



TransForm Delivers Cost Savings and Greater Value to its Member Hospitals through Supply Chain Automation and Content and Contract Management

Organization

- TransForm Shared Service Organization (SSO)
- Chatham, Ontario, Canada
- Total licensed beds: 1,215

GHX Products

- GHX Exchange
- NuVia®
- CCXpert
- MetaTrade

Group Purchasing Organization

- Medbuy

Enterprise Resource Planning (ERP) System

- Virtuo MIS by MediSolution

Highlights

TransForm worked with GHX to significantly increase its volume of EDI transactions, growing its number of electronic trading partners by 275 percent and transacting 90 percent of medical-surgical purchase order (PO) volume (80% of total POs) through the GHX Exchange. TransForm more than doubled the number of on-contract products in its item master (from 38% up to 85%), drove down contract exceptions to under 2 percent, and reallocated the time of approximately one and one-half full-time employees from manual data processing to value-added activities.

Overview

The TransForm Shared Service Organization (formerly PROcure) is owned by the five hospitals in Erie St. Clair: Bluewater Health, Chatham-Kent Health Alliance, Hôtel-Dieu Grace Healthcare, Leamington District Memorial Hospital and Windsor Regional Hospital. TransForm is governed by a board of directors comprised of senior executives from each hospital, as well as five independent directors. TransForm directly supports its member hospitals in the delivery of exceptional patient care by ensuring efficiencies, service excellence and cost savings.

Situation

Under its mission to create new opportunities to improve value to the health system, TransForm strives to make its supply chain processes as efficient and effective as possible. The organization's goal has been to help its hospitals deliver high quality care at an affordable cost by removing waste from the supply chain and driving greater savings.

“We have a pretty robust cost savings goal every year,” said Scott Williston, director of Hospital Operations, TransForm Shared Service Organization. “To achieve it, we had to increase our process automation, cleanse our item master data and drive more on-contract spend.”

Solution

TransForm engaged with GHX in 2011 with a long-term vision to automate as many of its supply chain processes as possible. The organization first partnered with GHX to increase its volume of electronic data interchange (EDI) transactions with suppliers, then worked to automate its content and contract management processes.

Automating the procure-to-pay process

Prior to joining the GHX Exchange, TransForm used a Value-Added Network (VAN) for transacting business electronically with suppliers. At the time it had only 40 electronic trading partners, therefore most of its orders were processed manually.

Working with GHX, TransForm increased its electronic trading partners by 275 percent. Today, the SSO transacts with 51 suppliers currently integrated with the GHX Exchange, and another 135 suppliers through the GHX MetaTrade solution.

With MetaTrade, GHX converts TransForm's electronic POs into fax or email format for those suppliers who cannot accept EDI transactions. Suppliers can then use an internet link within the orders to respond with electronic purchase order acknowledgements (POAs). This solution enables TransForms to increase its EDI transaction volume while reducing the number of time-consuming and labor-intensive manual tasks.

“We no longer have someone standing at the fax machine faxing orders to suppliers all day long,” said Williston. “Now our staff members can focus their efforts on processing orders and managing backorders, which provides greater value to our member hospitals, their clinicians and patients.”

According to Williston, his team uses My Exchange Order Center throughout the day to monitor orders going through the GHX Exchange. This real-time visibility enables them to quickly identify and address issues, such as exceptions (e.g., part number, unit of measure (UOM)), backorders and pricing discrepancies. They also use the accounts payable module to manage invoices and the contract module to identify on- and off-contract spend.

Automating content and contract management

Most recently, TransForm has implemented the GHX NuVia® content management solution and CCXpert contract management solution to improve item master accuracy, enhance visibility to data, better manage contracts and gain insights for more strategic decision making.

NuVia is a cloud-based virtual item master that continually monitors an organization's item master for changes and updates, and then systematically corrects product data inaccuracies, removing duplicates and filling in missing information. Using NuVia, GHX cleansed and enriched TransForm's item master data, such as manufacturer item numbers and UOM. GHX and TransForm also worked together to standardize and streamline product descriptions to make it easier for users to procure the products they need. To date, TransForm has cleansed and enriched 95 percent of its medical-surgical product data.

“Before cleansing our data with NuVia, we received many complaints from end users that they couldn't understand our descriptions in the item master file because there were so many variations and abbreviations,” said Williston. “GHX used NuVia to cleanse and standardize our descriptions so that they are better understood by the clinical staff at our hospitals.”

TransForm is using CCXpert in conjunction with NuVia to identify on-contract items within its item master, and confirm that the organization is purchasing products at the contracted price during the procure-to-pay process. The CCXpert solution helps maintain pricing accuracy through price validation, detailed historical purchasing reports and contract updates.

When TransForm loads a new contract into CCXpert, NuVia takes the data to populate the item master, standardizing product descriptions, manufacturer item numbers and UOM in the process. The SSO more than doubled the number of on-contract products in its item master, from 38% up to 85%, by using these two GHX solutions in this manner.

“Before it would take us weeks to load a new contract into our ERP system by the time we figured out all of the naming conventions,” said Williston. “Now we put the contract data through NuVia and it happens within minutes.”

When an order is placed, the CCXpert solution performs a three-way price match between the PO, POA and invoice against the contract price to help validate the right product is purchased at the right price. As a result, TransForm has significantly improved the accuracy of its on-contract purchases, with a contract exception rate under 2 percent.

Results

With the help of GHX, TransForm has delivered savings to its member hospitals through both low operational costs and very high value on products purchased. According to Williston, his organization has freed up the time of approximately one and one-half full-time employees by automating manual processes. These resources are now used for activities that generate greater value for member hospitals, such as identifying new areas for savings.

Working with GHX, TransForm has achieved the following:

- » Increased its number of electronic trading partners by 275% (from 40 to 150 suppliers)
- » Transacting 90% of medical-surgical POs through the GHX Exchange
- » Of those orders going through the Exchange, receiving 99% of POAs and 65% of invoices from manufacturers electronically
- » Driven contract price exceptions down to under 2%
- » More than doubled the number of on-contract products in its item master (from 38% to 85%)
- » Freed up the time of approximately one and one-half full-time employees by automating manual processes
- » Cleansed 95% of its medical-surgical product data



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