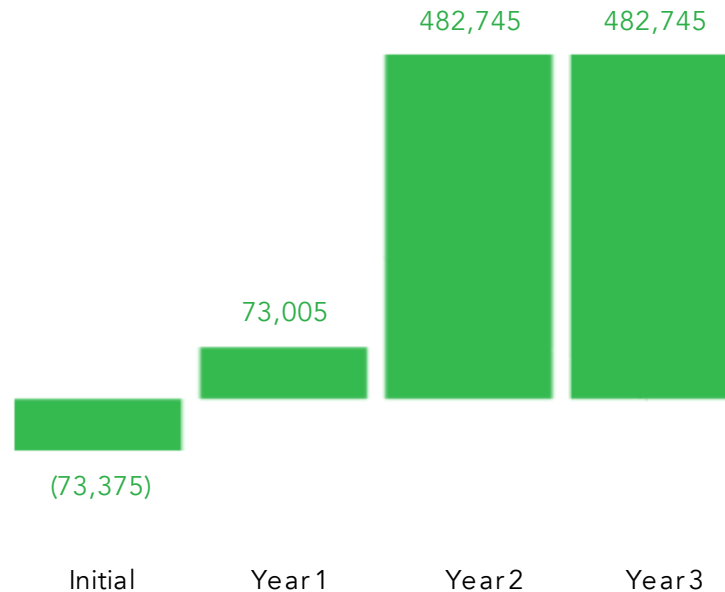
CALCULATING THE ROI

Nucleus Research analyzed the costs of software, hardware, personnel, professional services, and user training over a three-year period to quantify KM's total investment in Domo technology. Direct benefits were quantified over the three-year period.

The ROI of the deployment was calculated over a three-year period, in accordance with NASBA standards for calculating ROI, however since the deployment is only two years old, the benefits for the third year were extrapolated. The estimated profits in year three are the same as those recorded in year two—since the percentage of contracts with the service component has increased each year and is expected to grow annually, this estimated profit is on the conservative side and the actualized ROI could be even larger.

The direct benefit of the deployment is the additional profits generated by the AeroRemote Insights program (supported in part by Domo technology). Although indirect benefits like time and cost savings from more efficient imaging were likely realized by customers, they were not quantified for this study as the customer was only interested in quantifying the benefits that were directly attributable to the Domo deployment.

FINANCIAL ANALYSIS

Annual ROI: 472%
Payback period: 1.0 years

BENEFITS	Pre-start	Year 1	Year 2	Year 3
Direct	0	246,130	580,870	580,870
Indirect	0	0	0	0
Total per period	**0**	**246,130**	**580,870**	**580,870**

COSTS - CAPITALIZED ASSETS	Pre-start	Year 1	Year 2	Year 3
Software	0	0	0	0
Hardware	0	0	0	0
Project consulting and personnel	0	0	0	0
Total per period	**0**	**0**	**0**	**0**

COSTS - DEPRECIATION	Pre-start	Year 1	Year 2	Year 3
Software	0	0	0	0
Hardware	0	0	0	0
Project consulting and personnel	0	0	0	0
Total per period	**0**	**0**	**0**	**0**

COSTS - EXPENSED	Pre-start	Year 1	Year 2	Year 3
Software	25,000	70,000	70,000	70,000
Hardware	0	0	0	0
Consulting	0	0	0	0
Personnel	46,875	103,125	28,125	28,125
Training	0	0	0	0
Other	1,500	0	0	0
Total per period	**73,375**	**173,125**	**98,125**	**98,125**

FINANCIAL ANALYSIS	Results	Year 1	Year 2	Year 3
All government taxes	45%			
Cost of capital	7.0%			
Net cash flow before taxes	(73,375)	73,005	482,745	482,745
Net cash flow after taxes	(40,356)	40,153	265,510	265,510
Annual ROI - direct and indirect benefits				**472%**
Annual ROI - direct benefits only				472%
Net Present Value (NPV)				445,811
Payback period				**1.0 years**
Average Annual Cost of Ownership				147,583
3-Year IRR				245%

All calculations are based on Nucleus Research's independent analysis of the expected costs and benefits associated with the solution.