Order to cash

Ramsay Health Care getting the benefits of using GS1 standards

Ramsay Health Care (Ramsay) wanted to improve the efficiency of its supply chain processes while leveraging Australian national eProcurement recommendations. To address this need, the health system has deployed a full suite of GS1 standards for identifying, capturing and sharing information to support interactions with its suppliers, including GS1 Electronic Data Interchange (EDI) standards. As a result, Ramsay has increased both the speed and efficiency of its purchasing processes, strengthened the efficient operation of its hospitals and helped ensure the continuous delivery of quality healthcare. In addition, procure-to-pay processing costs have decreased by approximately 95 percent per transactional document.

By Andrew Potter

Background

In 1964, Ramsay Health Care was established by Paul Ramsay in Sydney, Australia, and has grown to become a global hospital group, operating more than 220 hospitals and day surgery facilities across Australia, France, Indonesia, Malaysia and the UK. It is one of the top five private hospital operators in the world. As of late 2015, GS1 standards-based EDI has been deployed with ten of Ramsay Australia's highest volume suppliers, and pilots are underway with five additional vendors.

Like many organisations in the healthcare sector in Australia, Ramsay Health Care supports the objectives defined within the National E-Health Transition Authority (NEHTA) supply chain program. Launched in 2005 with the goal to ensure a safe, secure and efficient health system that will deliver better health outcomes for all Australians, NEHTA recommends the use of GS1 standards, specifically the:

- GS1 Global Trade Item Number® (GTIN®) for the unique identification of products
- GS1 Global Location Number (GLN) for uniquely identifying facility and internal locations
- GS1 Global Data Synchronisation Network™ (GDSN®) as the foundation of the Australian National Product Catalogue (NPC)
- GS1 XML as the standard language used for EDI purchasing processes

"I could talk about improvements in accuracy, efficiency, standardisation and controls, but all those things can be summarised in two key benefits: We have saved time, and we have saved money."

Procure-to-pay processing costs have decreased by approximately

95% per transactional document.

Beyond the Australian national direction

Aligning with the industry-defined NEHTA's eProcurement recommendations was only one motivation behind Ramsay's work to deploy EDI. Having benefitted in the early 2000s from both organic and external growth, Ramsay needed to improve the efficiency of its supply chain and the accuracy of procurement processes by embracing new technologies and leveraging its size and buying power.

"With NEHTA and GS1 driving the change in the public system to eHealth and eProcurement, the choice to ride the wave was straightforward," notes Andrew Potter, Group Inventory Manager of Ramsay Health Care in charge of the EDI deployment project. "Furthermore, a significant acquisition had left our company with two incompatible ERP systems. The need for reform was clear."

The time was right to design and build all of the improvements Ramsay wanted, and to put in place the measures to align with NEHTA recommendations. This alignment with the whole of industry has helped support a solution where master data is controlled and properly protected from unwanted influence.

Every Ramsay facility—and every storage location within those facilities—has now been assigned a GLN.

A collaborative effort

Getting activities up and running has been a team effort. Ramsay worked with GS1 Australia, SAP and its local EDI solution provider, Pacific Commerce, to build a system supported by standards that can handle increasing volumes of EDI transmissions and exchanges.

Every Ramsay facility—and every storage location within those facilities—has now been assigned a GLN. Suppliers undertaking EDI have also assigned GLNs for their operations. Products in Ramsay's SAP systems are synchronised with supplier data from the Australian NPC, sourcing data for each product against each GTIN assigned to all relevant packaging levels. Business messages are exchanged with suppliers using GS1 EDI XML standards containing the GTIN and GLN as primary identifiers for products and locations.

A range of results

Ramsay is experiencing a wide range of benefits from its EDI deployment, as is every supplier with whom Ramsay has worked to implement EDI. The health system has achieved its goal of efficiency savings. Due to use of the NPC as the source of product master data and the foundation for EDI, improvements have been made in the accuracy of product information and prices.

Mr. Potter confirms, "Accurate product master data is the lifeblood of any business and accurate data was essential for our EDI implementation." Significantly fewer purchase orders are blocked or rejected. Furthermore, Ramsay teams are overall much more confident they are receiving what was ordered, and invoices are reliably paid as per trading terms. Hospitals have greater visibility of lead times, and Ramsay can more easily pinpoint issues where delivery times will not meet expectations.

Ramsay has also realised another important benefit from its efforts: The staff are now able to spend significantly less time on low- to no-value tasks like manually entering data, chasing payments or reworking mistakes; and as a result, they spend more time serving the needs of patients, clinical staff and hospital executives or resolving accounts with true issues.

"I could talk about improvements in accuracy, efficiency, standardisation and controls," notes Mr. Potter, "but all those things can be summarised in two key benefits: We have saved time, and we have saved money."

The cost to implement the GS1 standards and configure the EDI system was less than AUD $100,000 and ongoing costs for use of an EDI service provider and GS1 memberships are approximately AUD $25,000 per year. This means that based on an approximate manual procure-to-pay cost of AUD $35, the cost from automated processing of purchase orders and invoices is reduced to approximately AUD $2. Document volumes via EDI are expected to exceed a quarter of a million documents in 2016 so the savings should be significant.

Lessons learned

Is your organisation thinking of deploying EDI?

Andrew Potter and his team at Ramsay have words of wisdom to share. For example, be sure that you and your team understand and can map all of the business processes you want to automate.

Build a solution for tomorrow, and not just for today; make it scalable to fit your future needs. Work with your suppliers using a "win/win" attitude since there must also be benefits for them in moving to EDI. This will support a successful implementation and mutual benefits.

And finally, Mr. Potter stresses the importance of having clean, high-quality master data before you even consider undertaking EDI. "For business, master data is just like the blood in your veins. It flows through every part of your organisation and through every business transaction. Master data is the lifeblood of your activity. It is the most important thing driving efficiency. So you need to care for the health of your master data just like you would care for yourself and your own health. Because if you don't maintain your master data, then all your business processes will suffer."

About the Author

Andrew Potter *is the Group Inventory Manager for Ramsay Health Care Australia and has been with Ramsay for more than 10 years in hospital and corporate supply chain roles. Over his 20-year career in supply chain, he has also worked in small to medium enterprises such as medical device suppliers and scientific and life sciences suppliers. His primary focus at Ramsay is to deliver continuous improvement projects that deliver commercial benefit in the supply chain, with the EDI Implementation project being at the centre of his work programme. In addition, he manages the team that provides SAP master data management and delivers business support services to procurement, hospital supply chain and Australian executive stakeholders.*

About Ramsay Health Care

Ramsay Health Care is a global hospital group operating over 220 hospitals and day surgery facilities across Australia, France, Indonesia, Malaysia and the UK. It is one of the top five private hospital operators in the world and provides a broad range of healthcare needs from day surgery procedures to highly complex surgery, as well as psychiatric care and rehabilitation. With approximately 25,000 beds, the company employs over 60,000 staff across five countries and treats almost 3 million patients each year.

www.ramsayhealth.com