

Healthcare's Digital Transformation – Maximizing Supply Chain Monetization

Much has been written about healthcare's vaunted digital transformation. But "digital is not a thing," so what is it?

It's the latest technological composition aimed at reframing organizational models. More practically speaking, it's about the elimination of silos and enabling new correlations based on pulling together front, middle and back offices in ways that improve the effectiveness of staff, allow patient expectations to be met, while still driving business value.

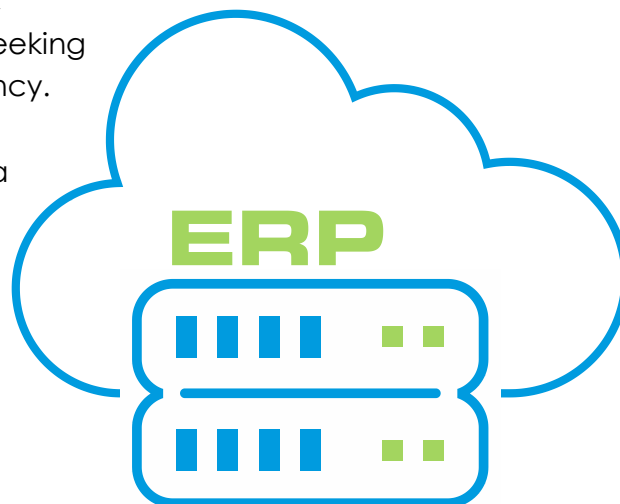
And it's happening faster than most of us realize, especially in service-centric and merging enterprises —like healthcare. In fact, Gartner predicts that by 2021, "at least 40% of service-centric companies will move the majority of the ERP applications to the cloud."

Especially given healthcare's ongoing shift to value-based care, the pressure to understand the total cost of care-delivery (e.g. per patient, disease state, etc.) is very real. And because cloud-based ERP leverages a single data model spanning finance, supply chain and human resources, the opportunity for health systems to finally understand the costs appears within reach.

But if a single data model is the lever —if that's true— then the need for accurate, operationally-targeted data that "fit" such models is essential.

And that's no small challenge, especially for health systems seeking improved supply chain efficiency.

Although the cloud has eased the challenges of internal data integration, the idea that external data originating from thousands of shifting suppliers can be seamlessly consumed by ERP is foolhardy.





WHERE CLOUD-BASED ERP FALLS SHORT

Despite supply chain's rising profile, its leadership is often absent from ERP evaluation, selection and implementation design processes. Furthermore, as supply chain is a late comer to ERP, in terms of native support, the vendors' solutions are new, capabilities are generic, if not limited, and implementation track records are not distinguished.

Not that health system supply chain performance isn't now regarded as a top priority, but several known supply chain challenges, including data management, have not been satisfied by the market's leading ERP vendors. They're not even understood. After all, the ERP vendors are not content providers and the native solutions they feel compelled to promote were not designed nor built for the purpose. At best, they are encumbered by tradeoffs reflecting their legacy in Finance and Human resources. At worse, ERP evaluation processes are being conducted without supply chain's direct involvement and the decisions being made are no less uninformed than would be the case were supply chain leadership determining the tools used by peer professionals in other areas of operations.

ERP has moved to the cloud and eased traditional data integration challenges for Finance and HR. But cloud or no cloud, modern ERP systems are not equipped to support a number of supply chain-specific essentials. No doubt, the cloud has served to allow ERP instances to more rapidly mature –for HR and Finance. But for supply chain user communities where native ERP applications are new, their use has represented a step back in many instances.

To be blunt, ERP supply chain solution gaps are extensive and multiplying. The data integration challenges are foundational. They are as embedded and unworkable as field/string limits that cannot accommodate evolving, enriched supply-side content formatting. To be fair, such limits are reflective of system architectures that were not built for this purpose. Regardless, for supply chain professionals, the gaps are hard to countenance, because they are entirely unnecessary.



BRIDGING CROSS-FUNCTIONAL SOLUTION GAPS

Prodigio was designed by healthcare supply chain professionals. It is solely dedicated to driving healthcare supply chain performance. Not surprisingly, the company's solutions go right at the heart of the content problem and end-user experience, precisely where most ERP implementations fail.

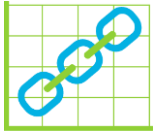
Prodigio's clients include the largest, highest performing health systems. By design, the company's client partnerships have resulted in the identification and resolution of the industry's challenging supply chain use-cases. Among other things, the company's footprint has resulted in perhaps the largest, enriched Global Item Master in the United States. With more than 25 million items under management, including images, effective descriptions, GTIN, UNSPSC classification, HCPCS codes and an arsenal of relevant data feeds, including continuous content updates meaningfully correlated and delivered in context (e.g. item recall information), clinical decisions can be made more quickly and safely.

Prodigio acts as an overlay to existing ERP supply chain/procurement workflows. By orchestrating the required data flows, automating the syndication of supplier content and creating transparency across systems, Prodigio extends the value of ERP by driving the utilization of contracts across all product and purchased service categories. The benefits reduce variance, delivering value that ultimately extends to patients.

Prodigio fixes the myriad data issues that have compromised the bridge between supply chain/procurement and ERP. The "fixes" are practical, if not common sense, as they leverage Prodigio's matured and targeted knowledge of the supply chain ecosystem. For example:

- **Content Approval** – By reviewing a catalog or contract before it's published and available to end-users, Prodigio has automated a "delta report" to eliminate redundant entries and ensure that only contract-matched, preferred items and services are surfaced during the requisitioning process. The intent is not to prevent new items from being purchased, but to make sure that substantially equivalent inventoried items are either cleared and/or deleted and that new items are priced within authorized parameters.

- **Contract to Marketplace Synchronization** – Prodigio ensures that the right items are matched to the right contracts at the right locations and/or points of administration. Locally negotiated agreements and their conditional terms are appropriately propagated throughout the system so that discounts and rebates can be pursued and captured. Prodigio's Savings Manager was specifically built to ensure that savings initiatives can be managed, and progress tracked –measured in real time at the point of service.
- **Contract to Xchange Synchronization** – Prodigio has automated the reconciliation of match exceptions. By displaying the contract and contracted price for every managed item, vendor invoices received at a different price are appropriately flagged, allowing immediate invoice remediation.
- **Directed Searching** – For supply chain leadership and requisitioners alike, content saturation is an overlooked and debilitating problem. Prodigio not only solves it but does so in a fashion that allows procurement leadership to shape requisitioning behavior at the point of service. Several features allowing leadership to surface preferred items so they're highlighted when end-users are conducting content searches, are easily configured in the system. For example, through the use of tagging, end users can be “pushed” to inventoried items and/or “pushed away” from items that may have been recalled but are still in stock. For larger and merging health systems, directed searching represents one of the most practical ways to drive preferred and/or emerging formularies.
- **Content Enrichment** – Data integration and content enrichment are not natural bedfellows. To ensure that content presented to end-users is complete and accurately described is obviously necessary. Similarly, to ensure that downstream analytics can be rationally conducted, GTINs, UNSPSC and HCPCS classification is also necessary. Simply put, more attribution is better than less. Especially as these and other data standards continue to evolve, Prodigio's Global Item Master acts as the managed market data superset powering continuously managed virtual item masters specific and confidential to each client. To make this happen, Prodigio validates the required ERP data translations inline, thereby directly extending the value of ERP systemically and eliminating a massive ongoing problem. Tactical integration issues are dashed in favor of paving the road more strategic cross functional collaborations between supply chain, clinicians, finance and IT.



MAXIMIZING SUPPLY CHAIN MONETIZATION

As reflected by its industry track record, supply chain management is not a native strength of ERP. Arguably, it still isn't a priority. But it's fixable, and the evidence here is overwhelming.

That said, when ERP functionality is effectively extended –when it serves as a chassis for best in class solutions—the results are distinguished. Especially in the supply chain realm where external “connections” are far more performance-defining than those faced in other areas of operations.

As stated, the promise of healthcare's digital transformation rests in new correlations and insights resulting from non-traditional cross functional collaborations. From cybersecurity to supply chain; from clinicians to financial offices and IS/IT professionals; the opportunity here is for all operational disciplines to strengthen their ROI mission to the enterprise.

That's the point of the effort. Supply chain leaders should no longer feel pressured by non-supply chain stakeholders to make system-limited accommodations. And indirect stakeholders should not feel pressured by ERP vendors to oblige them.

The respective tools of each trade should be selected on the basis of merit. Moreover, all stakeholders should have confidence that extending the value of ERP for competitive advantage is the best way for these enterprise systems to best deliver on their promise.

ABOUT PRODIGO SOLUTIONS

Counting more than half of the nation's most prestigious health systems as clients, Prodigio has amassed one of the largest repositories of supply and services market data in the U.S. Its solutions resolve long-standing data problems, enforce product and services standards, optimize contract utilization and enhance the requisitioning experience of clinicians. Typically deployed as a performance-extension to ERP, Prodigio is foundational to value-based, clinically integrated supply chains.

For details please contact:

Ashby McGarry,

Marketing + Communications

1-724-741-1907

amcgarry@prodigosolutions.com