

A **GHX** Case Study

HAEMONETICS[®] *THE Blood Management Company*

Meeting Demand and Enhancing Customer Satisfaction Without Increasing Costs

Challenge

In recent years, Haemonetics' largest business segment had sustained double-digit growth. While a good problem to have, Haemonetics needed to meet that demand without a major increase in operating expense and while improving customer satisfaction and support.

Solution

Deploying GHX's Business Performance Solution enabled Haemonetics to achieve key strategic objectives. In the process, Haemonetics has turned increased customer satisfaction into a competitive advantage.

In addition to reducing operating expenses, the company has improved order accuracy and efficiency by increasing the percentage of orders placed electronically. Order processing time has been reduced, as have errors caused by manual entry. Customer service personnel, meanwhile, have been redirected to more value-added activities. By monitoring orders in real time, Haemonetics can quickly resolve issues and broadly communicate with customers in order to avoid or minimize service issues.

By partnering to develop and enhance solutions, Haemonetics and GHX have effectively met changing market demands, for the mutual benefit of both organizations and their customers.

Results

Working with GHX, Haemonetics successfully:

- Increased the percentage of orders placed electronically through a single channel to 85 percent
- Decreased pricing errors for customers by 90 percent
- Reduced average days sales outstanding (DSO) from 53 down to 42 days, a record low for the company
- Consolidated 20 separate ERP systems globally into a single system with no disruptions to customer order processing

Haemonetics Overview

Haemonetics Corporation is a global healthcare company that delivers innovative blood management consumables, information technology platforms and consulting services to help improve clinical outcomes and reduce the cost of healthcare for blood collectors, hospitals and patients around the world.

GHX Business Performance Solution

Haemonetics' partnership with GHX has played a pivotal role in the company's success and growth. This case study documents how Haemonetics has leveraged GHX to achieve the following:

- Order and channel consolidation
- Real-time order and exception management
- Conversion of fax orders to EDI

Effectively Manage Growing Demand Without Increasing Costs

Objective: Automate order processing through a single channel.

The highest volume business within Haemonetics is the plasma business unit, with Haemonetics shipping over 20 million disposable blood collection sets to plasma centers each year. After winning some key contracts in 2008, Haemonetics needed to ratchet up its business operations to meet increased demand. The segment was growing by 20 percent each year, and Haemonetics knew that it could not support the increased order volume with inefficient, manual processes.

The highest volume customers within the plasma business unit submitted product orders in Excel spreadsheets via e-mail to the company's customer service department on a weekly basis, but each used a different spreadsheet format. Because Haemonetics served as a single source provider for many, customers were unwilling to invest in their own EDI capabilities, so Haemonetics approached GHX for a solution.

GHX provided Haemonetics with an e-commerce consolidation tool that enabled the company to receive all of its electronic orders through a single channel. GHX also created a standard Excel spreadsheet format that all of Haemonetics' plasma business customers could use for order submissions. Today, Haemonetics' customers can submit orders to GHX through an FTP connection using the standard spreadsheet; GHX then converts those orders to EDI and sends them on to Haemonetics for processing. Through GHX's Business Performance Solution, Haemonetics can support its customers' preferences and IT realities, while automating and standardizing the ordering process.

"The solution was perfectly suited to us – we were able to support explosive growth with very little investment in infrastructure, while improving the accuracy of our orders and efficiency of our processes," said Brian Gardiner, director of North America customer support and services, Haemonetics. "We implemented our approach with our biggest plasma customer, and in just 30 days, they were up and running."

Today, Haemonetics processes 85 percent of its orders through GHX; this includes orders from customers directly connected to the GHX exchange for EDI, as well as those ordering through GHX's

e-commerce channel consolidation and fax-to-EDI conversion tools.

"Having 85 percent of our disposable order volume go through one, single electronic connection and knowing that everything is coming over to us in the same format no matter which channel the customer is using has made such a tremendous difference to our company," added Kathleen Currie, e-commerce business analyst, Haemonetics.

Order Accuracy Drives Bottom Line Savings

Objective: Improve order, price and invoice accuracy to drive maximum return.

Order errors and lack of accuracy had become a point of revenue leakage for Haemonetics. The firm ships a number of high-value products, and if some of those items are shipped to the wrong customer, they cannot be returned due to U.S. Food and Drug Administration (FDA) regulations. "If by chance we ship one of these products in error, it has a negative impact on our P&L (profit and loss) statement," said Currie. "Having order accuracy helps us to avoid costs that we shouldn't otherwise have to incur."

Haemonetics also identified opportunities for improving its overall pricing strategy. "We had 1,200 contracts and different pricing across all of our SKUs, and as we've grown, those data elements have multiplied," said Gardiner. "Our process was not as tight as necessary, and we struggled to see our way through this issue."

One significant issue with manual orders was that customer service representatives had to remember to select the blanket sales agreement option when processing orders for customers or the pricing would default to the list price. By increasing the volume of electronic orders through GHX, Haemonetics was able to minimize this issue. As a result, Haemonetics decreased pricing errors for customers by 90 percent.

"That's a great example of how we've leveraged our GHX relationship to drive real value for our customers," said Gardiner.

By leveraging GHX's Business Performance Solution to improve order and pricing accuracy, Haemonetics has reduced its average days sales outstanding (DSO) to a company record low of 42 days down from 53 days.

"Having 85 percent of our disposable order volume go through one, single electronic connection and knowing that everything is coming over to us in the same format no matter which channel the customer is using has made such a tremendous difference to our company."

*Kathleen Currie,
e-commerce business
analyst*

"If by chance we ship one of these products in error, it has a negative impact on our P&L (profit and loss) statement. Having order accuracy helps us to avoid costs that we shouldn't otherwise have to incur."

*Kathleen Currie,
e-commerce business
analyst*

Standardize Technology to Improve Business Operations

Objective: Consolidate multiple ERP systems globally into a single system without a disruption in customer order processing.

To support its continued business growth, Haemonetics consolidated 20 separate enterprise resource planning (ERP) systems into a single Oracle ERP system in September 2007. During the process, all Haemonetics customers were assigned new account numbers, and, as a result, any account numbers that Haemonetics' customers had been previously sending to GHX via EDI would be invalid once the conversion was complete. Haemonetics turned to GHX for strategy, guidance and support.

"Turning the switch on a new ERP system was scary for a variety of reasons, especially since there were a lot of changes that needed to take place in order for us to process electronic orders," said Currie. "Our whole team, including IT, got on the phone with the GHX integration team and worked through the issues to get things done."

To resolve any account number discrepancies, GHX created cross-reference tables to map the old account numbers to the new ones, closely monitored orders and quickly responded to resolve any potential issues. Because of the advanced planning and collaboration between Haemonetics and GHX, Haemonetics was able to complete its ERP conversion over the course of a weekend with no disruptions in customer order processing.

"We flipped the switch, and it was like nothing ever happened," said Gardiner. "GHX deserves a lot of credit from a change management and planning standpoint. Working with the GHX team is like working with another department here at Haemonetics – never once have we felt like we're dealing with a vendor."

Enhance Customer Service

Objective: Redirect customer service resources from data entry to more value-added, customer-focused activities.

Haemonetics' manual processes impacted its ability to provide exceptional customer service. To process orders for its plasma business unit, Haemonetics' customer service representatives had to manually key in dozens of multi-line orders each week. According to Currie, this manual data entry took time away from other more valuable customer service activities.

"We were using customer service resources to make up for inefficient processes," said Currie. "With interruptions, it could take our reps an entire day to manually process orders. They would have to rush through other activities, such as troubleshooting problems, in order to get the orders placed. In many ways, customer service was mainly a data entry position."

With customer orders coming through GHX's e-commerce channel consolidation tool, Haemonetics has eliminated errors related to manual data entry and improved order processing efficiency. As a result, the company can transmit purchase order acknowledgements sooner and get products out the door to customers faster. Furthermore, the automated, electronic process has freed up customer service time, enabling representatives to focus on more value-added activities, such as inside sales.

"Customer service is no longer focused on data entry. Our representatives are now an active part of a collaborative effort to improve our customer experience," said Currie.

Turning Customer Service into a Competitive Advantage

Objective: Monitor orders in real time to quickly resolve issues before they impact customers.

At Haemonetics, improving customer satisfaction is a corporate-wide objective that has helped the company meet its revenue goals.

"We have many long-term supply agreements and when they come up for renewal, customers tend to base their decision to stay with Haemonetics on our high levels of service and quality versus price," said Gardiner. "We've reached a point where we can now market what we've been able to achieve through GHX to our customers since the benefits that have come from this relationship are passed directly on to them."

Much of Haemonetics' customer experience revolves around how the company supports its customers – healthcare providers – in serving their own customers – patients. If disruptions occur, patients are affected, which directly counters Haemonetics' mission.

Haemonetics has improved its total customer experience by using GHX's secure web portal to monitor orders in real time and quickly resolve errors during the transactional process before invoices are generated. This enables Haemonetics and its customers that are connected to GHX to more

"We flipped the switch, and it was like nothing ever happened. GHX deserves a lot of credit from a change management and planning standpoint. Working with the GHX team is like working with another department here at Haemonetics – never once have we felt like we're dealing with a vendor."

Brian Gardiner, director of North America customer support and services

"Customer service is no longer focused on data entry. Our representatives are now an active part of a collaborative effort to improve our customer experience."

Kathleen Currie, e-commerce business analyst

"We've reached a point where we can now market what we've been able to achieve through GHX to our customers since the benefits that have come from this relationship are passed directly on to them."

Brian Gardiner, director of North America customer support and services

"It is invaluable to have a partner like GHX who listens to our concerns, takes the time to understand what we are trying to achieve and helps make it happen."

*Kathleen Currie,
e-commerce business
analyst*

"We are striving to be a trusted advisor to our customers and having a trusted advisor like GHX has helped us to be successful in achieving this goal."

*Brian Gardiner, director
of North America
customer support and
services*

effectively solve problems together, by simultaneously viewing purchase order status and line item exception information. Haemonetics can also view all of its EDI transactions coming through the exchange, even for customers who are not directly connected to GHX, including those transacting electronically with Haemonetics via GHX's e-commerce channel consolidation and fax-to-EDI tools.

"Gaining this level of visibility into orders has been huge for us," said Currie. "We can now confirm rush orders, answer questions from customers and quickly turn around purchase order acknowledgements."

Based in the northeastern U.S., Haemonetics also uses GHX to broadly communicate critical information to providers that are integrated with the GHX exchange during times when there are unavoidable business disruptions, such as blizzards or other dangerous weather conditions. If Haemonetics must decrease or cease customer service operations during a storm, it sends a request to its GHX support team asking them to post a message containing pertinent information for these customers, such as timing for the last shipments of the day.

"We can't possibly contact every single customer in situations like this, so GHX provides a means through which we can get the word out to those who are connected to us through GHX," said Currie. "It is yet another way that we are working together to ensure that our customers have the information and products they need when they need them."

Partner with GHX to Build a Better Solution

Objective: Pilot a new fax-to-EDI tool and migrate all customers to the new solution without a disruption in service.

Haemonetics had been using GHX's fax-to-EDI conversion tool to convert fax orders to EDI for electronic order processing across all of the company's business segments – plasma centers, hospitals and blood banks. In 2008, when GHX was upgrading this tool, Haemonetics served as a pilot site for the conversion.

"Because we have a partnership with GHX, we are able to provide a lot of feedback, which is used to improve existing products and develop new solutions to meet our needs," said Gardiner.

In June 2008, Haemonetics and GHX worked closely to convert Haemonetics' customers to GHX's new tool. Based on the success of this conversion, Haemonetics converted all its fax orders to the new solution in just two months time, rerouting the fax volume that had previously been flowing through its customer service department. According to Currie, it was a smooth transition.

"Our biggest concern was that we'd lose orders during the conversion period, but we had no business disruptions whatsoever," said Currie. "It is invaluable to have a partner like GHX who listens to our concerns, takes the time to understand what we are trying to achieve and helps make it happen."

This solution also enables Haemonetics to disseminate terms and conditions via purchase order acknowledgements to customers placing fax orders, which helps the company comply with the Sarbanes-Oxley (SOX) Act.

Conclusion

Partnering with GHX has allowed Haemonetics to do what some say is impossible: Grow its business, while reducing operating expenses and at the same time, improving customers' satisfaction and experience.

"We are striving to be a trusted advisor to our customers and having a trusted advisor like GHX has helped us to be successful in achieving this goal," said Gardiner. "I can't express the tremendous value that we've derived from being able to sit down with the GHX team and engage in such a high level of thinking and strategic planning. At the end of the day, the strategic planning piece combined with what GHX has developed in terms of products and solutions has been the real game changer for us."

Based on its success with GHX in the U.S., Haemonetics is now expanding its relationship with the company to transact business with customers on the GHX exchange in Europe.