Background

• In 2004 Industry Canada and HSCN contracted Deloitte to conduct a research study on the evolution of eCommerce in the health industry

• The resulting white paper, *eCommerce in Today’s Health System: Today and Tomorrow* was published in March 2004

• It helped identify the state of eCommerce readiness both by Providers and Suppliers, the penetration of adoption, and the value proposition

• In 2014 HSCN surveyed the industry to determine the status “10 years later”
The primary objectives of this new survey are to provide:

- An updated benchmark of adoption for eCommerce & standards for all Stakeholders to learn from
- To re-assess the value proposition
- To identify new forms of supply chain automation that could be presented as leading practices
Survey Committee Members

Don Cummer, Plexxus (Co-Chair)
Mike Rosser, Consultant (Co-Chair)
Jacques Chaput, Baxter
Nils Clausen, GHX
Ann Dolan, FacilicorpNB
David Loukras, HSSBC
Herb Martin, GS1 Canada
Sue Smith, HSCN
Kathryn Knight, HSCN
Respondents
Survey Demographics

Shared Service Organizations (SSOs)
• 9 out of 10 provinces represented
• 95% response rate (17 responses)

Suppliers
• 49% response rate (31 responses)
SSO Service Profile

<table>
<thead>
<tr>
<th>Service</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract Mgmt</td>
<td>100%</td>
</tr>
<tr>
<td>Strat Sourcing</td>
<td>94%</td>
</tr>
<tr>
<td>Procure./Purch.</td>
<td>76%</td>
</tr>
<tr>
<td>Hosp. Inv. Mgmt &amp; Logis.</td>
<td>59%</td>
</tr>
<tr>
<td>AP</td>
<td>47%</td>
</tr>
<tr>
<td>Warehse Mgmt Inter.</td>
<td>47%</td>
</tr>
<tr>
<td>3rd Party Warehse Mgmt.</td>
<td>41%</td>
</tr>
</tbody>
</table>

Healthcare Supply Chain Network
SSO In-Scope Spend Categories

- Medical Surgical, 42%
- Pharmacy, 19%
- Non-Medical, 17%
- Clinical Support Services, 8%
- Capital, 10%
- Food, 3%
- Research, 1%
Supplier Respondent Profile

- Mfg.: 67%
- Distr.: 58%
- Service Provider: 32%
- Mfg. Clinical Supp.Srv: 29%
- Mfg. Non-Med: 26%
Supplier Annual Sales

- <$11 Million, 10%
- $11-$50 Million, 13%
- >$50 Million, 77%
Standards
Industry Standards - SSOs

- 100% Aware of GS1 Global Standards
- 87% Adoption a Priority
- 73% Started/Intend to Adopt
GS1 Standards

**GTIN** – *Global Trade Item Number*

A globally unique 8-14 digit number that uniquely identifies products or services

**GLN** – *Global Location Number*

A globally unique 13 digit number that can uniquely identify legal, functional and Physical entities
Barcode on Products - Suppliers

Barcode on unit level: 65%
Barcode on all levels: 57%
Plan to use barcode on all levels: 69%
Procurement Directives - Impacts

- Increased Workload: 92% [SSO], 85% [Supplier]
- Worth the Effort: 92% [SSO], 83% [Supplier]
- Add. Saving/Decr. Pricing: 83% [SSO], 62% [Supplier]
- Positive Impact Int. Bus. Processes: 83% [SSO], 19% [Supplier]
- Improve Member Rel’nships: 33% [SSO], 30% [Supplier]
- Improve Rel’nships: 31% [Supplier], 19% [SSO]
- Increased Business Opps: 19% [Supplier]

HSCN National Healthcare Supply Chain Conference

Healthcare Supply Chain Network
At $50K per FTE this amounts to over $3M in additional staffing in the SSOs and over $1.3M in Suppliers.
eCommerce Usage
eCommerce Capabilities

- **850 Purchase Order**: 90% (2004 Providers), 93% (2014 SSOs), 92% (2014 Suppliers)
- **855 Acknowl.**: 59% (2004 Providers), 20% (2014 SSOs), 20% (2014 Suppliers)
- **810 Invoice**: 83% (2004 Providers), 57% (2014 SSOs), 58% (2014 Suppliers)
- **832 Catalogue**: 38% (2004 Providers), 38% (2014 SSOs), 50% (2014 Suppliers)
- **856 Advanced Ship Notice**: 20% (2004 Providers), 50% (2014 SSOs), 42% (2014 Suppliers)
- **820 Payment Notification**: 25% (2004 Providers), 25% (2014 SSOs), 25% (2014 Suppliers)
- **EFT Payment**: 86% (2004 Providers), 83% (2014 SSOs), 83% (2014 Suppliers)

Healthcare Supply Chain Network

National Healthcare Supply Chain Conference
% of Dollar Spend/Sales via eCommerce

- 0-25%: 20% SSO, 23% Supplier
- 26-50%: 53% SSO, 35% Supplier
- 51-75%: 35% SSO, 27% Supplier
- >75%: 7% SSO, 0% Supplier
eCommerce Priorities

<table>
<thead>
<tr>
<th>Service</th>
<th>Yes - SSO</th>
<th>Yes - Supplier</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expand eCommerce Capabilities</td>
<td>100%</td>
<td>96%</td>
</tr>
<tr>
<td>Increase Trading Partners</td>
<td>94%</td>
<td>88%</td>
</tr>
<tr>
<td>810 Invoice</td>
<td>94%</td>
<td>92%</td>
</tr>
<tr>
<td>832 Catalogue</td>
<td>75%</td>
<td>84%</td>
</tr>
<tr>
<td>856 Advanced Ship Notice</td>
<td>69%</td>
<td>73%</td>
</tr>
<tr>
<td>820 Payment Notification</td>
<td>44%</td>
<td>77%</td>
</tr>
</tbody>
</table>
eCommerce Challenges

- Lack of Technical Resources: 63%
- Cost to Implement: 50%
- Not a Strategic Priority: 25%
- No Perceived Value: 6%

- Supplier: 58%
- SSO: 50%
- Supplier: 23%
- SSO: 25%
- Supplier: 19%
- SSO: 6%
eCommerce Value

- Fewer Backorders: 63%
- Improved Efficiency: 56%
- Reduced PO/Invoice Discrep.: 50%
- Improved Vend./Cust. Relationships: 38%
- Hard Dollar Savings: 23%
- Improved End User Satisfaction (SSO): 19%
- Hard Dollar Savings: 25%
- Improved End User Satisfaction (Supplier): 25%

SSO
Supplier
Use of Technology
Planned Uses of RFID - SSOs

- Inventory Replenishment: 40%
- Consignment Management: 27%
- Automated Receiving: 20%
- Asset Tracking: 13%
Ordering Capabilities - SSOs

- Approval Workflow: 92%
- Electronic Requisitioning: 87%
- Auto PO: 87%
- Purchasing Cards: 80%
- Mobile Apps: 38%
- Punching Out To Vendor Catalogues: 15%
Other Technology Innovations - SSOs

- Reverse Auctions
- Sole Source Approval Routing
- Call Centre Task Management
- Data Management Solutions
- Virtual Cart – bar code ordering solution
- Package Tracking System
- Item Master Interfaces – OR and HIS Systems
Summary of Results

1. Providers and Suppliers agree on the strategic importance and adoption of GS1 Global standards.

2. Providers and Suppliers agree that the implementation of Procurement Directives has increased workload, however it has also resulted in price savings for Providers.

3. Providers and Suppliers agree that eCommerce continues to be a priority that drives value and adoption has steadily increased over the past 10 years.

4. Providers continue to adopt other forms of supply chain automation such as: electronic requisitioning, automated PO's, use of RFID and purchasing cards.