Pursuit of Perfect Orders

Putting GS1 Data Standards To Work in U.S. Healthcare
### Who is SMI?

- Founded and driven by our members
  - *Non-profit corporation established in 2005*

- Senior-level healthcare supply chain executives
  - *Representing IDN’s and healthcare supply chain partners including manufacturers and distributors of medical/surgical supplies, pharmaceuticals, major equipment, IT companies and service providers*

- United by our vision to:
  - **Influence** positive change
  - **Shape** the future directions
  - **Advance** the healthcare marketplace through internal efficiencies and improvements
### SMI’s IDN Members

- Ascension Health
- Atlantic Health
- Baptist Health System
- BJC Health Care
- Bon Secours Health System
- Carolinas HealthCare System
- Catholic Health East
- Department of Defense
- Duke University Health System
- Fletcher Allen Health Care
- Geisinger Health System
- Greenville Hospital System
- Intermountain Health Care
- Iowa Health System
- Johns Hopkins Health System
- Kettering Health Network
- Mayo Foundation
- Methodist Hospital System
- North Shore Long Island Jewish Health System
- Novant Health
- Orlando Health
- OSF Healthcare System
- Parkland Health & Hospital System
- Providence Health System
- Sentara Healthcare
- Sisters of Mercy ~ ROi
- SSM Health Care
- SUNY Downstate Med. Ctr.
- Sutter Health
- Texas Health Resources
- Universal Health Services
- University Kentucky HealthCare
- U. Rochester / Strong Health
- Vanguard Health Systems
- WellSpan Health
- Yale New Haven Health
SMI’s Partner Members

- Aesculap
- American Contract Systems
- Ascent Healthcare Solutions
- AVID Medical Inc.
- Baxter
- Becton, Dickinson & Co. (BD)
- Bracco Diagnostics, Inc.
- Cardinal Health
- Care Line, Inc.
- Coloplast Corporation
- Covidien
- C.R. Bard Corporate
- DeRoyal
- Georgia-Pacific Corporation
- Global Healthcare Exchange
- Hill-Rom Company, Inc.
- Johnson & Johnson
- Kimberly-Clark Health Care
- Lawson Software
- McKesson Healthcare
- Medical Action Industries
- Medline Industries
- Owens & Minor
- PAR Excellence Systems
- Pfizer
- Roche Diagnostics
- Round Table Healthcare Partners
- Sage Products
- Smiths Medical
- Staples
- SterilMed, Inc.
- Stryker Corp.
- Suture Express
- Teleflex Medical
- 3M
- United Parcel Service
Origins of Perfect Order

- SMI members identified transactional inefficiencies as major industry challenge.
- Widely recognized issues included:
  - Poor EDI utilization
  - Poor identification of products and pricing
- Transactional performance standards required in parts of the retail industry
- SMI’s Perfect Order Team formed.
Perfect Order Definition

Perfect Order: A purchase order processed electronically (from order to payment) without human intervention, which is delivered to the correct location, on time, undamaged, at the correct price, with the desired quantity, on the first attempt.
10 Elements of a Perfect Order

- #1 Electronic PO
- #7 Electronic Invoice
- #8 Electronic Payment
- #1 Electronic PO
- #9 Payment On Time
- #10 Payment In Full
- #2 Delivered On Time
- #3 Correct Location
- #4 Undamaged
- #6 Delivered Complete

Perfect Order creates the foundation for:

- Go-to-Market Requirements
- Process Improvement Requirements
- Collaborative Industry Initiatives

www.smisupplychain.com
Primary Challenges Faced:
1. Difficulty in sharing/synchronizing data on pricing, contracts, location and item master
2. Inability to consistently process electronic orders without manual intervention
3. Freight charges causing unexpected variances
4. Process on validating discrepancies and denials
5. Pricing rounding errors
6. Manually creating and managing metrics
7. Multiple shipments and invoices per PO
Manual Interventions on EDI Orders

- About 75% of Sentara’s orders were electronic

1.4 Manual Interventions Per Order

- Manual allocation of products
- Damaged freight
- Discontinued products
- Freight not waived due to business rule on tracings
- Customer adding items to the original order
- Customer deleting items from the original order
- Price discrepancies
- Order changed to rush status after it was placed
POs / Month Have Decreased

Electronic POs have decreased in quantity, increased in lines, and decreased in errors.
Electronic Invoicing and Payment

Improved Operational Effectiveness
Key Observations:

1. Achieving Perfect Orders will greatly improve operational effectiveness and reduce costs.

2. Industry will not experience routine Perfect Orders with bad data, current business rules and existing processes.

3. Data standards enable Perfect Order.

4. The Health Care Market will have increased Perfect Order expectations in the future.

5. Implementing Perfect Order (and data standards) requires system modifications and willingness to improve business processes.