



ROi Vendor Managed Inventory

Michael Wentling, VP Operations

November 2012

RESOURCE
OPTIMIZATION &
INNOVATION

roiscs.com

Supply
Chain &
Solutions

Integrated Sourcing Solutions

- ▼ Product and Services Contracting
- ▼ Utilization Optimization
- ▼ Contract Compliance Monitoring
- ▼ Rebate Management
- ▼ Pricing Administration
- ▼ Member Services

Manufacturing Solutions

- ▼ Pharmaceutical Repackaging
- ▼ Custom Procedure Tray Manufacturing
- ▼ Print Operations

Supply Chain Solutions

- ▼ Warehousing and Distribution Services
- ▼ Inventory Management
- ▼ Transportation Management
- ▼ Process Improvement

Integrated Business Solutions

- ▼ Purchasing and Accounts Payable Services
- ▼ Information Solutions
- ▼ Account Implementation
- ▼ Customer Service

- Facilities**
- Corporate Office – St. Louis
 - Consolidated Services Center – Springfield, MO
 - Consolidated Distribution Center – St. Louis, MO

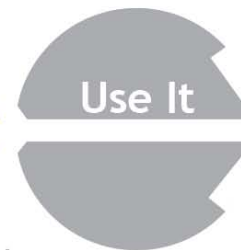
Co-workers 320

OUR THREE FUNDAMENTAL GOALS



ROI

ADVISE IT



GPO
ROI

- One of the largest GPOs in the U.S.
- Highest \$ penetration per bed
- Single Source negotiation strategy
- 700+ contracts (\$1 billion)

Broker
ROI

- International focus
- Demonstrated results in reducing cost
- Efficiency based sourcing
- Provider Integration

Manufacturer
regard

- 1st Provider-based Private Label program in the US
- Growing interest with other providers
- Print Services
- Instrument Repair

Packager
ROI

- Largest Provider-based CPT manufacturing operation in US
- FDA Registered
- Rx Unit Dose Repackaging

Distributor
ROI

- Top 10 Volume Distributor according to HIDA
- Med/Surg
- Rx
- Office

Transporter
ROI

- 80+ Vehicles
- +2.3 million miles per year
- Every location every day
- Back-haul common carrier
- Courier, TL and LTL

Provider
Mercy

- FRANCISCAN MISSIONARIES OF OUR LADY HEALTH SYSTEM
- Spartanburg Regional Healthcare System
- OKLAHOMA HEART HOSPITAL
- SURGICAL SPECIALTY CENTER
- Valley View REGIONAL HOSPITAL
Managed by Mercy

Springfield, MO



- ▶ 101,000 Square Feet
- ▶ Climate controlled
- ▶ Refrigerated and Frozen Storage
- ▶ Controlled Substance Cage and Vault
- ▶ Suitable for all health care supply storage needs in one facility
- ▶ Shortened Order Cycle to 12 hr.
- ▶ 66% increase in acute care Med/Surg deliveries
- ▶ 42% reduction in hospital inventory
- ▶ Elimination of 3,000 material service failures (stock-outs) per week



Transportation



- ▶ DOT regulated
- ▶ 24/7/365 operation
- ▶ 80 vehicles and drivers
- ▶ 2.7 million miles driven per year
- ▶ 63 routes and 1,100 stops per day (2,300 specimens handled daily)
- ▶ Courier services:
 - Patient Specimens
 - Laboratory Supplies
 - Medical/Surgical Supplies
 - Interoffice Mail
 - X-rays
 - Laundry
 - Bank Bags
 - Pharmacy
- ▶ Cost savings of 15-40% as compared to commercial courier services



- ▶ Drive costs out of supply chain
 - Improve inventory turns
 - Lower out-of-stocks
 - Reduce transaction costs (freight & invoicing)
 - Reduce overnight freight to every location every day
- ▶ Utilize infrastructure to manage flow
 - Distribution Center & WMS
 - Expiry/Lot Tracking capability
 - Tracing reports for shipments
 - PAR picking for hospitals underway
 - Transportation to/from all facilities every day
 - VMI product now flows like the majority of products
 - Taking over inventory management for Cardio Labs and OR's
 - POU Scanning via Optiflex
- ▶ Partner with key suppliers
 - We both need to win
 - Begin process to work together
 - Improve trust each other
 - Must be a process that can be replicated by both

- ▶ Fill rate improvement
- ▶ Decrease Inventory investment
- ▶ Better Expiry Management – value for both parties

So...where are we today?

- All EDI links built and tested
- Ready to launch pilot with 1st vendor
- Working with 2nd vendor now
- Active discussions with several more

ROI

WHAT WOULD YOU ATTEMPT TO DO
IF YOU KNEW YOU COULD NOT FAIL?