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— Melbourne Health Logistics Improvement Workshop —

Digital Supply Chain Pilot Project a Success

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Digital Supply Chain Pilot Project a Success

At their wrap-up workshop last month, responses from the 10 small-to-medium enterprises (SMEs) who participated in the Melbourne Health Logistics Supplier Improvement Pilot Project were unanimous – the 18-month project was a success.

AN EDITORIAL BY AUSINDUSTRY AND MELBOURNE HEALTH LOGISTICS

Melbourne Health Logistics (MHL) is set to implement a transformative Warehouse Management solution to solve a number of challenges with their supply chain and inventory management. The new system will require suppliers to adjust the way they provide product and information to MHL. To support this, MHL sought support from the federally-funded AusIndustry Entrepreneurs' Programme to work with suppliers and build capability.

Through the program, they were able to apply data capture technologies, make data quality improvements and introduce suppliers to Electronic Data Interchange (EDI) to benefit their respective supply chains.

As partners in the pilot assess outcomes and start to prepare the final report, we take a closer look at what the pilot achieved and hear from some of the participants.

Vision to digitise supply chain

The vision of the project was to assist SME suppliers in the health sector to digitise their supply chains, ensuring that they meet the needs of MHL and the broader industry. This meant reviewing their processes and technology capability and changing

from their largely manual methods, such as email and fax, to the use of automation and digital technologies.

With data standards as the foundational elements, key focus areas included:

- Use of the global product identification standard, GTIN (Global Trade Item Number).
- Use of the global location identification standard, GLN (Global Location Number).
- Allocation of a GTIN to all products ensure the information about them could be captured via barcodes, with additional information such as batch and expiry date included for products.
- Allocation of a GLN to locations (physical and virtual) enabling traceability across the supply chain.
- Data management to ensure the quality and consistency of data to support all processes in the supply chain from purchasing through to point of use.
- Building an EDI capability.
- Supporting the digitisation of supply chain transactions.



Some of the participants at the Melbourne Health SME Supplier Partnership Workshop held at GS1 in February, who were extremely pleased with the outcome of the pilot project.

MHL provided the catalyst for the pilot with its own capability-building initiative by implementing a new warehouse management system. This new system will transform their supply chain and inventory management through the implementation of data standards, automatic identification and data capture (AIDC), master data synchronisation and ultimately greater use of EDI.

Soon, the benefits of the MHL project will be shared across the supply chain from suppliers to MHL itself, then on to the hospitals they service and ultimately the patients who receive care. One of the key outcomes of the MHL project and the supplier capability-building is the enhanced ability to track and trace products. The benefits of this project touch many areas beyond those specifically involved in the pilot, especially as these same requirements are mirrored nationally.

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“The benefits of implementing EDI from a supplier’s perspective are many. It is such a big improvement with all the transactions between customers and suppliers, making things faster and easier. It has also enabled us to have a good relationship with HPV and Melbourne Health.”

Cristia Atienza, Contracts Manager, Sentry Medical

Program partners dedicated to success

Organisations involved in helping to formulate the pilot project included MHL, the Association of Healthcare Supply & Procurement Officers (AHSPO), Health Purchasing Victoria (HPV), Ballarat Health Services, Southwest Health, GS1 Australia and the Department of Industry, Science, Energy and Resources (DISER). Facilitation and delivery was overseen by the team from the Entrepreneurs’ Programme.

Brett Henderson, a Business Facilitator with the Entrepreneurs’ Programme was impressed with the SME suppliers who signed up for the pilot program.

“They took on the challenge by investing considerable time and money, in many cases up to \$100,000,” said Brett.

“What we have found from a majority of the participants is that they not only embraced the pilot, but they looked for more ways the technology could help their business. They took a holistic approach and as they did this, they started to recognise opportunities to really improve revenue-generating capabilities and productivity improvements.

“Once they saw this, they began to envisage other benefits that could flow through. While it is still early in the process, there’s a real change in a majority of the businesses who are in the program, in terms of capability-building and finding new opportunities for the business.”

Suppliers who participated in the pilot included GAMA Healthcare, Imaxeon, Intersurgical, Metwood,

Multigate Medical Products, OAPL, Orthocare, Parker Healthcare, Sentry Medical and Ultra Health Medical.

“The benefits of implementing EDI from a supplier’s perspective are many. It is such a big improvement with all the transactions between customers and suppliers, making things faster and easier. It has also enabled us to have a good relationship with HPV and Melbourne Health,” explains Cristia Atienza, Contracts Manager from Sentry Medical.

Jocelyn Ng, General Manager at Metwood Australia, was pleased with the amount of support offered by MHL and the AusIndustry Entrepreneurs’ Programme. “Having a few sessions with Mike Sewell, Business Advisor with the program, bridged the gap for us in understanding Melbourne Health’s requirements and the challenges we were facing internally. He introduced us to the Entrepreneurs’ Programme grant and assisted us develop plans to improve our business and close the gap in our processes.”

EDI benefits focus around efficiency gains

A lead partner in the project was Health Purchasing Victoria (HPV), which partners with public health services to identify and procure goods and services for hospitals across Victoria.

Its charter includes fostering improvements in the use of systems and eCommerce and maintaining useful data and sharing it with health services.

As Director of Data and Systems at HPV, Rob Setina is passionate about promoting the importance of EDI in the Victorian health sector supply chain processes.



Business Facilitator Brett Henderson (seated) and HPV Director Data and Systems Rob Setina both spoke about the many benefits of EDI for suppliers and how it can help to ‘future-proof’ their business.

“The pilot has also highlighted how important it is to have one national product catalogue to store product information used by health services throughout Australia. Currently, there are over 20 catalogues used throughout Victorian health services alone.”

Rob Setina, Director of Data and Systems,
Health Purchasing Victoria

Rob has identified many key benefits of EDI including:

- Providing real-time processing and eliminating the time needed to manually send, receive and enter orders.
- Reducing the expense of paper storage, printing, postage, mailing and recycling.
- Improving the business cycle by ensuring stock levels are kept constantly up-to-date and visible.
- Improving accuracy and minimising data entry errors.
- Improving forecasting.
- Eliminating paper trails.
- Reducing the time taken to manually create invoices and process orders.

“While EDI definitely delivers cost savings, the efficiency gains are the stand-out benefit for suppliers along with using their resources better,” he said.

“Digitisation is a global megatrend and all healthcare suppliers need to come on board. Using connected healthcare data across systems will enable personalised monitoring, treatment and illness prevention.”

Aldo Santo, President, AHSP0

“At the moment about 25 per cent of purchase orders come through EDI. I believe that we can reach 50 per cent within three years. By adopting EDI, suppliers can help to future-proof their business.

“The pilot has also highlighted how important it is to have one national product catalogue to store product information used by health services throughout Australia. Currently, there are over 20 catalogues used throughout Victorian health services alone.

“With a single common catalogue, a supplier only needs to update one catalogue when they have a new product, or the specifications and descriptions have changed. This is another huge efficiency boost,” he added.

A common system to future-proof your business

More conversations are required on what suppliers need to do to become compliant, says Santo Cavaleri, General Manager of the Supply Chain at Melbourne Health, which looks after seven health services in Victoria that make up approximately 30 per cent of the Victorian public health medical/surgical spend.

“Suppliers need to get involved! We want to do more trading with our suppliers via eCommerce,” Santo said.

“Melbourne Health is currently implementing a warehouse management system that relies on the transfer of data such as GTINs, so eCommerce has become even more prominent. It’s important for us all to become compliant with the 21st century and the best place to start is by talking to GS1. Coles and Woolworths have been doing EDI for years, whereas the medical industry is underdeveloped. There are a lot of benefits we’re not harnessing.

“As a state and a nation, we’ve got to have a common goal. We need one common system for everyone. We need leaders not laggards.”

Collaboration leads to bigger opportunities

As a supporter of this project, GS1 Australia was pleased to see the real benefits achieved by those involved in the project.

Catherine Koetz, GS1 Australia’s Healthcare Industry Manager, said, “Our role in working with the organisations in the healthcare sector is to support their ongoing improvement through cross-industry collaboration and partnerships.

“This is one of the reasons we were pleased to support the Melbourne Health Logistics Supplier Improvement Pilot Project and the partners in this initiative,” she said.

AusIndustry’s Brett Henderson and Mike Sewell were on the frontline in working with suppliers who would provide honest feedback that was then reviewed by Melbourne Health.

“In many cases, we’d adapt the project to meet the changing needs of the participants,” said Brett. “It continually evolved and was quite collaborative. Suppliers recognised where they needed to develop their capabilities and invested resources as needed.

“They understood the benefits of looking at a broader picture saying, ‘Is this just Melbourne Health or is it broader?’ And in looking broader, they could see the bigger opportunities that will come as a result,” he added.

Australia needs to catch up to global trend

Aldo Santo, President of AHSP0 and Chair of the pilot committee, said that Australia needs safe and secure precision healthcare.

“Digitisation is a global megatrend and all healthcare suppliers need to come on board. Using connected healthcare data across systems will enable personalised monitoring, treatment and illness prevention.

“We need to be aware that by 2030, Australia’s ageing population could see public health expenditure increase by between 1-4 per cent of GDP. We need to be better at what we do and healthcare supply chains are directly related to improving patient outcomes.”

In measuring success, the pilot committee is considering numerous criteria including:

- The adoption of the GS1 standard of “one product, one code”.
- The alignment to a national product catalogue.
- Having an EDI capability.
- Having a strategy in place to maintain accuracy and build towards the platinum GS1 standard.

A digital future for healthcare in Australia

Following the success of this pilot, the future is looking positive for the healthcare supply chain. While it will be several years before the supplier-to-warehouse level is fully engaged, the next step is to get into the hospital and get to the patient bedside, which is already in the planning process.

National healthcare supply chain standards are going to happen. This is the first major step on the journey to make it a reality. Whether the pilot project will be expanded is still to be decided.

It’s the responsibility of every organisation in the supply chain, from small to large, to invest in the future of the industry and understand that digital isn’t going away. They need to embrace the vision and take advantage of the many other benefits their business will gain as a result.

WHAT IS THE ENTREPRENEURS’ PROGRAMME?

The Entrepreneurs’ Programme delivers expertise, networking and grants to help Australian businesses grow, innovate and commercialise their products or services, both nationally and globally. The program aims to drive economic growth and jobs, improving broader community outcomes.

For more information visit business.gov.au/ep or call 13 28 46

Participants



GS1 has worked closely with Melbourne Health to fundamentally transform their warehouse management. Through a comprehensive pilot project, GS1 and Melbourne Health reviewed existing data capture practices and collaboratively applied the latest product identification standards to improve data quality and drive efficiencies in the supply chain.

www.gs1au.org/healthcare