GHX Supports Fast and Effective Cloud ERP Go-live

Far more than an upgrade, this system and process transformation offers a completely new paradigm on accessing information and software for Froedtert Health.

The process of transitioning purchasing to a cloud-based enterprise resource planning (ERP) system was "smooth as butter" for Froedtert Health, thanks to the support of healthcare business and data automation company GHX. The Froedtert Health and GHX teams cleansed the health system's item master data ahead of the Infor® Cloudsuite™ cloud ERP system deployment and established a direct connection between its new multi-tenant environment and GHX to support a fast and effective go-live.

WHY FROEDTERT HEALTH MOVED TO THE CLOUD

The Froedtert & the Medical College of Wisconsin (Froedtert & MCW) regional health network includes eight hospital locations, nearly 2,000 physicians, and more than 45 health centers and clinics. In 2020, the health system's chief information officer decided to transition its Infor version 10, cloud-hosted, single-tenant, enterprise resource planning (ERP) system to the Infor CloudSuite Healthcare multi-tenant ERP solution.

One of the drivers behind the transition was to "keep pace" with Froedtert Health's Epic electronic health record (EHR) system, which is fed product data from the health system's ERP system. Moving from an on-premises to a cloud ERP platform would enable the health system to benefit from system enhancements, new features, and patches that Infor pushes out monthly to its cloud system users, as opposed to the in-house information technology team having to install these upgrades as time and resources allowed.

> **"The individual business areas wanted to take advantage of new functionality, UI changes, bells and whistles, but to do that we needed to move to an environment that is maintained for us on a continuously updated cycle," Schumacher added.**

"With on-premises, you would apply patches based on your needs and issues. Otherwise, you wouldn't touch it," explained Schumacher. "It's the old way of doing things — if it's not broke, don't fix it. And if you are not adding patches and functionality, the system becomes stagnant."

HOW THEY DID IT

Because the move from Infor v10 to CloudSuite would require item master data migration, the Froedtert Health team engaged GHX early in the planning process. In its single-tenant environment, Froedtert Health leveraged a C+ preprocessing server with which its ERP system communicated, transmitting data from the server to GHX. In the new cloud environment, Froedtert Health would eliminate this server and have a direct connection between its multi-tenant ERP system and GHX. With the help of GHX, the Froedtert Health team established this connection.

> "In supply chain and other departments, we lived with 15-plus-year-old processes. This was the chance for the entire enterprise to learn a new environment, a new way of doing things, a fresh look and foundation. It was a leap — and a challenge."
>
> *Dan Schumacher,*
> *Froedtert Health's Manager of Business Applications*

> "Thanks to Dan Schumacher and the GHX team, I honestly was almost entirely hands-off with the data conversion, said Jack Koczela, Director of Supply Chain Services at Froedtert Health. "I helped to get everyone introduced, but GHX and IT took care of the migration to the new connection very effectively."

The team took the opportunity to cleanse their item master to avoid bringing "junk data" into the new ERP system, Koczela explained. At one point, the health system had combined two legacy item masters, so they decided it was time to leave one behind.

"We intentionally chose not to do a whole item master overhaul, but there was certainly time to get it clean," said Koczela.

Process redesign and change management

Process redesign was perhaps the most challenging aspect of the transition to the cloud. Koczela and Schumacher viewed it as a change management exercise. As they explain, most stakeholders in healthcare view the EHR as the most significant system impacting their operations. However, the ERP is far more impactful for supply chain because its data drives clinical, financial, and business processes.

"For Supply Chain the EHR is just one cog in the wheel, whereas the ERP is the center of everything we do," said Schumacher.

While many felt the move to Infor CloudSuite was "just an upgrade," in reality, it involved rewriting over 1 million lines of code to replace existing supply chain and finance processes. This would cause, in Schumacher's words, "radical changes" for these two departments.

For example, finance had been reconciling bank statements to get a cash balance at the end of each month, a process they had been doing that way for 15 years. With Infor CloudSuite, the reconciliation process would be performed daily. While this would result in a much tighter cash position for the health network, it was a business change that the finance team had trouble accepting at first.

As Koczela explained, they needed all stakeholders to fully understand the significant impact this change would have on their daily work and the need for them to be active participants in making it happen.

> "We needed to tell everyone this wasn't a patch or an upgrade. It was a system and process transformation — a whole new ERP system — to make sure they were approaching it with the right degree of preparation," said Koczela. "They had to understand that while they may not see the full potential of the platform on day one, this would change over time as they started to make connections and use all of the new features offered through the cloud."

Staff training

The health system provided initial training to staff members in each department to start using the new ERP system. In supply chain, Koczela placed a subject matter expert in each area — purchasing, inventory, contracts — who met with staff and answered their questions.

"A lot of times it was just, 'here is how you used to do an inventory adjustment or how you used to issue a PO, and here is how you do that now in the new system,'" said Koczela. "There were also things that were brand new. For example, in contract management, we didn't really do it in our old system, so we had to design that and figure it out."

Schumacher and his team started building the environment and testing to ensure all pieces would work correctly.

"It is the standard methodology with the same processes that we use in smaller projects — test the individual modules, test certain functionality and then promote that same functionality to production," said Schumacher. "In this case, that methodology was exploded based on the size of the project."

System go-live

In July 2020, Froedtert Health went live with Infor CloudSuite Healthcare.

> "From a GHX perspective, it was smooth as butter — I don't think we lost a single PO or anything like that," said Koczela. "Day one, we turned it on and away we went. The connection process and how things transmitted between the multi-tenant environment and GHX worked pretty flawlessly. The Infor CloudSuite Healthcare upgrade would be the story of the year in our health system had it not been for COVID-19."

With regard to COVID-19, transitioning ERP systems in a pandemic environment presented its own set of challenges and opportunities. While users working remotely can leverage the cloud-based system to keep operations running, they lack immediate access to co-workers to help speed technology adoption.

"For example, every system has a screen that loads slowly but you learn to skip over it," said Koczela. "We had to learn all of those tricks and shortcuts all over again in a working-at-home environment. In today's set-up, a buyer cannot quickly show their colleagues a new trick they have found."

"Kudos to our manager of purchasing, Jenny Krupp, our manager of Supply Chain Informatics, Mike Tabbert, and our IT partners who all collaborated well despite the challenges," Koczela added. "The organization has been very happy with the results we have been able to provide throughout the pandemic."

ADAPTING TO THE "RIPPLE EFFECT"

"The new Infor CloudSuite Healthcare system is far more integrated now than the old version 10 was," said Schumacher. "And we are now seeing first-hand that just minor tweaks that happen either in supply chain or finance have a ripple effect going through the rest of the system. We have to be far more collaborative in this new environment than we did in the old one."

The driver of this "ripple effect" is the tight integration of supply chain and finance within Infor CloudSuite instead of these departments and their processes operating in separate modules before the cloud implementation. With supply chain and finance working within the same platform and their processes directly affecting each other in real-time, there is less forgiveness with errors on either side. It is apparent in the new system that garbage in is garbage out. For example, if there is a purchase order error, it is more likely to result in an invoice discrepancy. Therefore, data accuracy and transactions become much more important.

Greater procure-to-pay efficiency

Because Froedtert Health leverages the GHX electronic trading exchange for procure-to-pay electronic data interchange (EDI) transactions with suppliers, Koczela and Schumacher had also to consider how Infor CloudSuite would affect these processes.

When an invoice came through from a supplier and matched to a PO within the old ERP system, if the price difference between the two were even a few cents off, a buyer would have to manually correct the discrepancy before payment could be generated. With Froedtert generating thousands of PO lines, buyers would receive hundreds of discrepancy alerts each day.

With Infor CloudSuite and its integration with the GHX Exchange, the Froedtert Health team has been able to leverage automation for greater process efficiency and less manual intervention. They have established an automated tolerance on their EDI interface for PO/invoice discrepancies. If the price on an invoice is plus or minus $3 on any line, the system will automatically process the invoice for payment. Only when the discrepancy exceeds $3 will the system alert a buyer to address the issue.

"We are no longer seeing 50-100 errors coming in every hour because the cost isn't exactly to the penny," said Schumacher.

"By only generating errors on items that are way out of balance from our perspective, we have streamlined the overall processing within the system."

More visibility and control

According to Koczela, the cloud has offered "a completely new paradigm on how we are all accessing information and software." He added:

> "The fact that I can now check the status of a PO anytime, anywhere is pretty exciting. It's interesting to have that kind of power from the cloud. Would we do it again in supply chain? Yes, absolutely in a heartbeat. We still have some things to work out, but the system we have now is an order of magnitude more powerful than what we had before."

Cash management is much more real-time with Infor CloudSuite compared with the legacy ERP system. The general finance and accounts payable teams have greater visibility into the health network's cash position at any given time and can make informed decisions, such as the timing of invoice payments.

Big advantages from continuous improvement

Moving from a single-tenant to a multi-tenant environment also enables Froedtert Health to take advantage of system enhancements made by other health systems on Infor CloudSuite Healthcare, explained Schumacher.

"That is one of the big advantages of the Infor CloudSuite multi-tenant environment. Because it is a shared codebase among multiple customers, we can piggyback off other users' ideas to advance their organizations. And these users on the same instance can also benefit from the enhancements we are doing. It is the betterment of the overall ecosystem."

When asked about the broader direction of healthcare supply chain technology moving forward, Koczela stated:

> "COVID-19 has been a big opportunity for health care supply chain to really show what we are made of — and I think we have done extraordinary things. Across the nation, I am hearing healthcare executives say if there is an area they will explore for investment, it will be supply chain and supply chain analytics specifically. It is a very interesting field to be part of right now."

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