

A **GHX** Case Study



COVIDIEN

Global Healthcare Supplier Expands EDI Capabilities, Improves Accuracy and Customer Service

Challenge

Covidien Canada had been managing its various businesses through disparate information technology systems and customer service functions. The majority of transactions were manually processed, including purchase orders (POs), purchase order acknowledgements (POAs), shipping notices and invoices. This lack of automation increased the opportunity for purchasing and invoicing errors, which would require Covidien and its customers to spend time resolving discrepancies, delay order processing and increase costs for everyone.

Solution

Covidien Canada first consolidated all of its information technology systems onto one computer platform and united its customer service functions so that it could present a single face to its customers. With this in place, the company leveraged its partnership with GHX to provide its customers with an e-commerce platform through which it can electronically process a full suite of transaction sets, including POs, POAs, advance ship notices, invoices and price catalogs.

GHX serves as a bridge between Covidien Canada and its customers, consolidating various electronic document formats submitted by customers into a single electronic data interchange (EDI) channel that integrates with Covidien Canada's enterprise resource planning (ERP) system. This eliminates the need for Covidien Canada to maintain individual point-to-point EDI connections with each of its customers. GHX also provides a professional services organization that assists Covidien and its customers with this e-commerce bridging and integration.

Overview

Covidien is a leading global provider of healthcare products with more than \$10 billion in revenue, 42,000 employees worldwide in more than 60 countries, and products that are sold in more than 140 countries. Covidien Canada leveraged its partnership with GHX to facilitate electronic ordering for 100 percent of its customers, thereby improving order accuracy, increasing process efficiency and reducing waste and costs for both itself and the providers that it serves.



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-- *Martin Fraser,*
director of Information Systems and Information Technology, Covidien Canada

“GHX’s easy-to-use technology solutions, combined with its knowledgeable and experienced professional services team, has enabled us to standardize and automate our business transactions and increase customer satisfaction,” said Martin Fraser, director of Information Systems and Information Technology, Covidien Canada. “We are now engaged in a working relationship with both GHX and our customers to uncover new ways to continually improve supply chain processes for the benefit of all parties involved.”

Most recently, Covidien Canada implemented the GHX G-FaxSM solution to convert fax orders to EDI for electronic order processing. To increase the accuracy of electronic orders, Covidien Canada employs the GHX Content Intelligence solution, which automatically identifies and corrects purchase order errors early in the transactional process before they reach Covidien’s ERP system. This reduces costly invoice exceptions that otherwise cause rework for both Covidien and customer staff.

Results

Today, all of Covidien Canada’s customers are configured within its system for e-commerce, and the majority of its inbound POs and related

outbound documents are electronically processed through EDI. Accuracy rates on POs are above 95 percent and the company’s incremental growth in EDI over the prior year was 40 percent (2008-2009).

“GHX has enabled us to eliminate conventional forms of order processing, thereby increasing efficiency and reducing waste and costs for both our company and the customers that we serve,” said Fraser. “This initiative has greatly improved our ability to service our customers in an accurate and timely manner and has allowed our customer service personnel to focus more on value-added activities.”

Benefits

Covidien Canada’s partnership with GHX has enabled the company to:

- Expand its use of e-commerce, with 40 percent growth in EDI over the prior year
- Improve order accuracy, with PO accuracy rates raised to above 95 percent
- Improve process efficiency
- Reduce waste and costs
- Reallocate customer service resources to more value-added activities, such as inside sales and customer relationship building



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