

Integrating the Supply Chain: Managing Remote Inventory

Medical Device Supply Chain Council
May 2011



Basic Premises

- If/when quality data becomes available, manufacturers have the ability to quickly utilize it to realize significant value
- Useful information is largely “trapped” inside the hospital today
 - OR Schedule
 - Surgeon preference cards
 - Recall data automation
 - Etc.
- Our industry lacks the ability to harvest quality, useful data required to enable greater efficiency in the value chain



How do we close the data gap?

- Build and connect an effective physical and data infrastructure to collect and distribute pertinent data
- Give providers incentive to permit construction and support of the infrastructure
- Manufacturers pay for and receive value



Basic Data Characteristics

- To have “quality” and be “useful”, data must be:

- **Accurate**



- **Accessible**



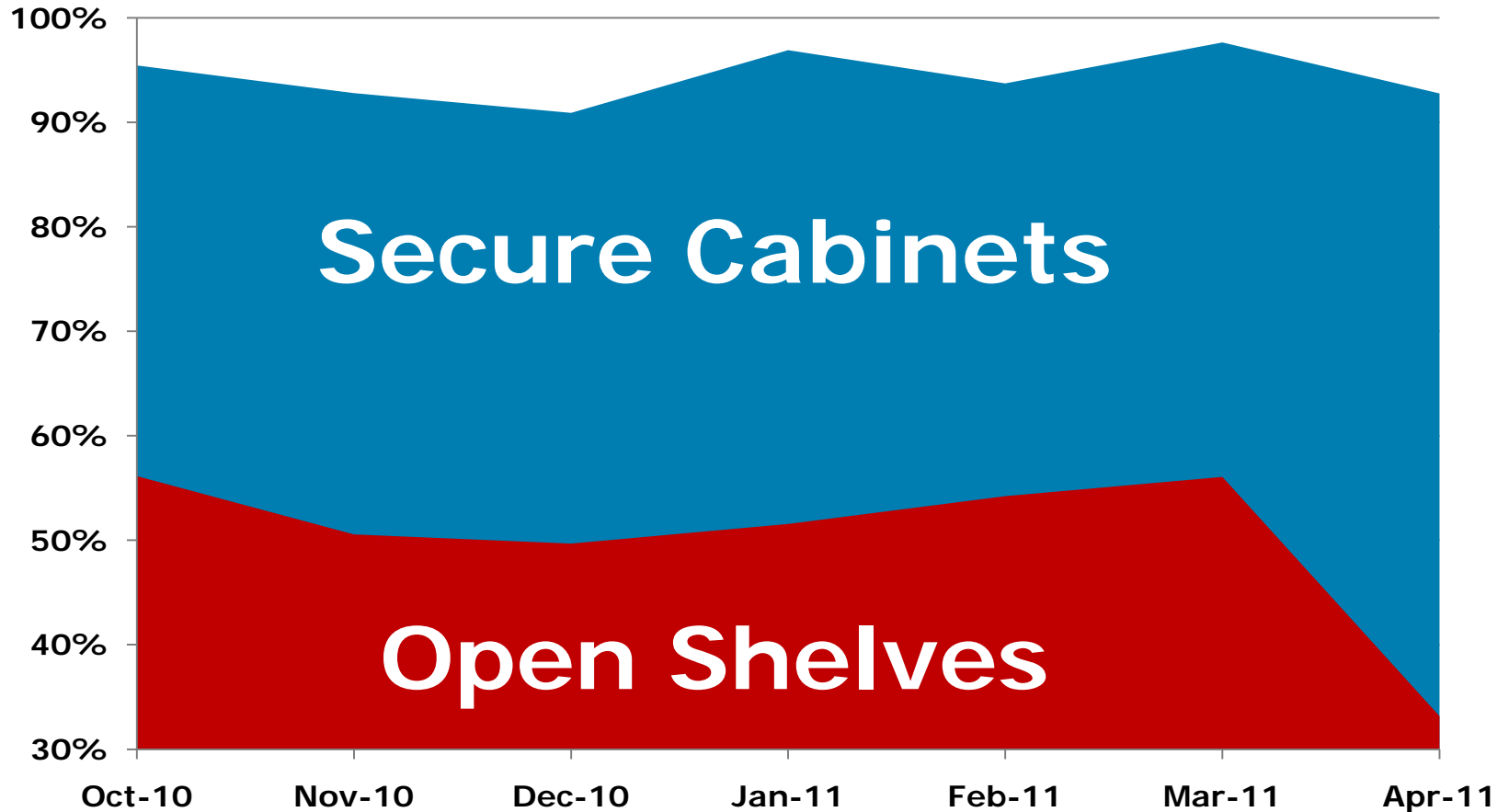
- **Timely**



- **Demand signaling**



Bad data is worse than no data



* Actual data from major university health system using secure and open inventory management systems

** Accuracy calculated as $(\# \text{ item transactions} / (\# \text{ item discrepancies} + \# \text{ item transactions}))$

Provider Cooperation is Essential

- Providers must receive value
- Providers must not incur significant cost
 - **YES** - Eliminate duplicate intra-op supply documentation
 - **YES** – Leverage existing hospital infrastructure and workflow
 - **NO** – New, inefficient or single-purpose workflow process



Scale Matters

- Data must be collected and delivered automatically on a massive scale
- Achieving scale in the US will require:
 - Over 10,000 data interfaces at several thousand hospitals
 - Over 10,000 POU devices at several thousand hospitals
 - Ongoing service and support of hospital POU device and data infrastructure and workflows
 - Maintenance of data flow to manufacturers



No Crisis Wasted

- Groundswell of interest in solving this problem
- Value proposition is massive
- Leadership is needed to commit to the infrastructure investment and change management

