

Varian Medical Systems, Inc

Palo Alto, CA

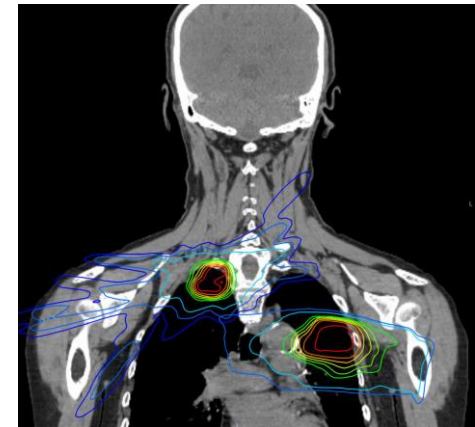
Revenue \$3B

Employees 7300

NYSE: VAR

Medical devices for treating cancer with radiation

- Linear accelerators
- Treatment planning software
- Image guidance systems
- Quality assurance systems
- Information management and analytics software



Research Grants Program

150 projects

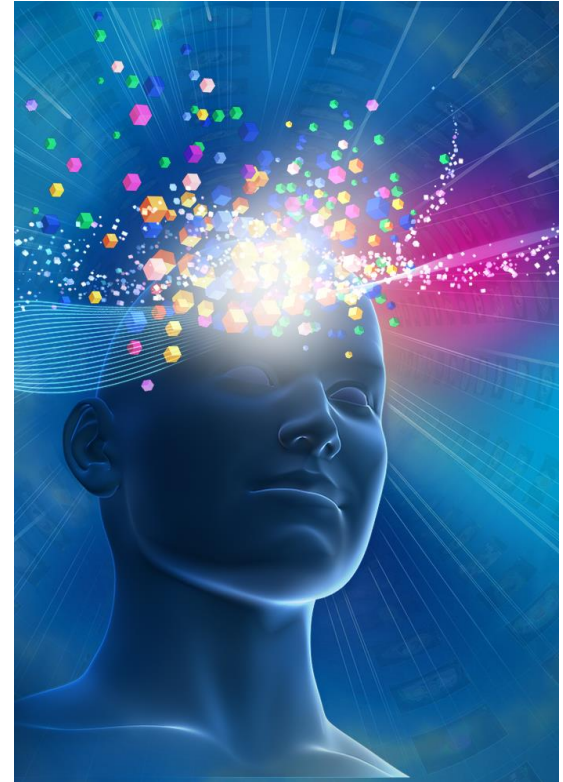
60 institutions worldwide

Team

- 5 grants managers
- IP and licensing attorney

Mission

- Engage thought leaders
- Discover new IP to feed product development
- Demonstrate clinical implementation of products
- Learn how to improve our products



What is the return on our investment?

Value created by research grants

- New products
- Enhancements to existing products
- Education of our product design teams
- Engagement around Varian technology by thought leaders!
 - Manuscripts
 - Presentations
 - Word of mouth
- Good will
 - Value cannot be underestimated

How to quantify?

ROI difficult to quantify

Investment

- Research grant support
 - Funding
 - In-kind loans of equipment
 - Technical input
- Internal resources to commercialize
 - Translation and product development
 - Cost of Sales, Marketing and other

Return

- At Varian, revenue can be hard to quantify
 - Not all products/features tracked individually
 - Data not readily available pre-2009
- Unclear how to quantify value of engagement, manuscripts, good will, etc.



Our simple solution

Straightforward calculation of **additional revenue**:

$$\text{Revenue} = \# \text{ Units} \times \text{ASP} \times \% \text{ Contribution}$$

where % Contribution varies 1-100% based on

- Analysis of technical contribution
- Our experience with project
- Consultation with PdM and Engr

Pull through sales not included. Too hard!

Summary of results

9 translated projects

- Some entirely new and successful products (100% contribution)
- Some enhancements to existing products (5-20% contribution)

Return = \$xxxM additional revenue

Research grants investment 10 years prior = \$xxM

ROI = $\$xxx/xx = 700\%$