

# **Keeping the Patient First**

## **A Dialogue with Suppliers**

**May 2011**

## Keeping the Patient First

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Supply chain consolidation and cost savings are driving significant change in the health system.

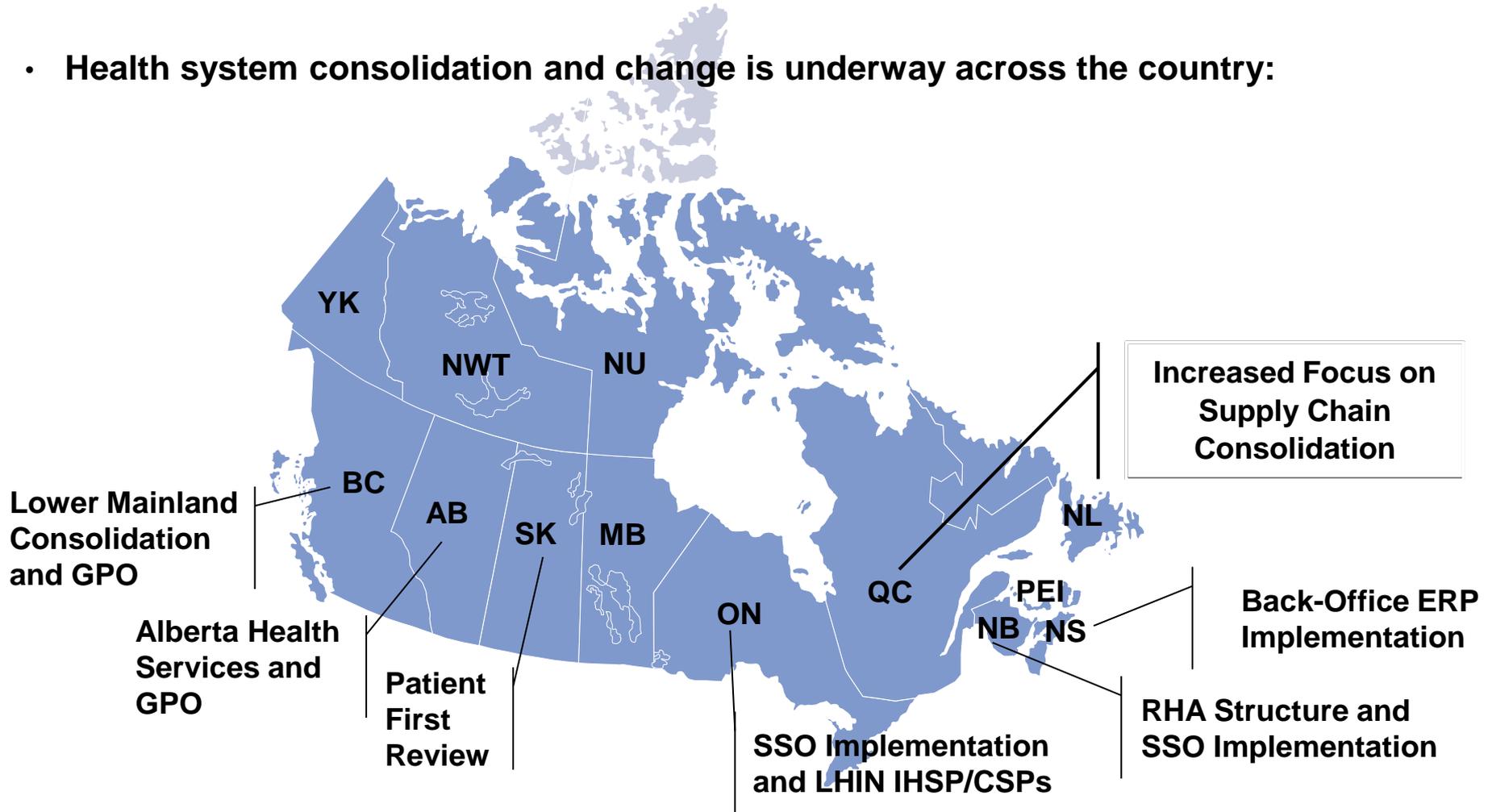
Keeping the patient first throughout the broader health value chain will be critical to long-term success in outcomes for patients and the health system



We are eager to engage the audience today in dialogue on these topics, and will be using electronic polling to ask questions throughout the session.

# Health care systems and supply chain models are evolving across Canada, increasing the importance of performance management

- Health system consolidation and change is underway across the country:



- Supply chain consolidation is driving significant spend savings targets, which will require a renewed focus on the management of system level performance and patient outcomes

# The changing landscape will drive changes in supply chain performance management, relationships and the impact on patients

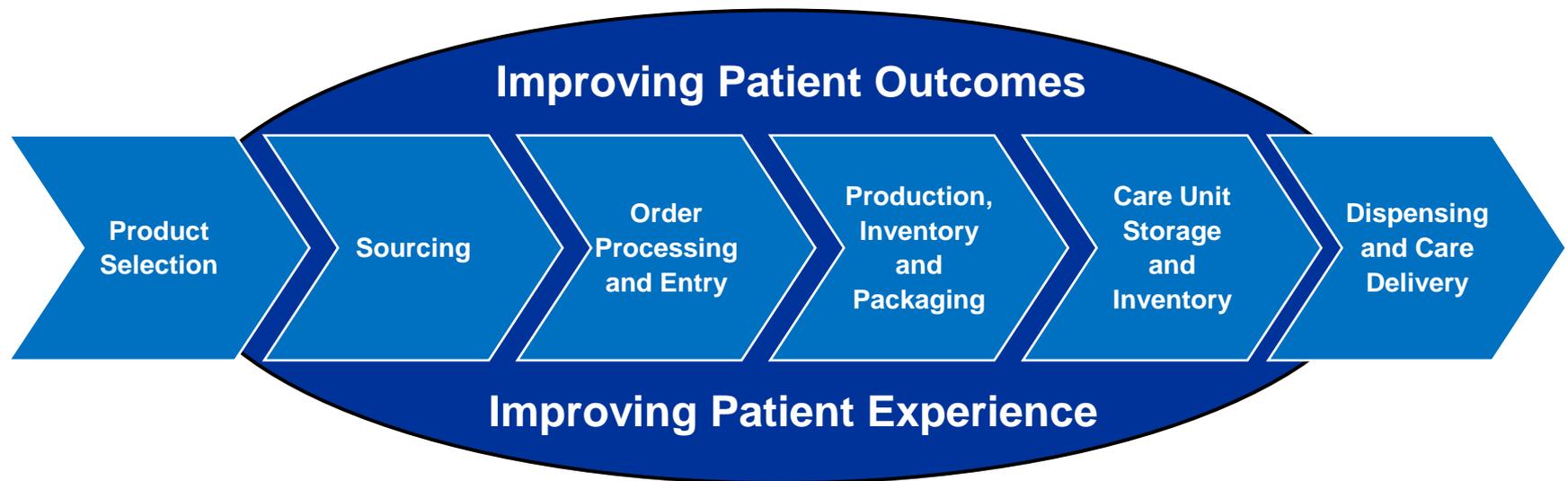
Performance enhancement will need to be a focus across the supply chain to enable improved patient care, which has implications for key stakeholders:

<b>Government, Health Providers and Shared Service Organizations</b>	<b>GPOs</b>	<b>Suppliers</b>
<ul style="list-style-type: none"><li>• Improved supply chain savings / Increased buying power</li><li>• Improved access to care and/or bottom-line operating savings</li><li>• Changes to business model, ownership and operations</li><li>• Changes to end-user experience</li><li>• Increased expectations to deliver – on savings and customer experience</li></ul>	<ul style="list-style-type: none"><li>• Increased buying power</li><li>• Increased customer complexity</li><li>• Increased expectations for savings</li></ul>	<ul style="list-style-type: none"><li>• Consolidation of buyers</li><li>• Change in relationships</li><li>• Pricing pressures and buying sophistication</li><li>• Increased supply chain complexity</li></ul>

# **A focus on cost can't lose site of the supply chain as an integral component of the broader health value chain**

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- As cost pressures and savings targets continue, consideration of the value chain and ecosystem that drives patient outcomes will be an important decision-making factor



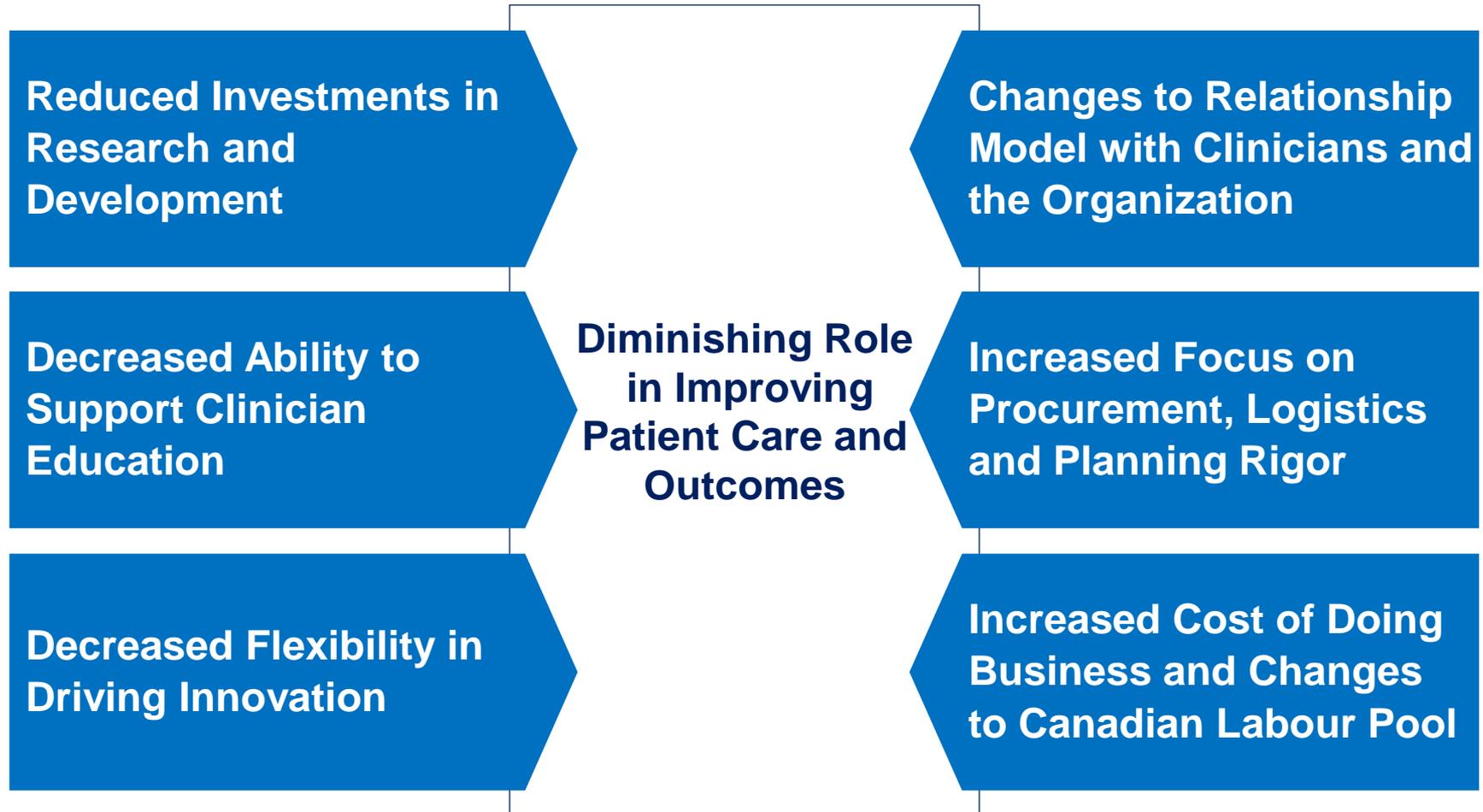
- As an integral component of the value chain in improving patient outcomes and the patient experience, the supplier community can have a significant positive impact on service delivery beyond traditional cost evaluation

# Pricing pressures and reduced margins create risk in the ability of suppliers to fully contribute to the value chain

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## Impact on Suppliers

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# Evolving the supply chain to optimize patient outcomes will need a systems approach and partnerships across supplier and providers

## **Traditional Supply Chain Initiatives**

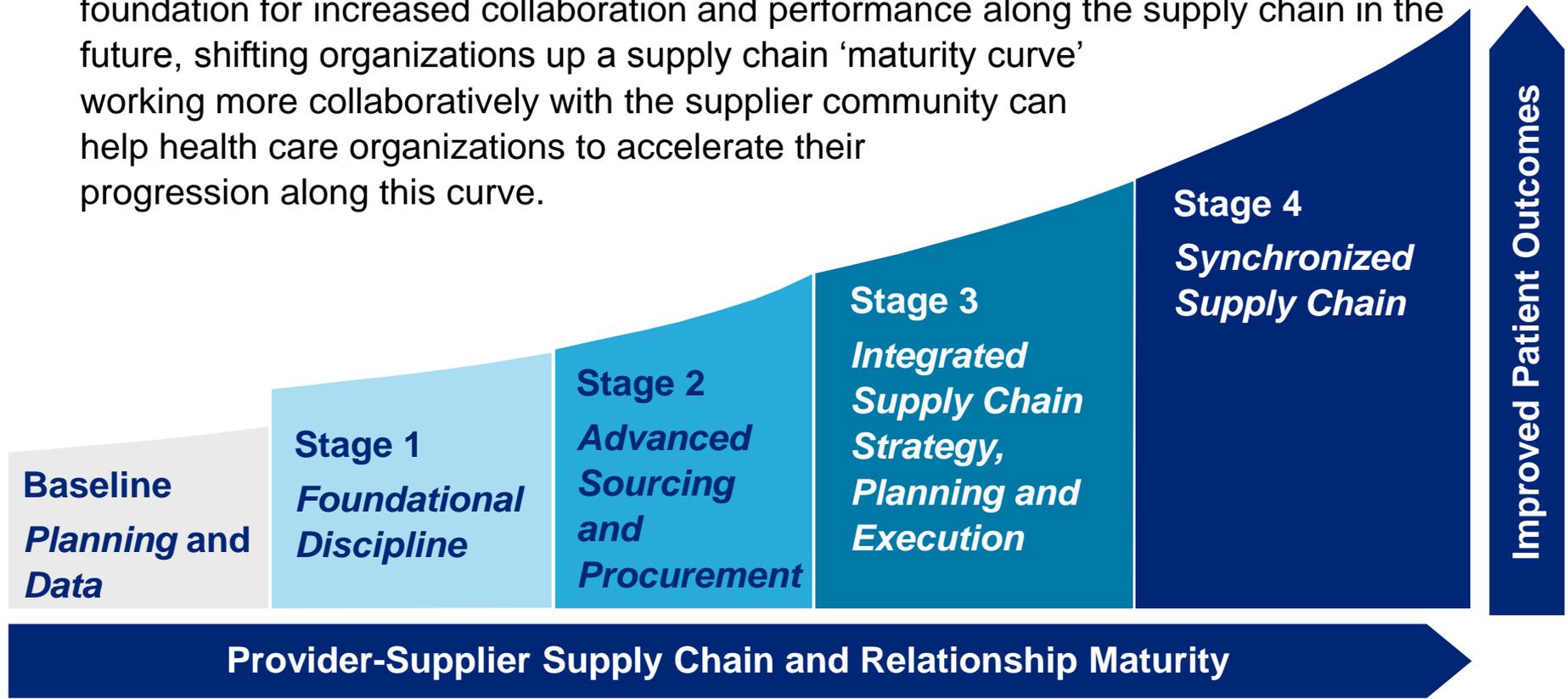
- **Sourcing Initiatives**
  - Establish formal supplier negotiations and RFP processes
  - Consolidate spend across health care institutions to increase negotiation power
  - Establish a single point of contact protocol to formalize the sourcing process
- **Procurement Initiatives**
  - Establish centralized procurement offices
  - Leverage procurement technologies
- **Logistics Initiatives**
  - Establish a centralized distribution model
  - Optimize inventory requirements at the centralized DC level (if applicable) and at the hospital storage locations
  - Leverage 3PLs when required to best manage the distribution and/or transportation efforts to member institutions.

## **Partnership Initiatives**

- Keeping the focus on patients and outcomes first
- Assess total systems cost of ownership of products and services
- Integrate clinician relationships and discussions into the sourcing process
- Move to a synchronized model with key partners/buyers

# The advancement of providers along the health supply chain maturity curve suggest an appetite for enhanced supplier dialogue

- As health organizations continue to optimize their supply chain and target savings, continued efforts to improve patient outcomes will be critical to success
- Understanding performance through the maturity model today will help to set the foundation for increased collaboration and performance along the supply chain in the future, shifting organizations up a supply chain 'maturity curve' working more collaboratively with the supplier community can help health care organizations to accelerate their progression along this curve.



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