BECKER'S HEALTHCARE   **GHX**

Reshaping healthcare supply chains: How cloud ERP lowers costs + empowers decisions

Financial pressures continue to mount for healthcare supply chain leaders as the industry transitions from the traditional fee-for-service payment model to new models driven by value-based care.

To enhance the efficiency, scalability and adaptability of their supply chains, many healthcare organizations are embracing cloud enterprise resource planning (ERP) systems, business process improvement and automation.

To learn more about how healthcare supply chain leaders are navigating these trends, Becker's Healthcare recently spoke with Chris Luoma, chief strategy officer at GHX. Mr. Luoma shared insights from the new whitepaper "Maximizing your cloud ERP: Six critical considerations for supply chain optimization" from GHX, which highlights strategies for health systems to optimize their cloud ERP investment. Key takeaways are summarized below.

To survive *and* thrive, hospitals + health systems need to make data-driven business decisions

Supply chain leaders are striving to lower costs while increasing transparency in supplies used to deliver care. This can be difficult as care expands outside of the hospital into ambulatory settings and even into patients' homes.

"Organizations need technology that allows them to push supply chain capabilities and best practices into new points of care," Mr. Luoma said. "At the same time, they also need strong data to support data-driven decision-making. Cloud as a technology enabler and cloud ERP systems are tools that supply chain teams can use to achieve those goals."

Data governance and automation are key pathways to operational effectiveness

Without a strong foundation of data across the entire organization, it's challenging to drive analytics and make decisions with confidence. In supply chain management, data governance starts with the contract catalog.

"As you think about the items you are using and where things sit on your shelves, you also need to think about how to automate processes," Mr. Luoma said. "Manual processing of orders, invoices, payments and inventory is not only inefficient, it also fails to capture data points that can feed into analytics and decision-making. Strong data governance and automation across all of your processes is critical to creating a virtuous cycle."

Supply chain leaders should also consider how to create a directed buying experience that drives clinicians in different care settings to the right products at the right time. This helps organizations maximize the value of their contract portfolios, as well as the efficiency of their logistics networks.

Business process transformation: an essential part of successful cloud ERP deployments

A major system upgrade, such as the migration to cloud ERP, is an opportunity to revamp business processes. Simply automating existing processes, Mr. Luoma said, won't transform performance.

The transition to cloud ERP enables organizations to think about supply chain efficiencies from the front end all the way through to the back end. Improving accounts payable and payment processes, for example, creates levers for healthcare finance and treasury teams to adjust and improve working capital strategies.

"We've seen hundreds of customers go through this," Mr. Luoma said. "The organizations that don't embrace business process transformation fail to maximize the benefits of the cloud ERP. In some cases, they make things worse. Without the right strategies in place, they can find themselves with broken order and invoice processes, credit holds with suppliers and delays in supply deliveries, which impact patient care."

AI will reshape healthcare supply chains

As healthcare supply chain leaders develop strategic plans and roadmaps, AI is top of mind. Many wonder how predictive analytics could improve demand sensing, as well as how tools like Microsoft Copilot or an agent experience could scale supply chain capabilities without adding more staff.

To make these visions a reality, data is an essential ingredient.

"Both predictive analytics and an AI-powered supply chain require the convergence of trusted data, automation and clinical integration, so technology tools can lead teams to the best next step," Mr. Luoma said.

It's important to remember that AI won't remove humans from the loop, but it will increase operational efficiency. "It all starts with a strong data foundation and automation," Mr. Luoma said. "That creates data points and frees up teams to think about the next steps for improving the supply chain and enhancing the experience for supply chain customers."

Finally, Mr. Luoma underscored how cloud ERP solutions generate considerable value for healthcare supply chains, but the migration process must be carefully planned and executed.

"Providers should lean on peers who have gone through this transition," Mr. Luoma said. "They should also lean on technology and supply chain trading partners who can help them think about ways to improve business processes and the capabilities they bring to the table. Don't go it alone."