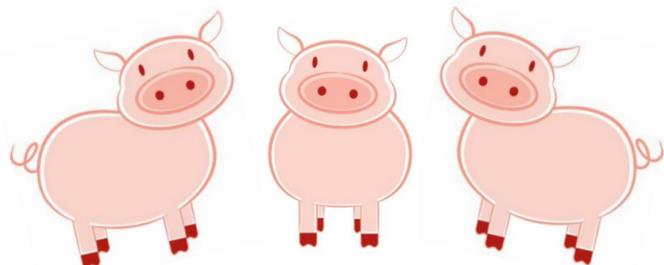


# Healthcare eCommerce

Can Learn from the



## 3 Little Pigs

### The story



Healthcare eCommerce is 15 years behind the commercial sector



Providers expect operating margins decline of up to 30% through 2015



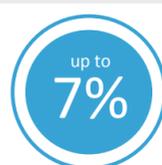
The supply chain represents 40-45% of operational expenses, only 2<sup>nd</sup> to labor costs



As early as 2022, supply chain costs are projected to supersede labor costs



Supply chain costs can reduce by 5-15% if better analyzed, planned & controlled...



...which can lead to a profit between 2-7%

**\$6-10 million**

It could take \$6-10 million in additional revenue that would equal the impact of \$1 million in supply chain cost reductions/savings

### The Moral of the Story

#### Build the foundation for digital commerce



Healthcare is undergoing major renovation. As providers look for strategic ways to reduce operational costs and improve efficiencies, online supply chain automation and eProcurement has been building momentum. Today, your digital construction needs to be built on solid ground by knowing what to do, how much it costs and how well it meets the needs of your patients.

#### Use the right materials for your digital initiatives



No matter if your organization is micro or enterprise, eCommerce will not only cut costs but re-structure your business more efficiently, and help you acquire new strategic initiatives. Lay the groundwork for market-driven differentiation by using the right digital assets and knowledge. Using eCommerce as "bricks" will fortify you to withstand the storms of a globally volatile economy and build a lasting supply chain process. If not, you could fold against the winds of market changes.

### 3 Things to Build a Strong Digital Presence

#### 1 Focus on outcomes for happier endings

With financial pressures mounting, supply chains need to become more strategic in making decisions that weigh clinical outcomes with the costs of medical supplies. Measuring and analyzing eCommerce orders and revenue against outcomes can provide greater insights into what is working and what is not.



Standardizing products and using fewer brands can reduce spend by 5-8% and increase patient care quality

#### 2 Build your house to last

With margins taking a nose dive, there's no wiggle room so, automating the supply chain through eCommerce, from on-boarding to out pay, would create time-efficiencies and cost reductions related to managing resources.



For every \$1.00 cost of goods, a provider organization spends \$1.80 - \$2.00 in managing its resources.

#### 3 Don't leave partners out in the wind

The retail industry has a better collaborative, planning & replenishment model than in healthcare, which involves working together to adopt order forecasting and inventory planning. This means the healthcare industry needs to break down the walls between trading partners and build a truly collaborative environment that is transparent in sharing data and information.