



Build your strongest supply chain yet: Key strategies for success using cloud ERP

As healthcare organizations navigate evolving consumer demands, changing reimbursement models, and ongoing supply shortages and backorders, leaders are rethinking their supply chain infrastructure to adapt.

The rise of outpatient care delivery in clinics, retail settings and even patients' homes is requiring the industry to transform how it provides services. Additionally, financial constraints demand cost-saving strategies. These trends are making supply chain operations increasingly complex.

A recent Sage Growth Partners survey of hospital and health system leaders commissioned by GHX revealed six vital characteristics for supply chain success in such a dynamic landscape: collaboration, data and analytics, automation, demand forecasting, order process transparency, and clinician engagement.

The shift to a digital, cloud-based enterprise resource planning (ERP) system plays an important role in fostering many of these characteristics, according to Chris Luoma, Chief Strategy Officer for GHX.

“Cloud technology is a natural enabler,” Luoma said. “Health systems moving to cloud infrastructure are leveraging that as an opportunity for process improvement. (They’re) taking a step back to say, ‘How do I do business today more efficiently? How can I be more aligned with my partners, whether that’s on the clinical side of the house or my trading partners?’”

By embracing cloud-based ERP systems, healthcare organizations can potentially enhance their supply chain operations, making them more effective, scalable and adaptable.

Six characteristics of a streamlined healthcare supply chain

1 Effective collaboration

A well-functioning healthcare supply chain requires strong communication and collaboration between healthcare organizations and their supplier partners. However, the recent Sage/GHX survey uncovered a disconnect. Of the individuals surveyed, only 57% reported effective collaboration—despite 86% acknowledging its importance. “Data visibility and sharing is a big barrier,” Luoma said. “And with that, scalability.”

Organizations typically aim for transparency with their primary suppliers, and vice versa. However, this focused transparency can limit scalability across the healthcare trading partner ecosystem due to the increased complexity and resource demands of managing a larger network of suppliers. A network-minded approach where both providers and suppliers establish a strong foundation for mutual benefit is crucial.

This kind of movement is starting to happen within industry networks, customer advisory boards and forward-thinking organizations.

“Cloud is helping drive the ability to share data,” Luoma added. “If it's trapped in an on-premises ERP, it's hard to share that with multiple suppliers in a repeatable fashion.”

By building a collaborative environment where healthcare providers and suppliers exchange data, the use of cloud-based technology allows for joint problem-solving. In fact, hospitals using cloud technology for supply chain management report better collaboration with partners (64% vs. 53% for non-cloud users).

2 Data and analytics

The vast amount of data within the healthcare supply chain holds immense potential for valuable insights, but the survey highlights a challenge and opportunity. Only 18% of surveyed organizations rate their data quality, integrity and analytics capabilities as good.

One important step in addressing this is for organizations to establish consistency in product labeling, product and company identifiers, as well as master data management processes, according to Marlin Doner, Vice President of Data Analytics and Product Management at GHX.

“In healthcare, there's been a lot of consolidation through M&A activity on both the supplier side and the provider side,” Doner said. “A lot of historical data that has been captured in the on-premise ERP cannot be mapped across systems so there is a loss of visibility due to inaccurate or incomplete master data. Company identifiers can be all over the place.”

Clean data is essential before organizations even consider a cloud ERP system. Only then can cloud-based platforms

6 must-haves for supply chain strength

1 Effective collaboration

2 Data and analytics

3 Automation

4 Demand forecasting

5 Order process transparency

6 Clinician engagement

serve as a single source of truth, reducing data silos and inconsistencies. Powerful analytics tools within these platforms transform raw data into actionable insights that help inform strategic decision-making around procurement, inventory management and resource allocation, ultimately creating a more efficient and cost-effective supply chain.

“It's critical to think about those less glamorous tactical aspects, and how you do it not just once, but in a continuous cycle,” Luoma said.

3 Automation

In addition to clean data inputs, automation will be necessary for the future of healthcare supply chain—and 76% of survey respondents acknowledged its value.

The finding is notable, as a typical provider has thousands of different contracts to track and maintain while navigating workforce challenges and continuous price changes throughout the year.

“Whether you're using GPOs to supply you with contract pricing, or whether you're contracting directly with the manufacturer, making sure that data is kept current is critical,” Doner said.

With quality data, including correct part numbers, unit of measures and prices, organizations can more effectively leverage automation in routine tasks such as price management, order processing, inventory management and reporting. Furthermore, automation frees up valuable staff time for more strategic tasks, such as vendor management and relationship-building with suppliers.

To implement automation effectively requires a focus on technology integration. Investing in advanced ERP and supply chain management systems that support automation is essential. These systems should seamlessly integrate with existing technologies and platforms used by suppliers and other stakeholders, ensuring a cohesive and efficient workflow.

4 Demand forecasting

Accurate demand forecasting is another crucial capability, but one often hampered by data quality issues. While 82% of respondents acknowledge its importance, only

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■ Chris Luoma, Chief Strategy Officer, GHX

37% use forecasting technologies, and a mere 10% find them effective.

The variability in patient needs and clinician preferences makes demand forecasting particularly challenging in healthcare.

“The industry has a long way to go around demand forecasting and signaling, (especially for) the more surgically focused, high-acuity, complex orders,” Luoma said.

Cloud-based ERP and supply chain management systems offer a powerful forecasting solution. By providing a central repository for contracts, formularies and other relevant data, such systems help streamline decision-making and ensure consistent buying behavior.

5 Order process transparency

Complete visibility across the entire order process is a top priority for 81% of healthcare professionals. Unfortunately, the current reality falls short, with only 21% rating their visibility into inventory as good. Similarly, 27% rate their visibility into order cycle management as good.

Cloud-based systems that adopt single-channel ordering—by leveraging electronic data interchange (EDI) plus managed services for non-integrated vendors—provide that window into the supply chain, offering order tracking, inventory levels and delivery status updates. This transparency allows for proactive adjustments and informed decision-making, especially at the point of demand, improving timely delivery of critical supplies.

When it comes to ordering products, the best time to inform users about recalls, substitutions or back orders is at the point of demand.

6 Clinical engagement

Integrating clinical expertise into the healthcare supply chain is crucial for ensuring patient safety and delivering the highest quality of care, according to 77% of survey respondents. Yet, effective collaboration with clinicians has only been achieved by 22%.

Greater transparency across inventory and control over purchasing decisions can be effective in securing clinician alignment, according to Doner.

“Include them in the decision upfront and make sure their voice is heard, with good rationale around whatever choice is made,” Doner said. “Broadly, the way to do that is through centralized management of the requisitioning process, giving visibility into how that decision was made while directing requesters to your preferred and approved sources of supply.”

Cloud-based platforms facilitate communication and information-sharing between clinicians and supply chain teams. Clinicians can share their specific needs and preferences regarding medical supplies, while supply chain teams can provide real-time information on availability, pricing and potential alternatives. This collaborative approach ensures decisions are aligned with patient needs and best practices, ultimately driving better patient outcomes.

The foundation for excellence

In today's shifting and competitive healthcare landscape, maintaining a vitally robust and efficient supply chain requires embracing these six key characteristics—and transitioning to a cloud-based system that supports integrated solutions built for healthcare.

While cloud ERP adoption can be a substantial investment, paying close attention to data alignment, automation enablement and trading partner engagement will help drive returns and operational efficiency.

“If you're looking three to five years out at where the industry could potentially go, you can't afford to not do something like this,” Luoma said. “The organizations and the leaders that have done it well are aligning with their clinical partners and support a shared goal of improved patient care.”

Ultimately a cloud-based ERP system helps lay the foundation for a more efficient, data-driven and collaborative supply chain, allowing healthcare organizations to finally move from frustration to flow, minimizing internal constraints while delivering the exceptional care that patients deserve.

Learn more about managing healthcare supply chain through the cloud, with insights from a survey of U.S. and hospital health system leaders. Access the complete report [here](#).

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