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REDUCED COSTS AND STREAMLINED HEALTHCARE SUPPLY CHAIN
Pilot expands existing data synchronization program to create industry-wide resource of healthcare product information

PHILADELPHIA -- The Department of Defense today announced it is testing the Global Data Synchronization Network, a non-profit global platform for the secure exchange of product information, as part of its data synchronization program to improve efficiencies throughout the \$200 billion healthcare supply chain. The pilot aims to demonstrate GDSN's potential to improve product data accuracy and to synchronize trading partner systems as the basis for efficient transactions in the complex healthcare supply chain. The Defense Supply Center Philadelphia, a field activity of the Defense Logistics Agency, is overseeing the pilot.

The new pilot, launched in December 2006, is the next step in DoD's ongoing, congressionally funded program to test a healthcare "product data utility" or PDU, to reduce healthcare costs, improve business processes and ultimately improve patient safety. In the first phase of the PDU program, the DoD synchronized product data from 23 medical manufacturers, two major distributors and 30 military hospitals, and identified \$10.1 million in savings for the hospitals to date. The DoD standardized product identification and usage, and created a robust data bank containing more than one million medical/surgical items, including 165,000 synchronized records that represent 93 percent of DoD's most-used medical products.

"Synchronized data is the missing link in the healthcare supply chain. It is a discipline that brings consistency of product information to everyone in the supply chain," says Kathleen Garvin, DoD data synchronization program manager at DSCP. "The first step is to get your own house in order – cleaning and standardizing data to get it ready for synchronization across the supply chain. We did that at the DoD, and are now ready to take the next step and test the GDSN as a potential resource for synchronizing data for the entire industry."

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DoD's data synchronization initiative is supported by industry organizations, including the Coalition for Healthcare eStandards, which hosts a working group to educate the healthcare industry of the pilot's progress. In addition, the U.S. Department of Veterans Affairs has recently joined DoD's data synchronization efforts with the help of congressionally mandated DoD/VA Joint Incentive Funding.

"With healthcare costs continually rising, it has never been more important for government and private industry to take the steps necessary to reduce costs. Improving healthcare supply chain processes and the data that fuels it should be a priority for the nation's hospitals and suppliers," says Rep. Jim Moran, D-Va., who is championing efforts to fund important healthcare IT projects across the healthcare industry.

GDSN is a global, automated, standards-based environment that enables secure and continuous data synchronization, allowing all partners to have consistent item data in their systems at the same time. Major companies in other efficient industries, including Wal-Mart, Proctor & Gamble, Sara Lee and Lowes utilize the GDSN platform. Many med/surg manufacturers already contribute product data to GDSN to support their consumer or retail operations. In addition, GDSN accommodates emerging data standards in healthcare today, including the Global Locator Number for location identification, United Nations Standard Products and Services Code, or UNSPSC, -- a standard that helps hospitals describe groups of products more efficiently using globally accepted codes and terms -- for product classification, and EPCglobal for RFID transactions.

"There are significant inefficiencies in the healthcare supply chain, due to lack of standards, resulting in increased costs for manufacturers, distributors and healthcare providers," says Frank Fernandez, assistant vice president and corporate director of materials management for Baptist Health South Florida, which is participating in the pilot. "We spend significant resources reconciling purchase orders and invoices due to mismatched item numbers and units of measure. A proven, industry-sanctioned methodology for defining, coding and identifying an item in our purchasing systems, distributor files and group purchasing contracts would remove supply chain confusion and lower our costs."

Healthcare manufacturers have much to gain by synchronizing their product data with hospitals and the rest of the supply chain, according to Dennis Black, director of e-Business at BD, a leading global medical technology company. "In a fully implemented state, product data synchronization will lead to fewer shipping errors and enhance productivity in both back-office and customer-facing functions. Simply put, a proven data synchronization solution will allow us to seamlessly share accurate product master data throughout the supply chain. The entire healthcare supply chain wins by reducing errors and becoming more efficient."

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Manufacturers participating in the pilot are contributing product information to the Global Data Synchronization Network, where it is verified and published for pilot participants including hospitals, group purchasing organizations, distributors and data aggregators. Participants are then comparing the information from GDSN against what exists in their materials management information systems. Fields being evaluated include item identification, packaging and healthcare-specific product category attributes.

Participants in the initial phase of the GDSN pilot include:

- DSCP and Premier, representing group purchasing organizations
- Baptist Health South Florida, representing a hospital
- BD, representing the medical technology industry
- Sage Products, Inc., representing a medical products manufacturer
- Lawson Software, representing an information system
- 1SYNC, a GDSN data pool
- Ontuet, representing a data on-boarding partner

Other industry organizations, including University Health Care System (Augusta, Ga.), and Mayo Clinic, have expressed interest in testing their systems and data as well in upcoming phases of the pilot.

“The federal government’s ongoing effort to streamline the healthcare supply chain holds promise for the entire healthcare industry,” says Dan Magee, PhD, acting program manager for Defense Medical Logistics Standard Support, which oversees the DoD’s data synchronization initiative. “We are proving in principle that data synchronization within and across the supply chain is possible.”

About Defense Supply Center Philadelphia

Operating within the Defense Logistics Agency and the U.S. Department of Defense, Defense Supply Center Philadelphia annually buys \$12.4 billion worth of food, clothing, textiles, medicines, medical equipment and construction and equipment supplies and services for America's warfighters, their eligible dependents and other federal customers worldwide.

About DLA

DLA provides supply support, and technical and logistics services to the U.S. military services and several federal civilian agencies. Headquartered at Fort Belvoir, Va., the agency is the one source for nearly every consumable item, whether for combat readiness, emergency preparedness or day-to-day operations inside DoD. More information about DLA is available at www.dla.mil.