



HealthSupport
Queensland

Supply Chain in the Sunshine State

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Queensland Health

A large land



Australia's a large country and the state of Queensland's coastline stretches for 6,973 km (4,333 mi)

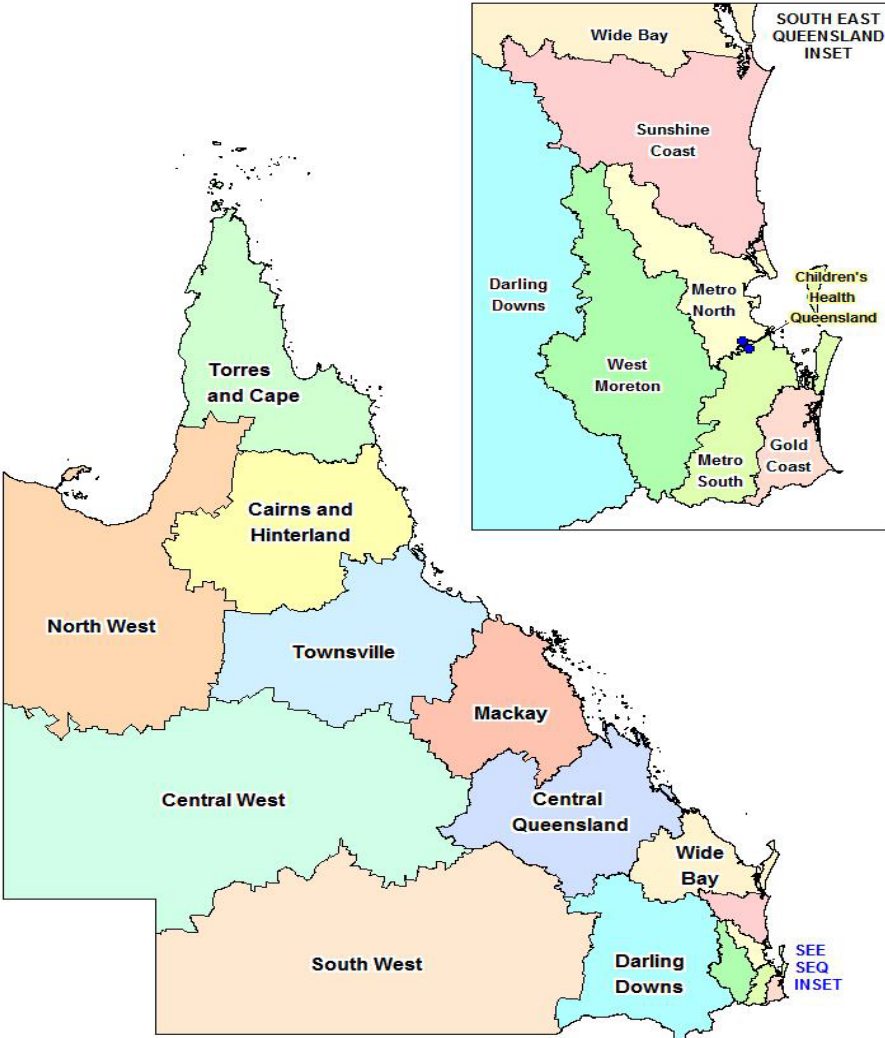
Queensland Health



Queensland Health

- Department of Health and 16 independent Hospital and Health Services. The independent boards were established in 2012.
- Employs approx. 80,000 people across 182 hospitals and the department
- FY15–16 operating budget \$14.2 billion
- Services provided to app. 4,750,500 population across an area of 1,852,642 km².

Health Support Queensland within the department supports the state's 16 independent Hospital and Health Service Boards (HHSs) with a broad group of support services.



One port of delivery



Freight terminal Thursday Island – North Queensland

and another one.



Port of Brisbane

Strategic priority
Optimise customer experience

Our customers experience the highest quality, best practice services each and every time, and we partner with our customers for collective benefit.

Strategic priority
Develop our people

We have the right people with the right skills in the right jobs through role definition and clarification, great leadership, and training and development opportunities.



Strategic priority
Innovate service delivery

We continually define, deliver and improve our service offering by understanding what our customers need to achieve their goals, and deliver this how they want it and when they want it.

Strategic priority
Adopt commercial principles

Our services deliver value for money and are competitive in the market place, and our value proposition is clearly articulated.



Customers first



Ideas into action



Unleash potential



Be courageous



Empower people

Supply Chain Purpose

Supply chain delivers value through the efficient acquisition and delivery of goods to contribute to superior healthcare

Supply Chain Process



Sourcing



Purchasing



Supplier



Transport



Warehousing



Transport



Hospital



Ward Delivery



Imprest Mgt



Patient



Nurse\Physician

Typical Imprest Area: Emergency Department



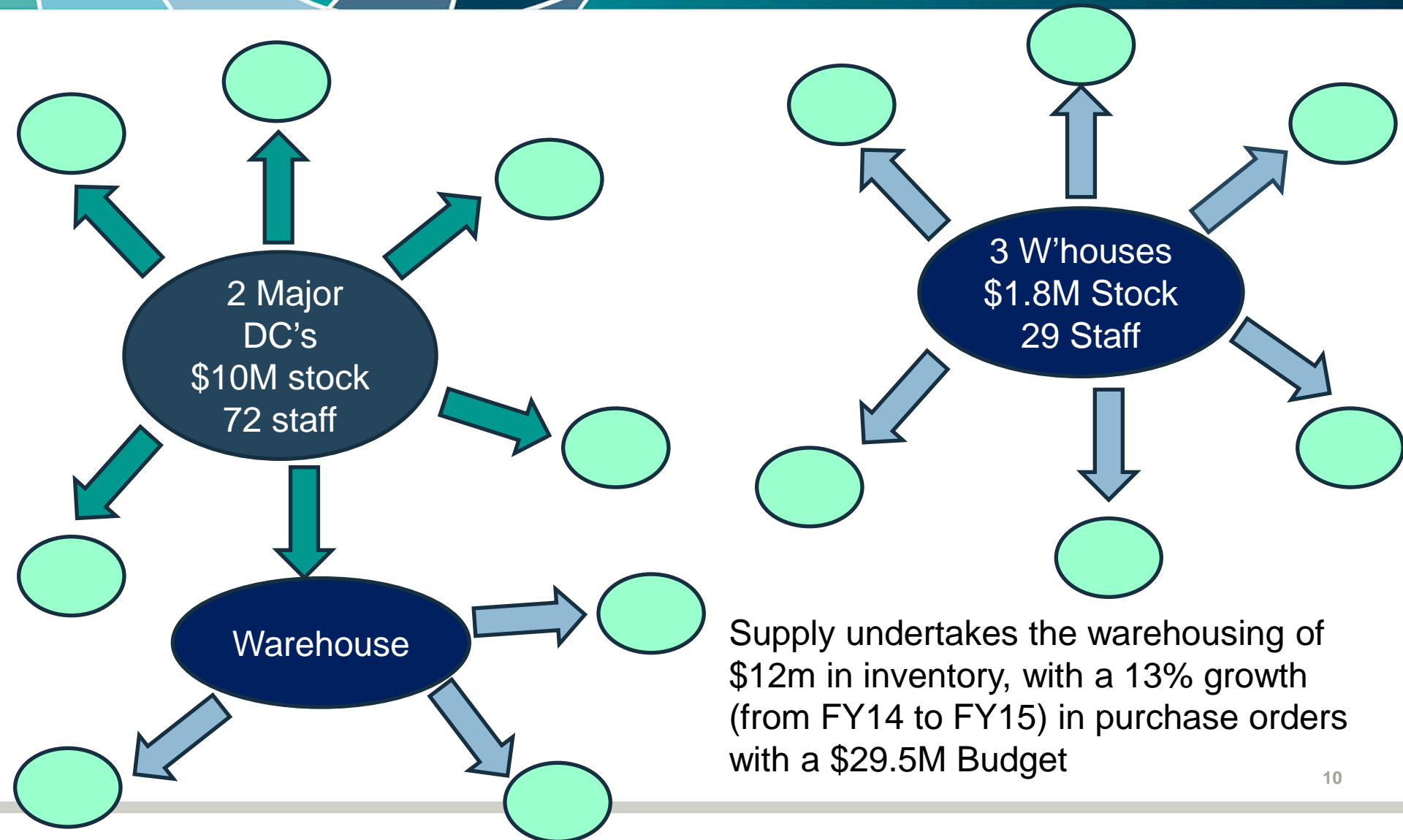
Clinical supplies and drugs represent the majority of items purchased by a HHS.

For example, an HHS will typically use 5,000–6,000 product lines for clinical consumables. These would be maintained in ward based Imprest area

Examples of some supplies

Airways	Pacemakers
Applicators	Pads
Bags	Probes
Bandages	Resuscitators
Batteries	Scissors
Bedpans	Skin Cleansers
Blades	Sleeves
Cannulas	Splints
Crutches	Sponges
Cuffs	Stents
Dressings	Stockings
Forceps	(compression)
Gauzes	Supports
Gloves	Surgical Gowns
IV Sets	Sutures
Labels	Syringes
Masks	Tubes
Needles	Wash clothes

Supply - Operating Model



Keeping supply going in challenging times



Supply challenged



Brisbane freight distributor warehouse during the 2011 floods. Photo Cargolaw

Ebola Response

In January 2015 Health Support Queensland provided support to the State Health Emergency Coordination Centre (SHECC) with Ebola stock distribution by establishing a project team to meet potential supply needs anticipated in the SHECC's Ebola response preparation.

Pandemic stockpiling

Since early 2015 Health Support Queensland has assumed management of the Personal Protective Equipment Stockpile. This will ensure that a

1. required quantity for a pandemic stockpile (agreed as 3 month supply) are available for distribution and that
2. a methodology for dispersion of stock through the state and the provision for minimising stock Obsolescence are in place.



Supply Chain of Choice

People

Having Organisational Capability to deliver value, adapt and deliver the right Customer Experience

Process

Alignment of functions and stakeholders along the entire S2P supply chain (eg. aligning supply with distribution capability and market demand)

Systems

Providing visibility and flexibility, enabling us to measure and respond

Supply Chain service providing value to the Customer

Challenges

Situation

- **People** – in recent years we have been operating in a challenging environment around resourcing and capability, in particular securing and retaining people with appropriate skills.



Outcomes

Delivery continues with existing staff while also rebuilding capability and framework for professional development

- **Process** - Health Support Queensland and the Hospital and Health Services are currently running a highly decentralised supply chain model which does not have much end-to-end optimisation or controls embedded



practices are highly variable, fragmented and inefficient

- **Systems** - planning / replenishment/ logistics and re-ordering are not in line with leading practices and not enabled by leading processes, people capability, systems or reporting.



creates waste, rework and inefficiency

Integrated procurement and supply chain reform required to achieve fiscal and service needs of Hospital and Health Services

Demand - Opportunities

- Developing Demand Management Framework
- Move from reactionary / transactional replenishment model
- Require greater functionality from ERP system to support process
- Support strategy to reduce supply chain costs and provide value

Planning Structures



- Structuring products, customers and forecast timelines
- Determining the Inputs and outputs of DP process
- Aggregation and Segregation of activity and responsibilities

Planning Processes



- Phasing of the process into the business cycle
- Determining Statistical forecasting methods
- Establish correct Judgmental and consensus forecasting

Planning Controls



- Metric definitions to measure the outcomes of the process
- Dealing with exceptions (actions, delegations etc..)
- Aggregation rules for forecast accuracy

Challenges / opportunities:

Operational improvements:

- Removed receipting backlog at Richlands (From 6 days down to same-day);
- Moved to same-day deliveries for 3 facilities out of Richlands;
- Reorganised the pick flow at Richlands resulting in increased pick-rate; and
- Improved logistics function by removing trucks and appointing a logistics manager to consolidate and jointly manage Linen trucks with Supply trucks state-wide.
- Richlands DC has benefited from process improvements. Volume increased by ~34% in FY15 with no increase in staffing levels.

Additional opportunities

- Efficiency improvement – closer links to Central Pharmacy
- Better value from logistics
- Increased automation
- Commercial business model



Importance of process for successful execution Sandcastle - Noosa Queensland

Optimise customer experience

Situation

•Current SAP platform used by Queensland Health has unused module capacity making it possible to integrate software that is 'best in breed'.

Opportunity

•Potential to have a web based "Source to Pay" (S2P) system which would fully integrate to the current and future SAP ERP versions.

Outcomes

Frontline Users:

- increased adoption through useability and effectiveness
- increased supply chain management capabilities.

Hospital and Health Services as Organisation:

- increasing spend visibility improved master data
- placing Spend under Management
- reducing maverick and inefficient spend
- contract governance compliance
- Real Time Reporting
- realising benefit and efficiency opportunities.

Health Support Queensland

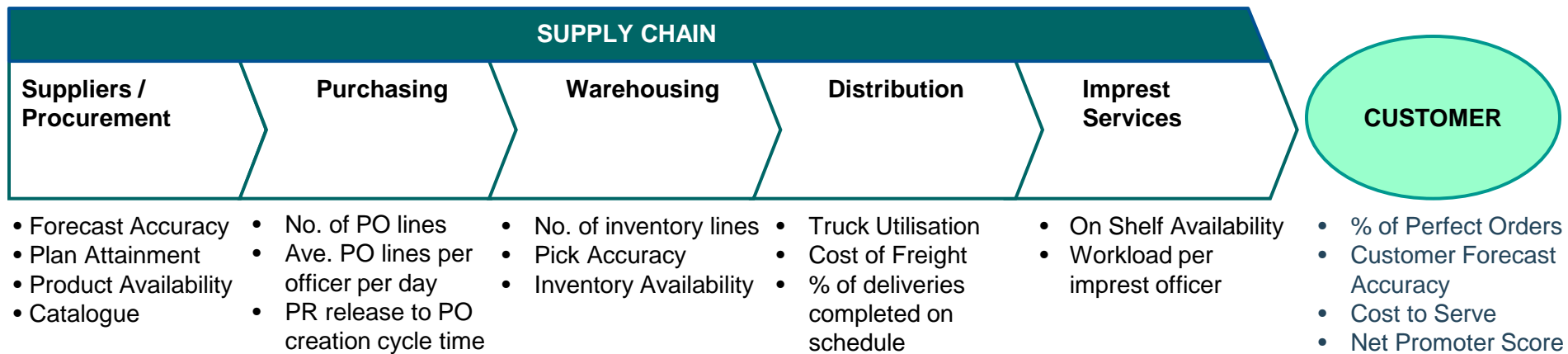
- improved warehouse management and purchasing capabilities for the Distribution Centre and Supply teams
- improved Strategic Sourcing process automation, cost reductions and capabilities.



Time to get the correct count - Central Queensland Stock route

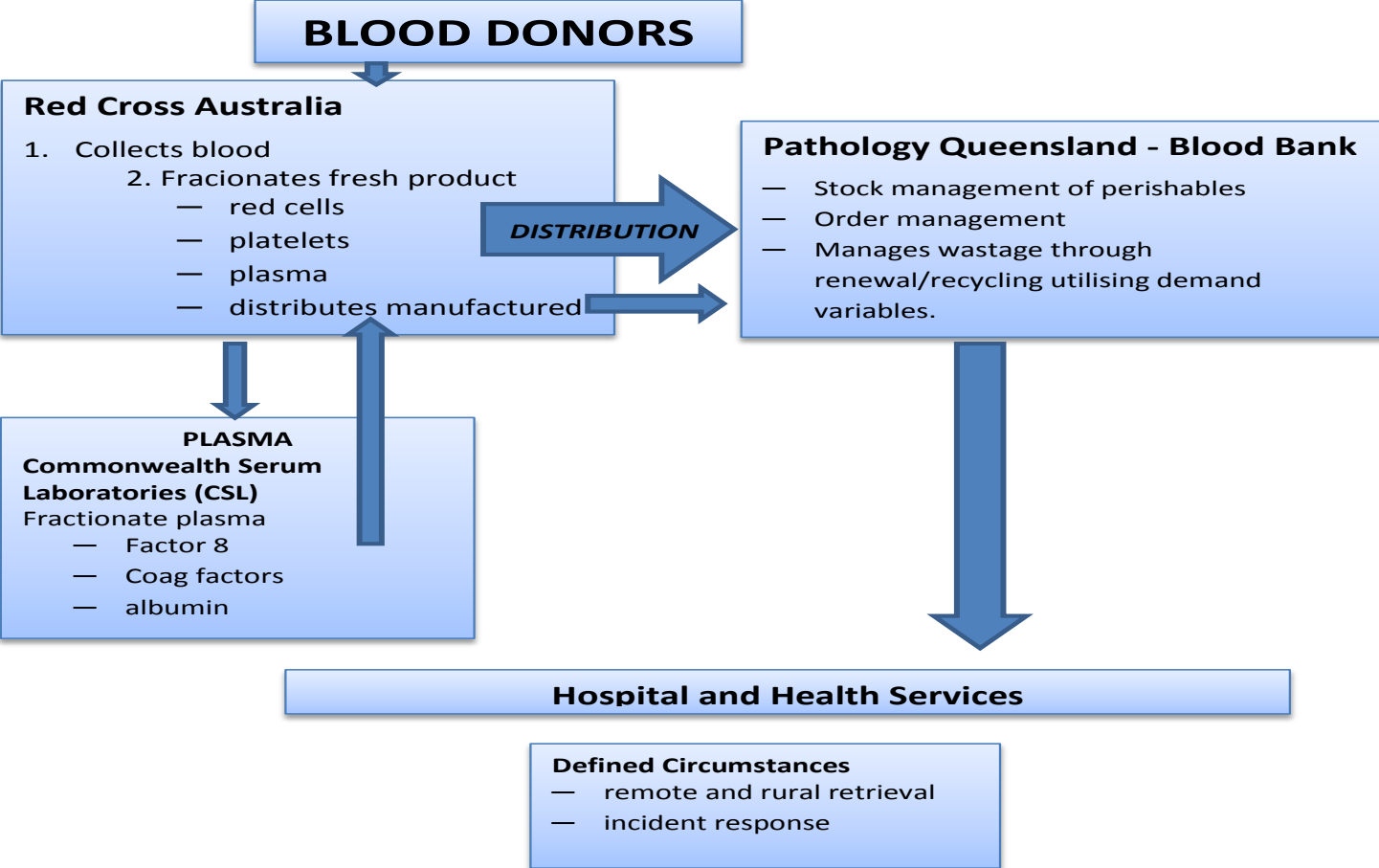
Systems – Opportunity

Health Support Queensland uses - aligned metrics framework across the supply chain, tracking performance of all activities that impact the customer experience.



... it is how we use this data that is powerful

Blood Supply Chain



Medical transport





Blood Supply Chain – Defined Circumstances

Remote rural retrieval

- **Four retrieval sites**
- **Stocked with four units O negative blood.**
- **Ready for transport / use in by helicopter or fixed wing aircraft**
- **Transport of patients from rural and remote hospitals.**

Incident Response

- **Provision of blood products to incidents, been in place for two years**
- **Patients who may be in distress before reaching hospital**
- **Car operating from ambulance base**
- **Blood is rotated if not used in three days**

Road to change





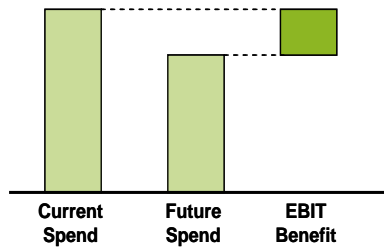
What will this Mean for our Customers?

Customer Benefits

Sustained Shift in EBIT Benefits

EBIT Benefits

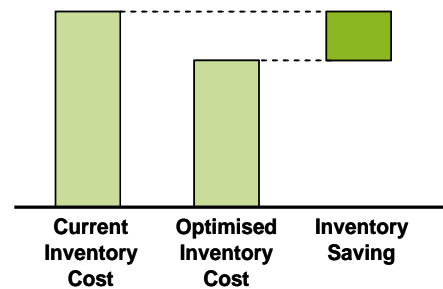
Annual Total Cost of Ownership



Better Inventory Management

Inventory Management

Stock Holding Cost



Operational Excellence

Better Turnaround Times:



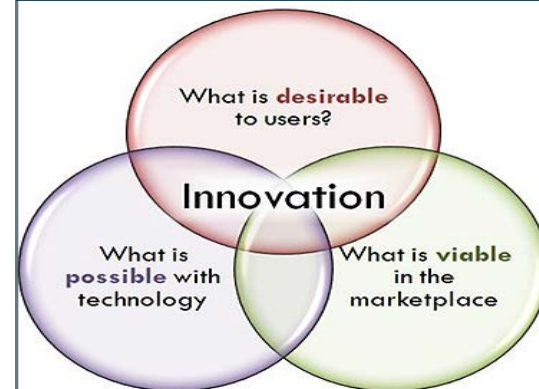
Reduced Error Rates:



Reduced Cost to Serve:

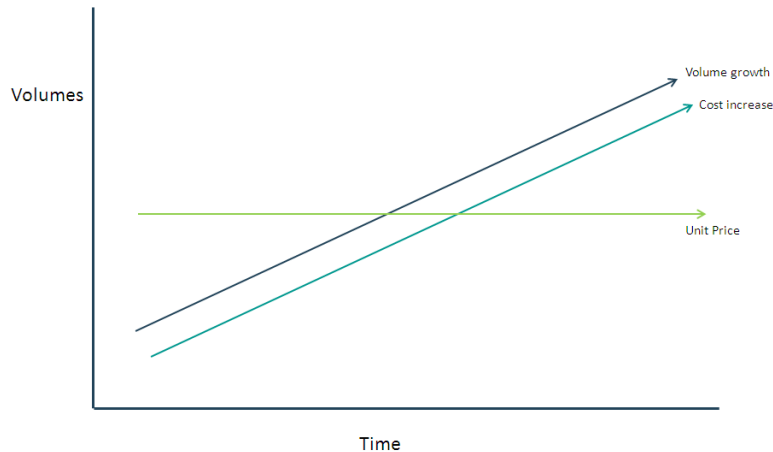


Faster Access to Innovation



Delivering Value...

Historically Supply Chain costs have risen in line with activity.....



In the future, our strategy is to continue to review the Supply Chain structure and Processes to add value and drive down the unit price

- Given 85% of supply chain's cost are labour, and labour costs have EBA and contractual price increases, then supply chain costs will ultimately rise over time.
- These graphs operate under the constraint that there is no change to head count.
- If that constraint is removed, then total supply chain costs could decrease rather than constantly increase as drawn.

