![GS1 UK logo]

**Demonstrating success in healthcare**

# Purchase-to-pay – the view from Australia

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## What was the problem?

Australian public healthcare faced the problem of continuing to deliver efficient, cost effective and safe patient services across a vast continent in an environment of increasing supply chain costs, where supply chain is managed by eight state governments.

The challenges they faced seem to be similar to those the Department of Health and the NHS face today – multiple supply and equipment catalogues maintained by individual hospitals and states, with no common means of identification, leading to incorrect product ordering, lack of purchase forecasting, inefficient inventory management and potentially poor patient service.

## How was the problem solved?

In Australia, the business case for change was built on the *cost of inaction* – the unnecessary costs that were incurred through use of inaccurate, incomplete or inconsistent product and customer specific price data in the purchase-to-pay process, leading to inefficiencies such as:

- Invoice mismatches
- Shipping of emergency deliveries
- Inability to claim reimbursements

Further unnecessary costs were incurred in the logistics processes, with most individual suppliers, wholesalers and hospitals collecting and storing information such as product weights and measures.

When the problems were identified and the business case for change was built, the Australian state and territory governments created the independent National E-Health Transition Authority (NEHTA). One of NEHTA's foundational work areas is supply chain, an aim of which is to develop better ways of electronically collecting and securely exchanging healthcare product and customer specific price information.

## How were GS1 standards used to help deliver the solution?

NEHTA took an overall approach to leverage existing global standards rather than creating specific local or national solutions. As a result Australian healthcare supply chain reform has been based on the use of GS1 standards:

- GTINs (Global Trade Item Number) to identify products
- GLNs (Global Location Number) to identity locations
- GDSN (Global Data Synchronisation Network) to manage product catalogues
- GS1 XML to standardise purchase-to-pay business messages such as electronic invoices and purchase orders
- A recommendation from NEHTA's Supply Chain Reform Group (SCRG) to adopt GS1 barcodes to store information about products , at all levels of packaging, in a standardised way

NEHTA also standardised on GS1 Australia's local services, built on GS1 standards:

- GS1 Locatenet for managing location information
- GS1 Recallnet for managing product recalls

## What are the benefits?

As at June 2014, there were 470 healthcare suppliers participating with more than 330,000 products loaded into the Australian GDSN healthcare data pool, and over 3,000 locations identified by GLNs by the state and territory healthcare governments.

Suppliers have described the benefits of using GS1 standards in their supply chain as *'essential to drive improvement in sales, efficiencies and also new business opportunities'*.

Studies have highlighted over 50% time savings on a basic task like loading product data – because now it's done just once, for all users of the data.

Healthcare providers have seen the benefits and describe the use of GS1 standards as a sound base for innovation in new supply chain development.

The Department of Health has observed the Australian approach, and will hopefully continue to leverage the  Australian experiences in their adoption of GS1 standards.