

Web-based supply chain management system saves cancer research center \$2.2 million

By Ron Doremus

A new supply chain management system has become an unlikely hero at H. Lee Moffitt Cancer Center and Research Institute. Implemented in 2001, the organization has realized significant cost savings from this system – funds that Moffitt’s leadership team gladly redirects to patient care and cancer research.

The move to a new materials management system began in early 2000. At that time, Moffitt’s leadership sought ways to streamline business operations, improve information access and decrease paperwork. As the only complete cancer care facility in the state of Florida, Moffitt’s patient referral volume increased each year. The organization needed to optimize its resources to accommodate this growth, while continuing to fund critical research initiatives.

Moffitt realized it could achieve vast improvements in several operational areas. Financial, human resources and procurement systems were targeted for upgrades. After a lengthy selection process, Moffitt chose an integrated system from Lawson Software, which included Lawson Supply Chain Management Suite for Healthcare, Lawson Financials and Lawson Human Resources.

Of all of the changes, switching to the Lawson e-Procurement application, part of the Supply Chain Management Suite, seemed the most challenging. This system would dramatically alter the way employees ordered and received supplies, and would directly impact patient

The Hospital

H. Lee Moffitt Center and Research Institute, Tampa, FL

The Problem

Need to optimize resources to accommodate growth, while continuing to fund critical research initiatives.

The Solution

Improved information access and decreased paperwork by overhauling financial, human resources and procurement systems

The Vendor

Lawson Software

care. However, Moffitt’s IS team anticipated that employees’ reception would be tepid at best.

The implementation project began in September 2000. Phase one included implementation of the supply chain management, financials, human resources modules, with the e-Procurement implementation scheduled for “later.”

However, phase one went so smoothly that the e-Procurement was pulled into this first phase. This enabled Moffitt to successfully switch all three areas to the Lawson system before its fiscal year began July 1.

Moffitt attributes its implementation success to its solid communication and training plan, and involvement of department employees throughout the process. It asked “super users” within each department to drive the process. Members of the procurement,

finance and HR departments attended monthly forums to receive updates and provide input throughout the implementation, ensuring the new system offered the necessary department and administrative functionality.

This was the first time Moffitt had asked employees to drive an IS project in this way. And, it had a significant impact. Shortly after the implementation, IT staff began to receive employee emails about the new procurement system and the accelerated speed of supply delivery.

Within one year, 84 percent of Moffitt’s requisitions were being completed online via electronic data interchange or e-fax. Once an employee requested an item online, vendors received the purchase order within one to two days—closing the gap between requisition and purchase order from 17 days to one or two.

Before beginning the implementation project, Moffitt’s project team predicted the Lawson implementation would pay for itself in two and a half years. Moffitt actually realized a return on its investment in two years, attributing 80 percent of its ROI to supply chain savings.

This resulted in \$2.2 million in savings to date, which have been achieved in many ways. With approximately 600 users, Moffitt procurement staff use the supply chain management module to understand, in real-time, what supplies are being used, how quickly and in what quantities. They use this information to negotiate better contracts with vendors, a situation that by the second year produced \$164,640 in vendor discounts, a number that has remained steady each year since. And, because it takes fewer days to receive new supplies, Moffitt has vastly reduced its on-site inventory levels, a reduction that carved out \$360,000 in inventory and handling costs within the first year. In addition, Moffitt caregivers now have access to supplies and costs for a certain patient, procedure or nursing unit, so they can make more informed management decisions.



Screenshots of the Lawson Supply Chain Management System

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WHAT Works

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Capital purchase requests still are done on paper, but will go online in March 2004, when Moffitt implements Lawson ProcessFlow Professional. This technology will automate routing of capital approval requests through pre-built workflows. Currently, Moffitt has a manual routing process that can take up to a week, given multiple facility locations. With this addition, Moffitt will process 100 percent of its requisitions online.

In 2003, Moffitt opened the new Moffitt Clinic and Vincent A. Stabile Research Building, without increasing the number of procurement employees. These two buildings dramatically increase the existing research and outpatient clinical space to serve patients. Accommodating this expansion, while minimizing overhead, is exactly the type of efficiency that Moffitt leadership hoped to achieve when moving to the system.

The implementation also has provided opportunities for Moffitt to focus on quality patient care and cancer research. For example, the savings achieved through the new system have enabled Moffitt to spend more

resources on its new diagnostic and treatment program called Total Cancer Center. In late 2003, Moffitt upgraded its applications to the latest version and plans to implement Lawson Portal in the near future. Moffitt expects the functionality of these new technologies will enable it to further reduce operational costs, so it can continue to focus on its patients. **HPN**

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Center.



H. Lee Moffitt

Established in 1981, H. Lee Moffitt Cancer Center is a not-for-profit institution dedicated to the prevention and cure of cancer. It is a leader in oncology research, medical training and patient care. With more than 280 physicians and 600 researchers, the center has more than 6,000 inpatient admissions and more than 171,000 outpatient visits a year.



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