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System Integration in the Healthcare supply chain

System Integration is an essential part of the Healthcare supply chain model. It is meant to automate the data transfer between the healthcare company's system and the Third Party Logistics (3PL) service provider's system. It eliminates errors, saving time and effort, keeps both systems updated and increases

operations efficiency.

Integration Project: To establish the integration model between a healthcare company and the 3PL service provider, both companies will need to create a number of interfaces equal to the number of business processes involved.

On average, it takes seven to ten man days to get one interface ready: including the design, documentation, programming and testing. There are two main choices to be made at the beginning of the Integration project. Firstly, the Data Transport Protocol to be used must be decided on. This is in order to exchange the files over the Internet. Secondly, the Business-To-Business (B2B) Standard follows. B2B standards are aimed at establishing standard processes for the sharing of business information between partners in various industries. For example, for the Purchase Order (PO) process, there will be a standard set of PO related information in specific structure/order.

Based on the B2B standard used, the format of the exchanged

files between both systems will be decided. Usually, healthcare companies choose one B2B standard and use it globally, with all its partners. Documentation is crucial to keep the integration project under control and achieve targets on time. There are usually so many details discussed and decided during the project (technical & business related), that unless they are documented, there might be different interpretations by each team, which could cause delays. Having an Integration Document in place, previously agreed to by both parties, will help to avoid any unexpected delays in the project.

Healthcare Supply Chain Business Processes: In the partnership between Healthcare company and 3PL company, there are four main business processes that are covered through integration:

(1) **Advanced Shipment Notification (ASN):** Once the Healthcare Company places a Purchase Order with its Supplier, an interface will reflect scheduled Inbound shipments (ASNs) in the 3PL's system.

(2) **Goods Receipt Confirmation:** Once the 3PL physically receive the goods against the ASN, an interface will reflect the received shipment in the Healthcare Company's system.

(3) **Shipment Order:** Once

the Healthcare company places a sales order for its customer, an interface will reflect a shipment order in the 3PL's system.

(4) **Goods Issue Confirmation:** Once the 3PL dispatch the Goods against the shipment order, an interface will reflect the dispatched shipment in the Healthcare company's system.

Other processes which can be integrated include Master Data Changes (Suppliers Master/Customer Master/Item Master). These are aimed at updating the 3PL's system with any changes related to Suppliers/Customers/Items master data. Stock reconciliation is aimed at maintaining stock synchronisation between both systems by raising alerts if there are any discrepancies. Batch Status Update is aimed at informing the 3PL to move specific batches to different statuses/areas, e.g. Quarantine, Rejected, Sellable,..., etc. Stock adjustment is aimed at reflecting stock decrease/increase transactions (resulting from warehouse processes like Cycle Count and Physical Inventory) from the 3PL's system to the healthcare company's system.

Loose Ends: it is very important that all interfaces work in harmony with business processes. Otherwise, operations will suffer and there will be unexpected bottlenecks.



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