



**Singapore Healthcare Management 2017**

# CONTINUOUS IMPROVEMENTS IN SUPPLY CHAIN MANAGEMENT ALIGNED WITH VALUE-BASED HEALTHCARE



## Johnson & Johnson Partners:

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## INTRODUCTION

With the healthcare landscape shifting towards **Value-Based Healthcare**, there is increased focus in lowering costs while delivering good or better outcomes. Healthcare institutions such as SingHealth Group Procurement Office (GPO), Singapore General Hospital (SGH) and SengKang General Hospital (SKGH) are thus seeking **innovations in Supply Chain Management (SCM) to improve productivity and reduce waste**.

Efficient SCM requires a deep level of understanding and trust between partners to align common priorities.

Johnson & Johnson actively partnered SingHealth GPO and hospitals' Materials Management Departments (MMDs) to better understand and work towards enhancing efficiency of processes.

## METHODOLOGY

### 1. Insights Gathering

Johnson & Johnson engaged Associate Professor Kapil Tuli from Singapore Management University to conduct interviews to uncover the needs of key stakeholders from SingHealth GPO, GPO@SGH MMD, GPO@Sengkang MMD, Chairman Division of Surgery (SGH) as well as Assistant Director of Nursing (Major Operating Theatre) from SGH.

### 2. Identification of Areas of Opportunities

Through the study, 2 key pain-point areas were identified:

- Billing Processes
- Inventory Management

### 3. Forming of Workgroups

Cross-functional taskforces with representation from procurement, operations and nursing were formed between Johnson & Johnson and SingHealth. To build trust and partnership, best practices sharing sessions between both institutions were organized.

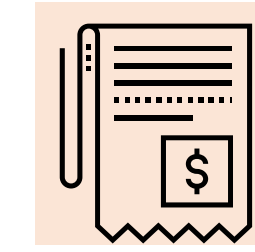
### 4. Initiatives Implementation

Several initiatives were embarked upon:

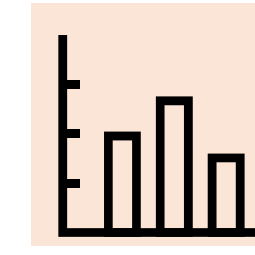
- Meetings on financial billings resolution
- Exploration of inventory management & tracking systems
- Regular business reviews
- New product introduction sessions
- Visit to Johnson & Johnson's warehouse to understand processes

AREAS OF COLLABORATION	INITIATIVES
Product Life Cycle Management	<b>New Product Introduction Timeline &amp; Process</b>
Operational Excellence	<b>Invoice-Matching &amp; Non-Contract Purchase Items</b> Main billing issues for contract vs non-contract items were identified
Product Quality and Integrity	<b>Track and Manage Short Expiry Consignment Items</b> <ul style="list-style-type: none"> <li>• <b>Streamlined</b> processes – catalogs, box types, packaging options</li> <li>• <b>Standardised</b> best attributes into few products and codes – optimal coating, needle, packaging</li> <li>• <b>Stabilised</b> reliability and supply with efficient product schedule and fewer production line changes</li> </ul>

## RESULTS



Significant Reduction in Disputed Invoices



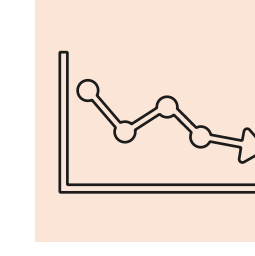
SGH Fill Rate consistently above 97% in 2016



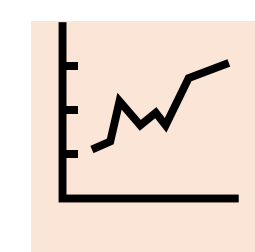
Strategic Partnership relating to Exploring Tech-Enabled Solutions for Inventory Management



Regular Business Reviews and Update on Backorder Statuses



Significant Reduction in AR Aging Days



Increase in Efficiency and Productivity (MMD, GPO, Finance)

## CONCLUSION

With the focus on value-based healthcare, collaborating on supply chain management initiatives is critical for optimizing value within the hospital system. It is critical for all stakeholders to be open to cooperation to identify the right opportunity areas, and to co-develop initiatives to enhance processes and efficiency leading to cost savings for all parties, ultimately leading to lowered healthcare cost across the ecosystem.

In alignment with Johnson & Johnson's CareAdvantage value proposition, Johnson & Johnson will continue partnering SingHealth in exploring track-and-trace solutions as well as vendor managed inventory systems.



### Improving Performance:

Help hospitals become more effective in providing quality care and improving clinical outcomes for their patients through data insights or new technologies

- Product Life Cycle Management
- Invoice-Matching & Non-Contract Purchase Items
- Track and Manage Short Expiry Consignment Items

### Maximising Resources:

Increase cost efficiency through reduction of labor, consolidation of procurement, inventory management, digitization of processes etc.

- Track & trace solutions
- Vendor managed inventory systems

\*We acknowledge the efforts of our SingHealth partners, and the partnership to improve supply chain management is a continuous effort between J&J and SingHealth institutions.