

# Hospital Logistics Inc. Case Study

## Industry:

Healthcare Distribution & Logistics

## Geographics:

Ontario, Canada

## TECSYS Products

### *EliteSeries*

- Enterprise Performance Management
- Distribution Management
- Hospital Cart Management
- Warehouse Management
- E-Commerce

## Computing Environment

Hardware: IBM pSeries

Database: Oracle, Oracle Mobile Server

RF Devices/Printers: Intermec Handhelds

## Business Challenges

Hospitals have traditionally maintained on-site storage of medical and surgical supplies, but in this era of severe budget constraints procurement costs of supplies in healthcare are receiving increased attention. New and standard business processes would lead to streamlining operations and implementation of best practices. Hospital Logistics Inc. (HLI), a newly formed third-party logistics company, in Toronto, Ontario, looked for real-time access to inventory information across its healthcare network to dramatically improve service quality and consistent supplies delivery.

## TECSYS Solution

TECSYS helped to standardize business processes, enable better decisions, and reduce operating costs through the use of its powerful enterprise distribution and logistics suite of applications. *EliteSeries* is a Web-based suite consisting of: Enterprise Performance Management, Distribution Management, Warehouse Management, Transportation Management and E-Commerce modules.

## Business Benefits

As a result of implementing TECSYS *EliteSeries*, HLI achieved the following:

- Integrated business processes for reduced costs and improved productivity and service levels
- Standardization of business process for better control and visibility
- Reduced time spent tracking materials and increased time delivering patient care
- Cart materials management consistency across the enterprise
- Improved access to real-time information
- More insight and better cart management accessibility



*“Hospital Logistics Inc. provides supply chain services for medical and surgical supplies to the Canadian hospital market based on a 3PL model. Hospitals will benefit from improved service levels and significant cost-saving opportunities.”*

*Susan Anderson  
CIO and Sr. Vice President of  
THiNC Logistics Inc.*

# TECSYS

# THiINC Logistics and Hospital Logistics Connected Operations with TECSYS *EliteSeries* SCM Software Suite

*“Together, we sought to establish a complete, cost-effective system that would provide efficient Just-In-Time inventory, order, and distribution of medical and surgical supplies to member hospitals.”*

*Susan Anderson  
CIO of HLI and Sr. Vice President  
of THiINC Logistics Inc.*

In Canada where healthcare is predominantly a government-provided benefit, increasing costs accompanying funding ceiling has resulted in tremendous pressures on hospitals. Because their core competency is patient care, it is a challenge for hospitals to invest in the development of supply chain infrastructure and logistics technology. This reality recently led the University Health Network (UHN), an umbrella organization that supports the patient care, education, and research programs of the Toronto General Hospital, Toronto Western Hospital, and Princess Margaret Hospital, to look for an alternative solution.



UHN and Mount Sinai Hospital partnered with THiINC Logistics Inc., a Toronto-based provider of healthcare supply chain solutions, to form a third-party logistics (3PL) company called Hospital Logistics Inc. (HLI). This new 3PL company was based on a public-private partnership model. The organization was created to manage the hospital supply chain for medical and surgical products, utilizing a unique combination of internal hospital expertise and external supply chain and logistics expertise.

The members wanted a consistent set of business processes across their healthcare network. The project requirements included finding an industry leading supply chain software suite, and one that offered a rapid implementation approach. With a tight timeline from contract execution to go-live, HLI needed to find an application suite that was flexible yet tightly integrated, so that they did not lose time by making basic changes to the solution. The software vendor had to be distribution-centric with the

technology and capability in place to handle mobile devices and HLI's projected rapid growth.

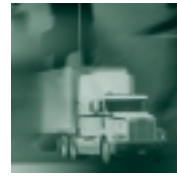
Having an integrated real-time information system would enable HLI to reduce and realign inventory levels and supply costs. HLI has to manage over 2,500 SKU's of goods and deliver the right products, at the right time, to the right hospital cart. With better information about the costs associated with medical supplies, consolidation can further drive down the costs by leveraging the prices. Also, by consolidating the inventory storage from each hospital to one location, the savings in carrying costs is another benefit the members can quickly realize and control.

After an extensive search process, TECSYS' *EliteSeries* enterprise distribution software suite, utilizing the IBM pSeries hardware, Oracle relational database, and Intermec RF hardware was selected.

Critical to the overall solution was the ability to manage inventory right to the hospital carts, as well as to have the necessary supplies throughout the operating rooms and nurses stations. Since the carts are mobile, the solution needed to be portable, very simple to use, and eliminate any room for error on supply consumption. HLI selected ruggedized PDAs with network docking capability. TECSYS developed, implemented, trained, and installed the Cart Management application in each of the member hospitals. “We want the nurses to focus on providing the best patient care, not become materials managers,” said David Yundt, COO of HLI and Sr. VP of THiINC.

Once the PDAs were connected to the TECSYS Procurement and Warehouse Management applications, the possibilities for the future became endless.





## Hospital Operations

Logistics operations personnel are responsible for checking stock levels of medical supplies for both the operating rooms as well as the supply carts in various hospital locations. Maintaining the necessary inventory is vital in ensuring the medical procedures are unaffected by the availability of supplies. Technicians replenish carts daily using TECSYS' PDA remote order entry application. Once the operator's route is completed or if the operator cuts the counting short, the PDA is docked and the captured data is synchronized at the distribution center (located 25 miles away) with *EliteSeries* Distribution Management System (DMS).

## Distribution Center Operations

*EliteSeries* DMS then validates the orders to ensure any exceptions are queued for the immediate review by a fulfillment resource person for clarification with the hospital. All orders, without exceptions, are then managed by *EliteSeries* Warehouse Management System (WMS) for same-day fulfillment to the hospital(s).

To ensure the delivery cutoffs and pick, pack, and ship accuracy are met, HLI has incorporated a number of procedures. Orders are managed in priority, and waves are released for the order personnel to pick. The distribution facility is RF-wired to provide coverage that permits real-time operator feedback during the picking process.

*EliteSeries* WMS increases picking accuracy and maximizes picking efficiency through system-directed prompts. The real-time inventory updates automatically trigger system-directed replenishments from the overstock racking to the flow racks that stocks fast moving items. A common "shipment" value is assigned if multiple

orders for a single hospital supply cart or operating room are submitted on the same day. This also allows for shipment consolidation, and therefore reduces the number of packages needed to be loaded or handled by the loaders. Pickers are able to fill more orders in less time, since they do not have to walk to pick high volume supplies.

As part of the fully integrated *EliteSeries* application suite, order entry and purchasing personnel have real-time visibility of the inventory and item status. This is extremely important should an emergency arise and supplies are required immediately by any of the four hospitals. Given the nature of acute care, responsiveness is critical to the health of patients.

## Summary

The impact of TECSYS' *EliteSeries* distribution software on the organization as a whole is now showing real benefits of accurate real-time usage reports across all member hospitals. This is driving savings through product standardization and contract compliance to meet and exceed a target minimum fill rate of 98.5%.

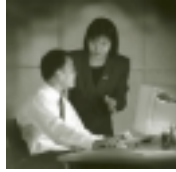
Today, with the use of TECSYS' *EliteSeries* applications, HLI has positively impacted the delivery flow of medical supplies to the hospitals and clinics, allowing hospital staff to devote more time to patient care.

## Beyond

The business plan for HLI is to expand to include other hospitals. Ultimately there will be greater benefits realized through expansion of customers and economies of scale. As the need for greater efficiency in the healthcare supply chain dramatically grows, HLI is properly poised to provide the essential services to meet and exceed such challenges.

*"We want the nurses to focus on providing the best patient care, not become materials managers,"*

*David Yundt  
COO of HLI and Sr. VP of THiINC*



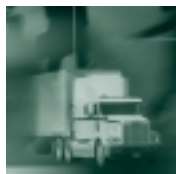
Enterprise  
Performance  
Management



Distribution  
Management



Warehouse  
Management



Transportation  
Management



e-Commerce

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