



## Materials management in the healthcare industry – a balancing act between profitability and healthcare mission

### The Kath. St.-Johannes Gesellschaft gGmbH

The group, with about 2,600 employees, operates hospital facilities at two locations: Dortmund and Hamm. In 2013, the Dortmund hospital generated a turnover of €183.74 million, attended to 35,500 cases with an average stay of 5.2 days and performed 5,008 outpatient operations. A similar level of activity continued throughout 2014. The commercial department in Dortmund is responsible for 8 healthcare facilities. As part of its mission, The Kath. St.-Johannes Gesellschaft gGmbH group is committed to making responsible economic and strategic decisions.

### At a glance

- 95% of orders processed electronically through GHX
- Making materials management more efficient
- Lowering costs through investment
- Electronic supply chain for greater supply chain reliability and fewer errors
- Cleaner master data is a pivotal factor
- Classifications and standards are increasingly important
- Easier to comply with statutory regulations
- Sustainable minimisation of expenses and permanently optimised processes

### GHX and the Kath. St.-Johannes Gesellschaft Dortmund gGmbH: A successful collaboration

Since 2001, the Kath. St.-Johannes Gesellschaft Dortmund has worked collaboratively with GHX, leveraging the leading business-to-business healthcare industry network for electronic ordering. Today, more than 95% of all orders are processed through GHX.

Mr Michael Bremshey, who has been Deputy Head of Commercial Operations of the Dortmund hospital for 20 years, initiated the partnership between GHX and St.-Johannes-Hospital 15 years ago. He supervised the initial introduction of new, innovative systems and is now working on expanding and enhancing those electronic systems to optimise

processes and enable efficient and cost-effective supply chain transactions between the hospital and its suppliers, the result of which is increased commercial success.

### Cost pressure drives innovation

“Everyone is feeling the pressure to reduce costs. The hospital’s fees for certain services are fixed. However, certain costs, such as staff and energy, are continuing to rise and as prices for medicinal products can not not be pushed any further we have to find alternatives. We see an opportunity to optimise logistical processes, for instance by introducing new technical solutions to improve our materials management processes.” (M. Bremshey).

“ Orders are processed seamlessly even if the supplier product data information has changed because GHX automatically checks the data in the purchase order against the supplier’s catalog. If there is a ‘mismatch’, the supplier is notified and we also receive electronic feedback on the order status. This gives us a high degree of reliability and confidence. The corrected product data is then available to us again in an updated form and can be corrected in our SAP system at the click of a button. Therefore, with GHX we not only have an electronic ordering system, but at the same time an efficient system for continually maintaining our SAP materials master data – which is the foundational requirement for optimising our logistic processes!”

MICHAEL BREMSHEY,  
Stv. Wirtschaftsleiter  
Kath. St.-Johannes Gesellschaft  
Dortmund



### Savings potential through group purchasing organisations and mergers

The Kath. St.-Johannes Gesellschaft Dortmund is a member of the Prospitalia Group Purchasing Organisation (GPO). “In buying through the GPO, we profit from quantity discounts and bonus systems and we avoid contract negotiations”, Bremshey explains. Medical products make up about 80% of the overall purchase value, but office materials, technical gases and energy are also procured through the GPO.

Merging facilities in the healthcare industry enables synergies and offers a variety of opportunities for co-operation. “We experienced significant synergistic benefits after merging with St.-Marien Hospital Hamm gGmbH. For example, the St.-Marien Hospital Hamm decided to use a tube mail system, which we already used in Dortmund. This significantly shortened the decision-making process and the purchase. On the other side, we decided to bring the SAP server in-house, simply because the St.-Marien Hospital Hamm has the know-how and personnel available to support it.” (M. Bremshey)

### Impact on staff

The Kath. St.-Johannes Gesellschaft Dortmund has to maintain its capacity levels, despite increasing case and operation volumes. The organisation has been able to keep staff numbers stable over the years by placing a higher priority on logistical processes and the use of electronic systems. The hospital even trained its own logistics specialists. In the purchasing department, “the time that was freed up by improving logistical processes is immensely important for us. For some time now our activities have been expanding beyond the commercial side of procurement as we are increasingly in demand as competent contact partners with product and industry know-how and as consultants for specialist departments.” (M. Bremshey)

### Process optimisation and the role of GHX

The Kath. St.-Johannes Gesellschaft Dortmund also wanted to be able to move away from old-fashioned ordering via paper and post to electronic, something that had been possible in the private sector for a long time. Until then the supply chain in the hospital was characterised by a high volume of manual

processes and as a result, the processes were time-consuming and prone to errors. In 2001, the organisation found GHX, an innovative partner that made electronic ordering possible.

Today, more than 95% of all orders can be sent electronically through GHX. “Orders are processed seamlessly even if the supplier product data information has changed because GHX automatically checks the data in the purchase order against the supplier’s catalog. If there is a ‘mismatch’, the supplier is notified and we also receive electronic feedback on the order status. This gives us a high degree of reliability and confidence. The corrected product data is then available to us again in an updated form and can be corrected in our SAP system at the click of a button. Therefore, with GHX we not only have an electronic ordering system, but at the same time an efficient system for continually maintaining our SAP materials master data – which is the foundational requirement for optimising our logistic processes!” (Mr. Bremshey)

This also simplified processes in the accounting system: Invoices are sent electronically from suppliers. The Control Center, a tool from GHX, displays

invoices and the invoices that match the purchase orders are then automatically moved through the system for payment. Conditions, price lists and product data records can be then managed through another tool from GHX called the Clearing Center. This tool enables us to easily update and maintain our master data.

A great impetus for optimising logistical processes comes from the use of scanners and (V)MI (Vendor Managed Inventory). The Kath. St.-Johannes Gesellschaft Dortmund has been using scanners since 2013 to document the materials flow of medicinal products from suppliers to patients and to simplify inventory management. According to Bremshey this technology requires a lot of discipline. “The staff have to make it a habit to scan anytime an item is removed. Without the scan, the removal is not reported, the order is not triggered and the product is not supplied. This learning process is very important. The solution is now widely accepted, as it is simple to use and makes life easier on a daily basis. By investing in a scanner-supported (V)MI system, we have successfully minimised expenses on a sustainable basis and permanently optimised processes.”



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**MICHAEL BREMSHEY,  
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Dortmund**

## **GHX – a technology partner for the future**

The model for an efficient supply chain has been set, but the Kath. St.-Johannes Gesellschaft Dortmund has further plans. (V)MI is already being successfully applied in radiology, endoscopy, ENT, surgery and gynaecology. Cardiovascular surgery, as well as the cardiology and ophthalmology departments will be equipped in the near future.

Bremshey also sees future potential benefits in the area of classification. “Classification allows us to compare products when it comes to value. Using classification, we have visibility in terms of the amount of profit we are making and whether or not we are working efficiently.”

Data standards are becoming increasingly important. Standardised item data is a basic requirement for a smooth and efficient electronic supply chain. Having experienced the benefits, the Kath. St.-Johannes Gesellschaft Dortmund now prefers to do business with suppliers that use GS1 barcodes.

Using an electronic supply chain also makes it easier to comply with new legal requirements. The new Medical Devices Regulation requires that as of 10th January, 2015, an implants register has

to be maintained, enabling medicinal products used in patients to be tracked and traced. “Information related to this is gathered in our Hospital Information System (HIS). The data scanned from the barcode is fed into the HIS via the GHX interface and is available in conjunction with anonymised patient data. This allows us to generate an implant record for the patient from the HIS years after the initial implant, which is particularly useful in the case of loss.” Bremshey explains.

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## **About GHX**

GHX is the leading eBusiness platform in the European and North American healthcare industry. By automating existing processes, GHX is enabling medical facilities and suppliers to achieve significant savings. In addition to order processing, GHX products and services include master data and contract management, data validation and synchronization, sales force automation and business intelligence.



**GHX Deutschland**

Tel: +49 (0) 800 4493 0000

Info-DE@ghxeurope.com

[www.ghxeurope.com](http://www.ghxeurope.com)