

CASE STUDY



Part of a US-based
**Fortune 10
Company**

**\$1 Billion
per year**
spend in med-surg,
equipment & pharma

**Largest
owner &
operator**
healthcare facilities
in Latin America

**Progressive
management**
team of industry experts
and business leaders

Overview

This provider organization delivers patient care in Latin America through hospitals, medical centers and clinics. Rapid growth and the consolidation of companies, facilities and new market areas led this expansive group to seek new ways to manage product and spend data, and understand and aggregate spend for greater savings and operational efficiencies.

Challenges

1. **Language barriers:** Product information existed in Spanish and Portuguese. To enable processing and make data consumable by global teams, it needed to be translated into English. Product descriptions contained acronyms in local languages.
2. **Volume of data:** When aggregated, there were 4.5+M line items of data generated by purchase orders (POs), invoices, item masters.
3. **Disparate systems:** Separate markets had separate purchasing systems. Some lacked a standard data-gathering mechanism, which complicated the extraction and normalization of data.
4. **Quality of the data:** Because this organization focuses on patient treatment and outcomes, data management was a lower priority, and as a result, data quality was poor.
 - Manufacturer information often missing from POs.
 - Non-medical products/services frequently identified to medical manufacturers.
 - Relevant part numbers buried within product descriptions.
 - Disparities between Unit of Measure and "Eaches".
5. **Classification of the spend data:** There was no standardized approach to data classification using industry accepted norms.
6. **Local vendors:** Significant purchases were made through local suppliers with no digital presence, making it difficult to source a standard product catalog.



Goals & Objectives

Strategic:

1. **Build scalability:** Create a solid data, analytics and recommendation engine-based foundation to support growth. Eliminate need to "recreate the wheel" as the organization expands.
2. **Smart and timely decisions:** Leverage the power of data, analytics, benchmarks and market conditions to strengthen global leadership position.

Operational:

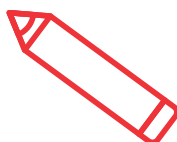
1. **Integrate spend data from markets:** Drive operational transformation with detailed market intelligence. Integrate market-specific purchasing data and behaviors.
2. **Insights into buying behavior:** Understand purchasing behaviors from broad to granular levels, from markets and geographic regions to specific facilities. Identify purchasing patterns across the organization.
3. **Decision support system:** Produce near real-time information to keep stakeholders and line managers informed of supply chain status and steps to optimize costs.



System Pre-requisites

1. **Create a single, global source of truth:** If the data is suspect, users lose confidence and usage/adoption can be negatively impacted.
2. **Scalable:** The system must be scalable to ensure future acquisitions or consolidations are implemented without incremental effort or cost.
3. **Generation of insights:** The system must be smart, able to generate insights and recommendations that can be leveraged by multiple stakeholders including management, operations, supply chain leaders, category managers and process experts.
4. **Automatically updated:** Spend data must be updated frequently so insights, recommendations and actions are measurable and implementable.
5. **User friendly:** Insights & recommendations must be designed and implemented in an easy to use "PUSH" format.
6. **Highly secure:** Because the decision support system contains highly confidential information, it must adhere to the highest security standards.
7. **In the cloud:** To support global stakeholders, the system must be cloud-based and available 24/7/365.

Implementation Design



Creation Of A Global Data Template:

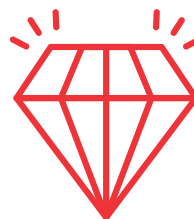
Gather and address requirements of all five markets. Collaborate with client to create and adopt a consistent global data template.

Gap Analysis:

Document, analyze and address significant data gaps across the markets. Create a plan of action to address all market requirements.

Designing a decision support system:

Determine scope content of customized reporting to accommodate varying requirements from each market area.



Implementation

Cleansing

How? Create an automated process to clean the data.

Why? To create standardized, uniform data sets that allow business intelligence and data analytics tools to find the right data for each query.

Attribution

How? Enrich the data with key attributes, incorporating input from software and clinical teams.

Why? Client data severely lacked manufacturer attributes. Each product was code-matched to the correct manufacturer, enabling an accurate identification of the supplier-manufacturer-product chain.

Classification

How? Classify the direct and indirect spend using UNSPSC standards, direct spend using GMDN, and pharma spend using ATC. Classification was handled by SupplyCopia clinical team with consistent input from the client. Additionally, a custom categorization was developed and implemented that aligned the organization's sourcing requirements.

Why? Classification standards enabled categorization of spend and aggregation of analytics at category level.

Mapping to Global Template

How? Classification standards enabled categorization of spend and aggregation of analytics at category level.

QA/QC

How? Collaboration between SupplyCopia and client. Input from client's team were incorporated and mapped back to the global data template.



Case Study Findings

Following the standardization of the product catalog, cost savings opportunities were identified using three standard spend levers:

- Price disparity
- Movement in supplier market share
- Functional equivalence

A spend of \$30M+ spanning 2 years was analyzed, with focus on major categories including:

- Stents
- Gloves
- Spinal implants
- IV pumps & tubings
- CRM

Based on the three standard levers, approximately 15% of the total spend (or \$4.5M) was identified as savings opportunity.

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