Implementing Logistics labels and E Invoice
Building Traceability in Australian Healthcare
November 2010
Ged Halstead,
Chief Information Officer
Clifford Hallam Healthcare - CH2
Purpose

- Introduction to CH2
- SSCC
- Dispatch Advice
- E Invoice
- Benefits
- Challenges
- What can we expect to see in the future
About me

- Melbourne based
- Chief Information Officer at CH2 (Past 4 Years)
- Bachelor of Economics (Background in Accounting)
- 20 years working in ERP and E Commerce Project Management
- Wide variety of industries including
  - Petro Chemical
  - Pharmaceutical
  - Food Processing
  - Automotive
  - Healthcare Professional Services
  - Media
  - Medical Device
  - Wholesaling
- Inaugural and current Chairman of the Australasian Healthcare User Group (HUG) (Past 4 Years)
About CH2

- Commencing in 1938 as the Victorian Healthcare Association (VHA)
- In 1973, Clifford Hallam Pharmaceuticals was established (CHP)
- In 1997, Hospital Supplies Association (HSA) is formed

1938 VHA 1973 CHP 1997 HSA
About CH2

- In 2005 HSA Merges with CHP
- In 2008 CH2 Acquires Cottman
- In 2010 CH2 Acquires Intouch Direct

2005 CH2

2008 and 2010

Today CH2
CH2 is Australia’s largest Healthcare supplier. Offering a broad range of Pharmaceutical, Medical and Equipment supplies to Hospitals, Primary Care and Allied Health.
Value Proposition

- Extensive range of pharmaceutical, medical consumables and equipment
- Local people and warehouses supported by a national network
- CH2 regards ourselves as the **One Stop Shop** for the Healthcare industry

*Your Partner Delivering Excellence in Healthcare Supply Solutions*
CH2 Transaction Profile

More than 11,000 customers
  ➢ 739 Public Hospitals
  ➢ 289 Private Hospitals
  ➢ 268 Day Surgeries
  ➢ Medical Centers and GP’s

- 15,000 active SKU’s
- 320,000 lines delivered per month
- Pick, pack and ship over 3 million units per month
- Order fill rates consistently above 97%.
- DIFOT target is 95%
- Over 40,000 orders per month of which 70% customer orders via an EDI Channel
- Revenues to exceed $800m in 2010/11
Getting Connected

- SOS – Simple Ordering System
  - Client based real time integrated and standalone ordering
  - Integrated to I Soft, Merlin, IBA and Fred
- CH2 Direct
  - Easy to use Web based
  - Templates to enable quick ordering
- B2B
  - Full EDI suite via VAN and sFTP or PharmX
- Supplier enabled interconnections
  - HEN patient registrations and ordering
  - SCA TCMS interfaced
- Email, Fax and Phone
Our Journey

Get Ready
- Standards
  - Culture within
  - E Messages
  - GTIN’s

Get Set
- Prove benefits
  - Productivity
  - Integration Capability

Get Going
- Share the Value
  - Partners wins
  - Innovate
GOODS RECEIVING
- Scan receive using SSCC
- Match to Despatch Advice

Ensure there are GS1 bar codes on all logistics units received

PUT AWAY
- Scan location
- Scan SSCC

PICKING
- Scan location
- Scan barcode at appropriate level of packaging

Ensure there are GS1 bar codes on all products at all levels of packaging

DESPATCH
- Orders are consolidated
- Labelled with SSCC which aligns with the Despatch Advice
- Lot and expiry date included

Focus for 2010-2011
The Serialised Shipping Container Code (SSCC)
An SSCC is a GS1 approved 18 digit barcode that appears on a despatch label.

When used in conjunction with an Advanced Shipping Notice (ASN) an SSCC can be used to identify the items on a shipment, on a pallet or in a carton.

The main benefit of SSCC’s is to speed up the receiving of goods into the receiving locations.

Two types in use at CH2 - Delivery Level and Pack Level
The SSCC at CH2

What was needed to implement

• A willing customer
• Collaboration with that customers software vendor:
  – to develop the receiving scripts
  – to develop the E message for the dispatch advice with SSCC details
• Portable Radio Frequency (RF) label printers
• A new script for picking on the RF Handheld devices
• Training for pickers, dispatch and delivery staff
• Training for the customer’s receiving staff
The SSCC at CH2

Standard Pick Process

SSCC Process

Statistical Analysis

<table>
<thead>
<tr>
<th>Process</th>
<th>Lines per minute</th>
</tr>
</thead>
<tbody>
<tr>
<td>Picking – Standard Process</td>
<td>1.41</td>
</tr>
<tr>
<td>Picking – SSCC Process</td>
<td>1.13</td>
</tr>
</tbody>
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Dispatch Advice and E Invoice

• **Dispatch Advice**
  - The Dispatch Advice enables one Shipper to provide information about the content of a shipment to one Receiver
  - CH2 create either EANCOM or GS1XML Dispatch advices at invoice creation time (last pick of an order)
  - Sent via a Value Added Network (VAN), or SFTP
  - Some companies are offering a Portal solution to ‘self serve’ ie pickup from an FTP site and create your own Dispatch Advice and SSCC labels for your receiving departments

• **E Invoice**
  - Electronic Invoice
  - Replaces the printed copy
  - Details are Synchronized with the Dispatch Advise
  - Some customers still require hard copy delivery advices (sign on glass POD’s introduced to combat this)
  - Permits the receiver to perform 3 way match (PO, Receipt and invoice match) without user intervention
Benefits of the Dispatch Advice and E Invoice

- **Dispatch Advice**
  - Enables faster receipting and Put Away (estimated between 25 to 45%)
  - Increased Item Availability visibility
  - Enables supplier performance monitoring. DIFOT and SIFOT
  - Enables our customers to pinpoint where a certain item is when urgent deliveries are involved

- **E Invoice**
  - Enables automated 3 way match processes to be conducted without any user data input
  - With quality data alignment enables the ‘perfect’ order from generation to settlement
  - Reduction of AP (customer) and AR (supplier) overhead
Adopters in Australia

- Dispatch Advice with SSCC labels
  - major Melbourne Public Hospital

- E Invoice, Dispatch Advice and SSCC receipting
  - Major National Private hospital pharmacy departments
Lessons Learnt

- The internal process changes for SSCC labeling were easy and well adopted but the extra time and material used can create doubts about economic viability.
- Changing a customers behavior on ordering practices and patterns will take time. 4 10 line orders is more cost effective than 40 single line orders.
- Software changes with partners take longer than if you are doing them yourself.
- Partners do not enact change the same way.
- Will probably give rise to self service portals where suppliers place data on secured servers for recipients to pick up and create their own Dispatch Advices and E Invoices.
Benefits for CH2 in adopting a standards based approach

- Inventory Accuracy Better than 97%
- Pick accuracy 99.98%
- Fill Rates close to 97%
- 99.98% Pricing accuracy
- Reduction in working capital
- Measure everything – in a position to share these metrics
- Order consolidation and highly evolved transportation management
- Lot Control now a reality in the wholesaler space
- Playing an active role in participating with supply and demand partners to increase automation, data capture, visibility and standards adoption
GS1 Healthcare Australasia

Themes for HUG A meetings over last two years

- July 2010 Solution Providers Revisited at Kimberly Clark
- April 2010 Traceability at NSW Health
- Nov 2009 Regulatory
- July 2009 Solution Providers
- April 2009 Collaboration and E Commerce
- Nov 2008 Data Synchronisation
- July 2008 AIDC
- Feb 2008 Working Groups at Ahead

- Nov 2010 Asia Pacific International HUG in Singapore
- Nov 2010 Implementation in Focus at Baxter Healthcare
- April 2011 1st New Zealand HUG meeting
THANK YOU FOR YOUR TIME

For more information on CH2 please visit our website
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or our
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