

Strong. medicine



The problems faced by the National Health Service are only too apparent from newspapers and television, but work is underway to strengthen supply chains across the organisation, says **Alex Whiteman**.

Multiple entry points provide multiple logistical problems when it comes to managing the NHS's supply chain. Alan Hoskins, the Portsmouth NHS Trust's director of procurement and services, says that this, among many issues has been further hampered by the systems in place across NHS Trusts.

"We've operated on limited inventory systems," says Hoskins. "And these systems are many years behind those used in the private business sector."

To tackle these out-dated systems and approaches, the team at Portsmouth NHS Trust sought out a provider that could streamline the system, settling on Ingenica Solutions, believing it could provide a foundation for future proofing the systems.

"Recently we have seen more and more providers coming into healthcare," says Hoskins. "However, we feel that the system Ingenica offered would future-proof us – additionally, our system seems to be much cleaner than many others run across NHS organisations."

Ingenica Solutions identified that the NHS on a national level was lacking control of its hospital inventory. Managing director of Ingenica, Nicola Hall, discovered that little had changed in 16 years.

"Hospital inventory management was the start," says Hall. "We worked closely with Portsmouth NHS Trust, developing an e-procurement and GS1 strategy."

Following the development of this system, Portsmouth began to be recognised and "the government cottoned on to what it was doing," says Hall.

Since enhancing the inventory management, Hall and her team have identified further problem areas: "Track and trace was proving a particular problem," she says. "As we have ventured further down the path with Portsmouth, we have seen a lot more."

Ingenica laid out two areas that it had to understand: first, what happens in a hospital; and second, the buying behaviours, which Hall says has a notable impact on the supply chain – particularly in regards to



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Nicola Hall

non-consumable medicines. "And this is where we started," she says. "With things such as plasters and hip joints. Now we are looking at the whole way product gets moved around a hospital."

Putting visibility into the hospital system is vitally important, says Hoskins. He believes that the visibility in hospitals should be treated in the same way it is at a supermarket, or other retail outlet.

"Hospitals need to be kept topped up in just the same way a supermarket is," he says. "Objectively it is far more important that we are fully stocked."

However, in implementing new systems, hospital managers always find themselves coming up against the same mountain, and one that is being made paramount in this election year: budgetary issues.

"There is always a significant cost pressure on hospitals," says Hoskins. "But we went for an invest-to-save approach."

Hall says that a lot of suppliers also lack visibility, particularly in regards to when they are likely to receive an order.

"As such they find themselves also having to keep larger stock supplies," she says. "And in hospitals you have the same thing: there is a lot of over-buying, equating to a lot of waste, and additionally a lot of time wasted placing orders. This wastes clinical time too."



Pharmaceuticals

Globalising regulations

With manufacturing of pharmaceuticals spreading out from its historical centres, the European Union brought into effect new regulations regarding the general practice and handling of medicines in 2013 – known as Good Distribution Practice (GDP) 2013. Under these new regulations, licences were only provided to suppliers that met the strict, and all encompassing, criteria.

"These regulations stipulated storage conditions," says Alan Dorling head of pharma and life sciences at IAG Cargo. "It is important that patients are assured that the medicine they receive will have a therapeutic effect."

Turhan Özen, Ceva's senior vice president, global sector leader - healthcare and business development – Balkans, Africa, Middle East and Central Asia, points out that numerous healthcare companies still face high levels of inventory in their supply chains compared to companies in other industries. "Visibility will provide the basis for management decisions that will decrease these levels," he says.

"Based on our End-2-End product, we are able to provide the required services at GDP 2013 level," says Özen. "Furthermore the solution will



Turhan Özen

provide total visibility."

Sebastien Barth, managing director of C4 Logistics, points out that changing regulations impact business because they are mandatory if you want to compete in the global pharmaceutical market.

"There is no choice other than to invest and comply, even if that costs the business money in terms of the hygiene factors of doing business," says Barth. "However, striving to have the best in class delivery protocols means that, even in emerging markets or those perceived to be not as mature or robust, global standards of delivery are maintained which has a knock-on effect in terms of customer confidence in the product, wherever it is sourced anywhere in the world."

Dorling reckons that those not willing to make the required investment shouldn't be offering the product: "Cost should not come above quality," he says.

IAG Cargo introduced the first GDP compliant temperature sensitive airspace facility at London Heathrow.

C4 Logistics has increased investment in staff training, to make sure all of its operations staff are GDP trained. In addition, they are reviewed every six months to ensure compliance. In addition, it has heavily invested in an in-house document management system to ensure the compliance at every level of the supply chain. All the documentation is kept digitally and alerts are triggered before

a document become out of date and therefore obsolete.

"We have also developed our in-house tracking system, which enables us to monitor every vehicle carrying pharma products," says Barth. "Via our driver app, GPS location of a shipment is accessible via our customer portal. Our clients have access to valuable and "live" information regarding their consignments, thereby increasing visibility and security."

Until recently, the main markets for healthcare and pharmaceutical products were: USA, Europe and Japan. Now, says Özen, globalisation is taking place.

"Manufacturing is building momentum in China, India and Singapore, a regional function for Istanbul and Dubai in terms of warehousing and distribution, and increased shipping into South America."

With core product flows coming from Asia and North America, and a growing global footprint for medicine production, whether vaccines, insulin, or cancer drugs, it is not surprising that IAG Cargo is targeting this market.

"Airfreight is quicker, safer and, importantly, there is greater visibility in the security service than in other forms of transport," says Dorling.



Sebastien Barth

Costs

Standardisation to drive cost savings

The NHS is looking for savings in procurement costs, to make a significant contribution towards the overall procurement savings target of £2bn by 2015-16 by providing a common language for identifying, locating, moving and trading medical supplies and assets quickly.

Standardised code systems are now the bedrock of secure, efficient supply chains, and in 2014, the Department of Health mandated that every product procured by an NHS Trust has to be identified with GS1.

By using globally unique identification standards everywhere along the patient pathway – to identify each person, product and place within the supply chain – it is possible to increase efficiency and significantly improve the quality and safety of care, says Glen Hodgson, head of healthcare at GS1 UK.

A unique ID allows for complete traceability, ensuring the automatic capture and sharing of product and information flow.

“Whether this is between departments and care professionals or between hospitals and their suppliers – in other words, true interoperability between people and

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systems,” says Hodgson. “If the healthcare supply chain, from manufacturer to patient, remains consistent, visible and interconnected, using the tools and systems required to deliver this value, the advantages and benefits will be massive and at a global scale – from efficient procurement and inventory management, reduced ordering errors and invoice enquires, delivering improved forecast accuracy and reduced cost to serve.”

For the NHS, the key point behind adopting standards that provide traceability is improved patient outcomes and a prevention of adverse events. Hodgson says that according to the McKinsey report, “Strength in unity: The promise of global standards in healthcare”, implementing global standards across the entire healthcare supply chain could save 22,000-43,000 lives, avert



Glen Hodgson

700,000 to 1.4 million patient disabilities and save up to \$58bn (£39bn) in healthcare costs worldwide on an annual basis.

“Significant competitive advantage can be gained by having certainty of actual patient outcomes from specific dosing regimens,” he adds.

Alan Hoskins, the Portsmouth NHS Trust’s director of procurement and services, and his team are now working on meeting GS1 standards.

“We are working nationally with GS1 in achieving this,” says Hoskins. “Suppliers have a part to play in this.”

Jackie Pomroy, head of supply chain for the NHS

South of England Procurement Services, says that they had been working with GS1 UK for some time before the government mandate regarding adoption of GS1 standards, after discovering that some of its products shared the same barcode and product number.

“This caused significant problems when managing inventory,” says Pomroy. “It was obvious that one standard system for identifying products was needed.”

NHS South of England has been so keen to adopt this approach that since 2012 it has been asking suppliers to adopt GS1 standards.

We’ve also been able to reduce our surplus stock, through using those unique numbers and barcodes,” says Pomroy. “That alone has given us cost savings of 20 per cent, which is a significant amount of money that can go back into patient care.”

Ingenica’s approach with Portsmouth was to not only change the system but also the management style.

Hoskins says that in adapting these systems, the trust has reduced stockholding. “It is no longer an ad-hoc approach. All areas are in sync giving complete visibility allowing us to move products between departments.”

This has removed a major burden. Previously departments were not aware when they would receive orders and as such were reluctant to share with other departments, and because the stock in question had been paid for by their individual budgets.

“Portsmouth is one of the very few trusts to use this approach,” says Hoskins. “I’m not really sure the NHS fully understands the importance – procurement has always been seen as something of a back office function.”



Procurement

The price is right

Procurement and purchasing is one of the challenges facing the NHS - it spends £20bn every year on goods and services, and £4.5bn of that goes on clinical supplies.

NHS Supply Chain has been raising nurses’ awareness of the cost of clinical supplies being used by the addition of stickers with prices on shelves, in storage rooms and areas.

Feedback on this approach from a number of trusts confirmed that using stickers to increase awareness of cost was helping drive efficiencies. However, it was often difficult and labour intensive to manage, particularly keeping the stickers up to date as prices changed so often. A price on too many items also meant it was hard not to become blind to a ‘sea of stickers’.

The stickers needed a longer shelf life, with greater visibility and flexibility. They also needed to be adaptable so they could be tailored to individual trusts.

NHS Supply Chain undertook further research with nursing teams, which highlighted early on that any solution must be easy to adopt and had to integrate seamlessly into the busy working days they already faced. It mustn’t require any extra pull on their time or resource, feedback also indicated the more simple and visually striking the solution – the better the results would be.

Taking all on board, NHS Supply Chain’s clinical nurse advisor Karen Hudson, and Shelley Scothorne from their Communications Team, spent some time investigating ideas, resulting in the concept of the traffic light support system – a simple red (think), amber (consider) and green

Hoskins is expanding his reach, and Portsmouth NHS Trust has joined up with Bristol, Bournemouth, Hampshire, the Isle of Wight and Southampton, among others to form the Southern Procurement Partnership, which shares data.

"As a group, the partnership has been to market for two products – exam gloves and stockings for deep vein thrombosis," says Hoskins. "This resulted in £1.2m savings across the Partnership."

Healthcare is, as it should be, a highly regulated area. "It's something of a moveable feast," says Hall. "And with GS1 now coming in, suppliers will need to adapt."

She believes that it is a very different relationship suppliers have with healthcare customers, in comparison to their regular customers.

"There can be tensions between the two parties," she says. "Suppliers are being asked to be innovative, while at the same time negotiating NHS regulations and still somehow managing to get paid."

Ingenica has been investing in inventory management, says Hall. "This is core to our overall improvement," she says.

"It of course shouldn't just be about this, but it needs to be something Trusts spend time on, time that we can reduce."

As for the NHS, Hall believes there are several key factors that it needs to consider: "A growth factor as new technologies emerge," she says. "Alongside cash restraints as the population ages – this could leave people sicker for longer."



(go) sticker system to label clinical supplies in the stock room.

The purpose of the stickers being to help raise awareness of both the cost of clinical supplies nurses were using, and of the broad value of similar items also available for them to use in their stock rooms. The idea that they could then double check, with ease, to see if a less expensive item existed that can be used instead. An alternative that would still ensure patient safety, do the same job, and deliver efficiencies and savings.

As the concept was very different to something actually working in reality, the team contacted Pennine Acute Hospitals NHS Trust, who were keen to support a three month pilot of the system.

The trust started working with NHS Supply Chain in May 2014 supported by head of procurement David Barwell, with sponsorship from Mandie Sunderland, who was chief nurse at the time. Natalie O'Mahony, assistant operations manager and Sheila Smith, senior supplies assistant from Materials Management agreed to lead it.

Together they scoped out suitable sites and clinical supplies that could be piloted, along with a supporting toolkit.

Piloting the traffic light support system – which sites and which clinical supplies?

It was agreed that the system had to work across all the different types of stockrooms and storage areas across the entire trust – of differing sizes and formats, with wide variations in volume and type of clinical supplies stocked.

Eleven sites of varying size, from the smallest working stockroom in surgery to the largest in A&E,

were selected.

Given the previous feedback that too many stickers would create a 'blindness' to the system, consideration of which clinical supplies was key.

The initial work found that small, multiple, consumable easy-to-use clinical supplies which are used for similar purposes were ideal for the system. But clinical supplies available from multiple suppliers may cause challenges due to the regular changes in supplier – a small, easy-to-use selection may be preferable here to aid manageability and effectiveness.

It also found that, often, clinical supplies are taken from working stockrooms to fulfil 'moving' stock hold', housed on moveable trollies – which the traffic light support system had to address. The pilot ran for three months from the end of July 2014.

It was found that engagement with the relevant teams early on was essential, with Sheila, Natalie and Karen providing regular updates to all those involved throughout the duration of the pilot. Over and above this, the pilot reaffirmed that sponsorship at a senior level was crucial.

Developments made to the system during the pilot included sticker sizes and sticker design – it was found in some very busy stockrooms it wasn't as visible as it needed to be. And it was found that multiple posters were often needed to raise awareness of the system.

Over half of the teams involved advised a red sticker on a product drawer would highlight to them that there may be a cost effective alternative to that product.

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