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Certified System
Quality
ISO 9001
SAI GLOBAL

Implementing Logistics labels and E Invoice

Building Traceability in Australian Healthcare

November 2010

Ged Halstead,

Chief Information Officer

Clifford Hallam Healthcare - CH2

November 2010

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)

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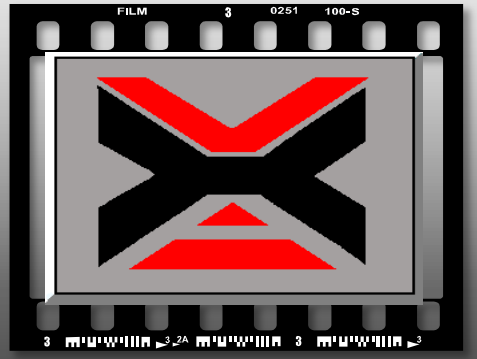
About CH2



Commencing in 1938 as the Victorian Healthcare Association

1938 VHA

In 1973 Clifford Hallam Pharmaceuticals was established

1973 CHP

1997 Hospital Supplies Association is formed

1997 HSA

CH2

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About CH2

HSA
SUPPLYING A HEALTHIER AUSTRALIA

Clifford Hallam

COTTMAN AUSTRALIA

intouch DIRECT

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
CLIFFORDHALLAMHEALTHCARE

Today

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

Today

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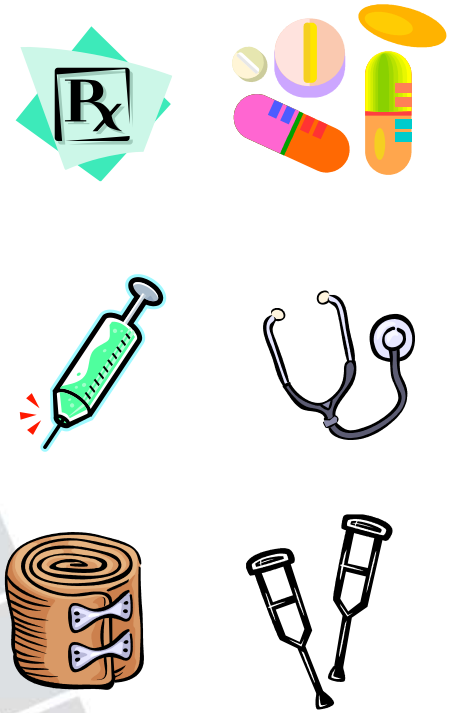
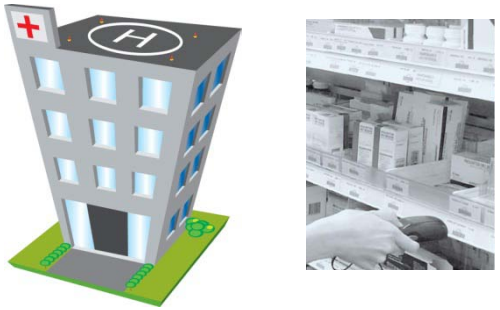
Today

Suppliers



Customers



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Data Consumers

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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

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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

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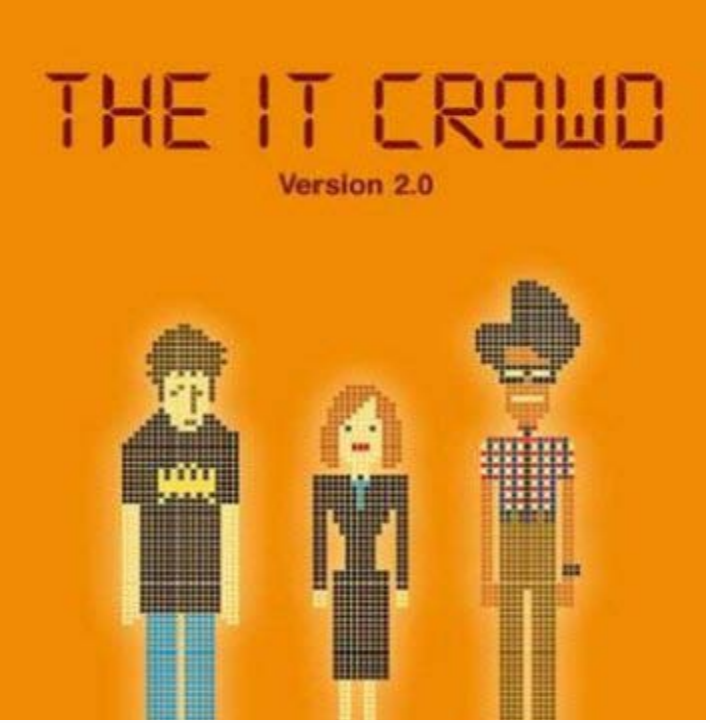

Getting Connected

- 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

AUSTRALIAN ASCLA SUPPLY CHAIN & LOGISTICS AWARDS 2009

2009 WINNER

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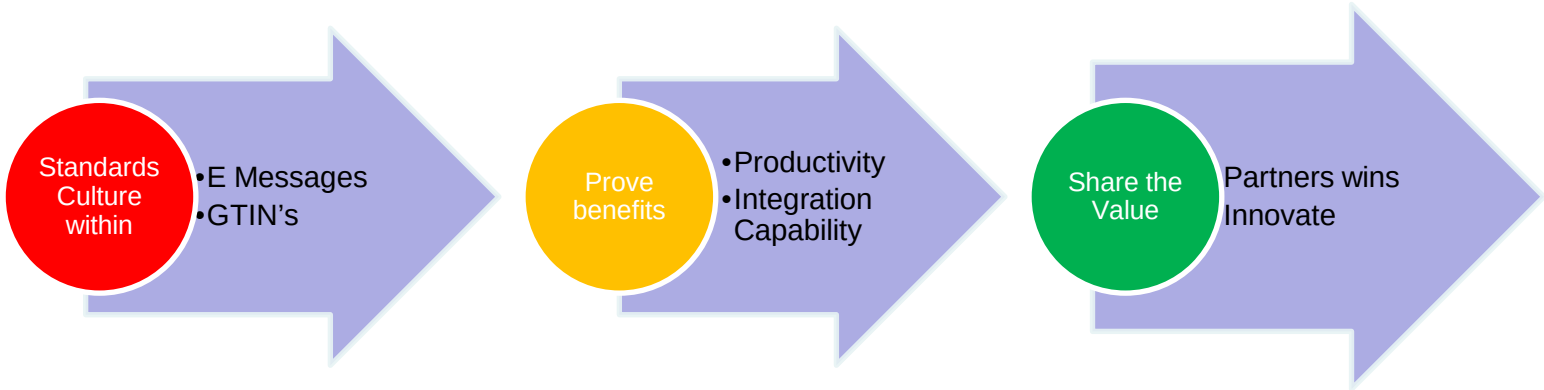
Our Journey



Get Ready **Get Set** **Get Going**

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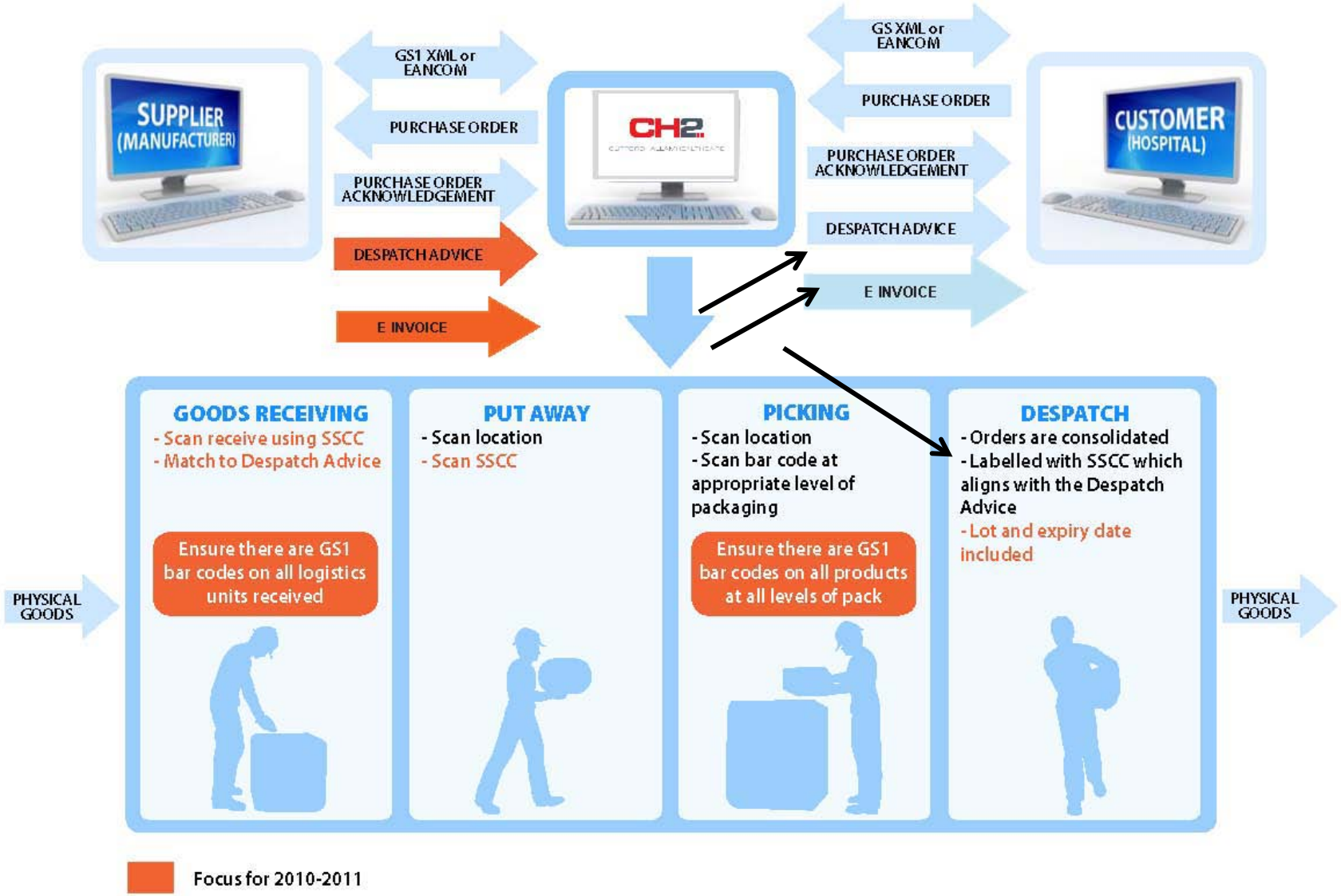

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The Serialised Shipping Container Code (SSCC)

The 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

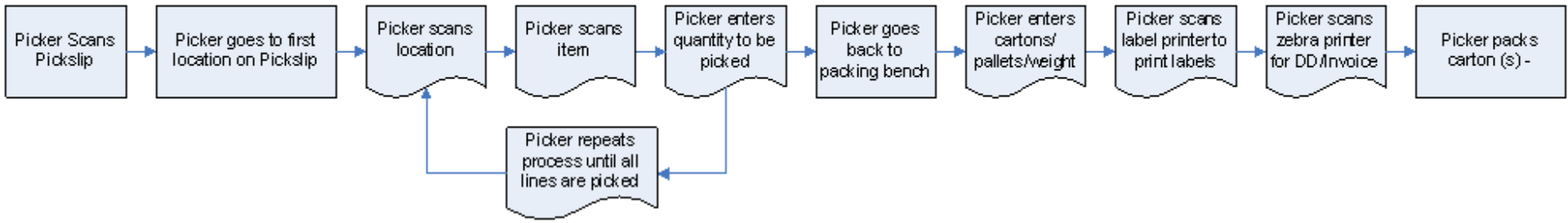
The SSCC at CH2

What was needed to implement

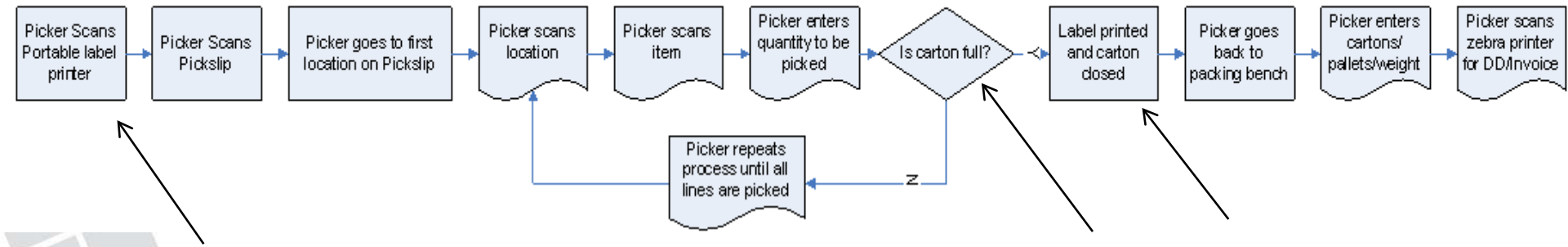
- A willing customer
- Collaboration with that customers software vendor:
  - to develop the receiving scripts
  - to develop the E message for the dispatch advice with SSCC details
- Portable Radio Frequency (RF) label printers
- A new script for picking on the RF Handheld devices
- Training for pickers,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

The SSCC at CH2

Standard Pick Process



SSCC Process



Statistical Analysis

Picking – Standard Process	1.41 lines per minute
Picking – SSCC Process	1.13 lines per minute

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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*

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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 in 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*

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Adopters in Australia

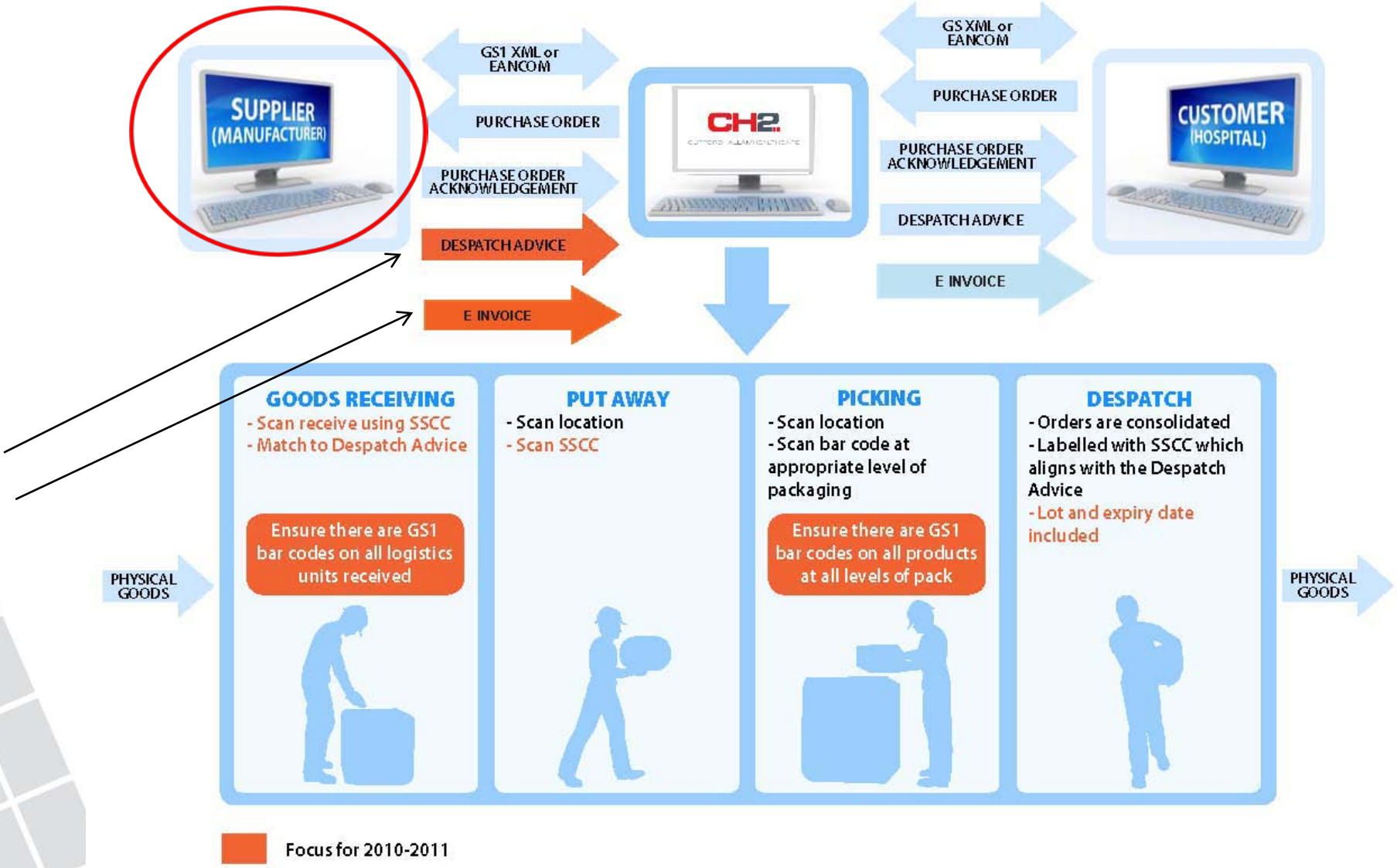
- Dispatch Advice with SSCC labels
  – major Melbourne Public Hospital

- 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



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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

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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

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THANK YOU FOR YOUR TIME

For more information on CH2 please visit our website www.ch2.net.au

or our

National Customer Service 1300 720 274

Ged.Halstead@CH2.net.au

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