“Smiths Medical consolidates order channels across Europe to achieve a “customer-first culture” based on compliance, accuracy and efficiency.”
CASE STUDY:
Smiths Medical, Ashford, Kent, UK

Overview
Smiths Medical is a leading global provider of medical devices for the hospital, emergency, home and specialist environments. The company’s products are used during critical and intensive care, surgery, postoperative care during recovery, and in a series of high-end home infusion therapies.

Situation
Medical product suppliers serving healthcare providers in Europe (predominantly public hospitals representing the vast majority of healthcare) face myriad challenges. Individual countries within Europe have their own regulations governing how suppliers contract and transact with public hospitals, and sometimes even regions within a country have differing requirements. The situation becomes more complex as more countries adopt eProcurement regulations, particularly for electronic invoicing to do business with public hospitals. “Our processes and systems have to be able to manage those different requirements in different countries,” said Alison Fox, director of Customer Services Europe, Smiths Medical. “Tenders are important for us as a company, and each tender has different criteria for success or failure. We have to be a jack of all trades in order to be compliant.”

Highlights
In just 12 months (May 2015-April 2016), Smiths Medical consolidated and optimized the transaction process with provider customers across 10 European countries using GHX solutions. By standardizing eCommerce activities through the GHX Exchange and G-Fax (nearly 70% of orders) and leveraging solutions to boost transaction accuracy, the company has successfully navigated the complexities of the European marketplace, where an increasing number of countries are adopting eProcurement regulations, particularly for electronic invoicing to do business with public hospitals. With tremendous efficiency gains (approximately 25%), Smiths Medical has achieved a “customer-first culture,” where the customer service team spends less time on order follow-up and more time supporting customers.
In 2014, Smiths Medical had multiple eCommerce partners, with different platforms for different markets. This led to duplication of processes, which was inefficient and costly. European customer service teams were processing approximately 105k transactions and 695k lines per year. Approximately 50% of a customer service representative's time was spent on order processing, such as keying orders in a system, and responding to inbound customer telephone calls on products, pricing and product availability. Their work was mainly transactional and reactive.

The company needed a solution provider to help it consolidate and optimize order channels across Europe and automate supply chain transactions while complying with all required mandates in the increasingly complex European marketplace. The ultimate goal was to drive a proactive, customer-first culture.

**Graphic 1: Regulatory and Market Drivers Across Europe Impacting Smiths Medical**

<table>
<thead>
<tr>
<th>Country</th>
<th>Transaction Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium</td>
<td>Electronic invoicing mandate currently planned to come into effect as of 2017 (e.g. local public entities in the Flanders region – January 2017).</td>
</tr>
<tr>
<td>Denmark</td>
<td>Business-to-government (B2G) electronic invoicing has been mandatory since 2005. To participate in a tender, suppliers must be able to send and receive invoices and orders via web, Electronic Data Interchange (EDI) or email.</td>
</tr>
<tr>
<td>Finland</td>
<td>B2G electronic invoicing is mandatory, but limited to only certain Finnish governmental entities and agencies.</td>
</tr>
<tr>
<td>Germany</td>
<td>Tenders have increasingly more common conditions such as defined product data formats. Adoption of electronic invoicing is increasing.</td>
</tr>
<tr>
<td>Italy</td>
<td>All tenders have been required to be submitted on the Italian Public Administration e-Marketplace (MEPA) platform since 2013. B2G compliant electronic invoicing has been required since March 2015. As of June 2016, all suppliers to public hospitals in the Emilia Romagna region are required to trade via integrated exchange services based on a Pan-European Public Procurement Online (PEPPOL) specified framework.</td>
</tr>
<tr>
<td>Spain &amp; Portugal</td>
<td>Post-April 2016 – Directive 2014/24/UE regulating tenders. Suppliers need to trade electronically when bidding for tenders. Standard quote formats and electronic signatories are required. All invoices must include electronic signatures and must be archived for 10 years. Portuguese law mandates electronic reporting on invoicing data (tax authorities audit) and government certification of software for issuing invoices.</td>
</tr>
<tr>
<td>Sweden</td>
<td>To participate in a tender, suppliers must be able to send and receive invoices and orders via web, EDI or email. The government procurement agency ESV adopted e-procurement regulations in Swedish central government agencies - by November 2018, all government agencies must use the PEPPOL network for their ordering and invoicing processes.</td>
</tr>
<tr>
<td>UK</td>
<td>Department of Health driving standardization through the NHS eProcurement Strategy, requiring compliant transacting with NHS hospitals via a PEPPOL certified Access Point (service provider).</td>
</tr>
</tbody>
</table>

Disclaimer: The European regulatory environment is dynamic and developing. The table provides an example of regulations and market requirements as of June 2016, to illustrate the differences and complexity to readers.
Solution
Smiths Medical evaluated various eCommerce partners on their capacity to support its European business. This included their current European eCommerce providers, as well as GHX.

The company had previously implemented GHX solutions in North America to establish a holistic approach to transaction process automation and standardization, achieving outstanding results. They were able to increase automated orders by approximately 44% and the number of automated order lines by approximately 43%. Approximately 70% of all their North American order volume is received via Electronic Data Interchange (EDI), resulting in an approximately 25% efficiency gain, eliminating the need for overtime to process orders and significant improvement of internal processes and systems.

“Using multiple services providers wasn’t sustainable for our business anymore and we needed a partner that would be supportive of us as an organization and have a strong enough grasp of Europe,” said Fox. “When we started discussions with GHX we found there was a lot they could offer us across Europe. Combined with the positive results Smiths Medical had with GHX in North America, it was a fairly easy decision for me.”

A Pan-European Approach
In May 2015, Smiths Medical embarked on a journey to drive operational excellence and improve the customer experience across multiple European markets through eCommerce and processes automation and optimization.

The company integrated with the GHX Exchange in all available markets. It also implemented the G-Fax solution, as well as the HealthNEXUS catalog and Business Rules solutions across multiple countries to further optimize its supply chain.

In total, it went live successfully in 10 countries with a total of 14 go-live events, most of which were done in a period of just five months. This rapid adoption of GHX solutions helped Smiths Medical achieve the highest trading partner growth among European healthcare suppliers, as well as the highest transaction growth of 113% in 2015.
“The first thing we did was put it all on the table and say this is the challenge we are facing. Right up front, GHX knew what we had to do,” said Fox. “We had a group session where we explained what our requirements were, what we were looking to achieve and then GHX explained what they could offer and how they could help. From there, we had regular communication and updates – it worked like a dream.”

**Process Automation**

Smiths Medical transacts electronically with customers that are able to send and receive EDI transactions, using Smiths Medical’s enterprise resource planning (ERP) system and the GHX Exchange, the largest electronic trading platform in healthcare. Due to relatively low EDI adoption across hospitals in Europe, Smiths Medical implemented the G-Fax solution to increase its electronic order volume. G-Fax converts faxes and emails into EDI and enables the company to receive orders electronically from customers that do not have EDI capabilities. G-Fax is a key solution for supply chain automation and order channel consolidation for Smiths Medical.

“GHX has solutions to meet different levels of technology in different countries,” said Fox. “We use the integrated platform to transact with countries and customers that are more advanced with their technical capabilities. As for G-Fax, having a solution that enables us to automate some of our manual transactions but where the customers don't have to change is perfect.”

**Data Accuracy**

Recognizing just how critical data accuracy is to driving greater efficiency, Smiths Medical implemented the GHX HealthNEXUS solution. HealthNEXUS is a cloud-based catalog management solution that allows a supplier to manage all catalog data in one place and makes it available in the required format and at the right time to customers. In addition, it interoperates with GHX Exchange, enabling automatic validation of orders against catalog data, correcting errors or missing information where possible, before they reach the supplier’s enterprise resource planning (ERP) system. HealthNEXUS helps to reduce the time required for catalog management, increases data quality and accuracy, and ultimately helps to generate savings across the supply chain.

“The HealthNEXUS catalog is absolutely critical because it forces us to make sure we get our data accurate and correct, and also means the orders can go through right the first time,” said Fox.
Standardization
To increase the accuracy of electronic orders, Smiths Medical employs the GHX Business Rules solution, which allows the company to standardize rules and orders from countries across Europe. With Business Rules, Smiths Medical can apply intelligent rules that are automatically applied to enrich data and correct errors in orders before they reach the ERP system. A simple example is as follows: hospital A submits a purchase order (PO) with a part number (e.g. #123), but Smiths Medical’s system can only recognize the product under a different part number (e.g. #345). By having a rule in place, every time hospital A sends a PO with #123 to Smiths Medical, GHX Exchange will recognize the discrepancy, apply the rule and change the part number to the correct one, #345, during the transaction process. Business Rules helps to free up time that would be spent on manually correcting order discrepancies.

By automating and standardizing orders based on accurate data, Smiths Medical can better comply with complex regulations across Europe, and individual customer requirements. The company has also greatly improved it operational efficiency, so the customer service team can spend less time on transactions and more time building customer relationships.

Compliance and Security
“GHX sets the foundation to meet regulatory and customer requirements,” said Fox. “Nowadays it is absolutely critical to protect patient data. With GHX, we can securely transfer data to support hospitals, healthcare providers and patients. Having that data access at the right levels and in a standard format for transacting makes a big difference.”

Consistency and Efficiency
Using GHX solutions across Europe has allowed Smiths Medical to standardize its processes for greater consistency and efficiency. The company now has a multilingual team based in Ashford that serves customers in multiple countries.

“Prior to GHX we had one customer service team in each country, which was duplicative and costly,” said Fox. “By standardizing our eCommerce activities through GHX, we’ve been able to consolidate our customer service efforts. Today, we have a single team in one location using the same tools to support customers throughout all of our European markets.”

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Enhanced Customer Support and Service

The time a customer service representative spends on order processing has been cut in half thanks to GHX solutions – from 50% down to 25%. Smiths Medical has reallocated customer service time to more value-added activities to better support its customers. This includes more outbound calls to customers, supporting the sales team, processing return queries, pick-ups/deliveries, releasing credit holds, and in general, ways to “better manage the customer experience,” says Fox.

“GHX has definitely released the time of our customer service team from keying in orders,” said Fox. “Orders are more accurate so we are receiving fewer inbound calls from customers, which allows our customer service team to make more outbound calls. The team now has time to hold a daily session where they discuss problems/issues in particular regions so they can support each other as the day progresses. They are much more proactive and customer focused. We’ve had great feedback from our customers. They love that they don’t actually have to make phone calls because our team is calling them. We’ve evolved into a customer-first culture.”

Results

Working with GHX, Smiths Medical has achieved the following in 12 months (May 2015 - April 2016):

- Decreased manual order entry by approximately 40%
- Achieved specific GHX order header volume to approximately 60% of orders
- Increased EDI transactions to nearly 70% of all order volume
- Gained operational efficiency by approximately 25%
- Established consistency in processes and systems across Europe
- Standardized set of GHX Business Rules across Europe
- Set the foundation to meet regulatory and customer requirements and a platform for data standardization
- Met PEPPOL requests
- Reduced order processing time by 50%
- Expanded value-add activities providing an enhanced customer experience
KEY FACTS FROM THIS CASE STUDY:

• In just 12 months, Smiths Medical consolidated and optimized the transaction process with provider customers across 10 European countries.
• With approximately 25% efficiency gains, Smiths Medical has achieved a ‘customer-first culture’, where the customer service team spends 50% less time on order follow-up and more time supporting customers.