

## Quick Facts:

### Industry:

Medical Diagnostics

### Company Information:

Employees: 240

Locations: 4

General Ledger: Mas 200

Revenue (mil.): \$69.4

Head Office: Bethlehem, PA

Operating since 2000

### Scenario:

In 2002, after a miscalculated forecast number, and an \$8-dollar decrease in the stock price, Orasure Technologies ("Orasure") sought ways to improve their forecasting methods.

### Solution:

PROPHIX provided a highly flexible and versatile tool for forecasting sales revenue.

### Benefits:

PROPHIX has allowed Orasure to track costs and sales revenue more effectively. Orasure can now forecast revenue not only by product line but also by market. In addition to dollars, sales and production quantity units were now in the forecast model.



## Case Study

**Orasure Technologies**  
[www.orasure.com](http://www.orasure.com)



**OraSure Technologies, Inc.**  
diagnostic solutions for the new millennium

**"PROPHIX enabled Orasure Technologies to forecast revenue not only by product line, but also by market. Prior to PROPHIX, everything was completed only in dollars."**

*Tom Hilton, Financial Analyst*

### Return on Investment

- ◆ Savings of \$369,000 per year in Cost of Goods Sold
- ◆ Saved approximately \$75,000 through the ability to create more accurate forecasts
- ◆ Savings of 120 hours per year in variance reporting labor
- ◆ Savings of \$13,000 per year in labor costs

## Background

Orasure Technologies, Inc. is a medical diagnostics company whose growing diagnostic capabilities are used by insurance companies, public health agencies, clinical laboratories, physicians' offices, workplace sites, and criminal justice and drug rehabilitation agencies. Their products improve testing procedures by providing simple, non-invasive test methods, which are both quick and extremely accurate. Orasure Technologies' vision to continue providing superior diagnostic solutions assures them a permanent place in today's market.

### Recognizing the Problem

In the past six years, Orasure

Technologies has grown from a small, privately held company to what it is today—a publicly traded manufacturing company whose sales revenue grew to \$69.4 million in 2005. When the 2002-forecast projection was significantly overestimated, Orasure knew processes needed to change and a new method to create sales forecasts needed to be implemented.

### Implementing a Solution

Prior to PROPHIX, all sales forecasts were completed based on one measure: dollars. One of Orasure's main objectives was to add sales and production quantity units to the sales forecasting business model. With PROPHIX,

Orasure's forecasting models now incorporate units, in addition to currency. PROPHIX has also enabled Orasure Technologies to forecast revenue not only by product line but also by market. Revenue of a specific item that was sold to more than one market had been difficult to track, and even more difficult to forecast, with their previous forecasting method. "With the ability to accurately forecast Operating Staffing Required Based on Production Quantities, we assumed a saving in cost of goods sold on the absorbed labor component of \$369,000 per year," mentions Tom Hilton, Financial Analyst, Orasure Technologies, Inc.

#### **Additional Value**

In addition to the more precise sales forecasting and revenue and expense tracking, Orasure has gained the ability to allocate costs and overhead to different line items of the income statement. Because of the improved accuracy of revenue and expense measurements, Orasure has experienced an increase in time

and monetary savings. As well, Orasure now has the ability to easily create a balance sheet or cash flow statement for variance reporting contributing to roughly 120 hours per year or \$6,250 additional dollars in variance reporting labor.

#### **ROI Achieved**

Orasure is currently saving \$1.114 million per year in operational improvements directly attributable to PROPHIX Software and Services. Based on information supplied by Tom Hilton, Orasure Technologies, payback time was 5 months, with an NPV of \$4.152 (mil.). For every \$1 invested in PROPHIX Software, Orasure Technologies has received \$52.69 in return. [PROPHIX](#)

#### **Additional Benefits**

- ◆ \$60,000 in savings due to improved efficiency in Research and Development projects
- ◆ \$40,000 improvement in the area of Engineering and Design
- ◆ \$32,458 in capital savings due to an improvement in inventory turns

**"For every \$1 invested in PROPHIX Software, Orasure Technologies has received back \$52.69."**

*Tom Hilton, Financial Analyst, Orasure Technologies*

**"There is more than \$75,000 savings in ad hoc reporting, or one full-time employee."**

*Tom Hilton,  
Financial Analyst  
Orasure Technologies*

**350 Burnhamthorpe Road W.  
Suite 1000  
Mississauga, Ontario  
Canada L5B 3J1**

**T. 905.279.8711  
F. 905.279.2232  
E. [slawson@prophix.com](mailto:slawson@prophix.com)  
[www.prophix.com](http://www.prophix.com)**

**PROPHIX**