

Building digital healthcare supply chains for our future

Given recent events, the need to ensure that the supply chains supporting healthcare are efficient and digitally enabled has never been more important. Building future capability in both suppliers and health organisations is a must.

Melbourne Health Logistics' (MHL) Supplier Improvement Pilot Project, involving 10 small-to-medium enterprise (SME) participants, focused on applying data capture technologies, making data quality improvements and introducing suppliers to Electronic Data Interchange (EDI).

Set to implement a transformative warehouse management solution, to solve challenges with their supply chain and inventory management, MHL requires suppliers to adjust the way they provide and share information. To support this, MHL approached the federally funded AusIndustry Entrepreneurs' Programme to work with suppliers.

The vision was for suppliers to digitise their supply chains, ensuring the ability to meet the needs of MHL and the broader industry. This meant reviewing processes and technology capability and changing manual methods to the use of automation and digital technologies.

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

- Allocation of GTINs to products ensuring information is captured via barcodes, with additional information such as batch and expiry date included for products.
- Allocation of GLNs to locations (physical and virtual) enabling traceability across the supply chain.
- Data management to ensure quality and consistency of data to support processes in the supply chain from purchasing through to point of use.
- Building an EDI capability.
- Supporting digitisation of supply chain transactions.

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," Brett said.

"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."

EDI benefits focus around efficiency gains

A lead 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.

As Director of Data and Systems at HPV, Rob identified many key benefits of EDI including:

- Providing real-time processing and eliminating time needed to manually send, receive and enter orders.
- Improving business cycles by ensuring stock levels are kept constantly up-to-date and visible.
- Improving accuracy and minimising data entry errors.
- Improving forecasting.

"While EDI definitely delivers cost savings, the efficiency gains are the stand-out benefit for suppliers. By adopting EDI, suppliers can help to futureproof their business," he said.

"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.

"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 futureproof your business

Santo Cavaleri, General Manager of the Supply Chain at Melbourne Health said, "Melbourne Health is currently implementing a warehouse



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.

management system that relies on the transfer of data such as GTINs. 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

AusIndustry's Brett Henderson and Mike Sewell were on the frontline in working with suppliers.

"In many cases, we'd adapt the project to meet the changing needs of the participants," Brett said.

"It was quite collaborative. Suppliers recognised where they needed to develop their capabilities and 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 AHSPPO and Chair of the pilot committee, said that Australia needs safe and secure precision health care.

"Digitisation is a global megatrend and all healthcare suppliers need to come on board. We need to be better at what we do and healthcare supply chains are directly related to improving patient outcomes."

A digital future for health care in Australia

While it will be several years before the supplier-to-warehouse level is complete, the next step being planned is to continue the process into the hospital to ensure we can track all products to the patient.

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.



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