



Midwest Healthcare Conference
Supply Chain in the Age of Healthcare Reform
May 2010

Medical Device Supply Chain Council – An Introduction

The Council was formed in 2004 by Supply Chain and Operations executives from leading Medical Device manufacturers. The Council is an informal network of senior industry executives who are focused on opportunities to improve the industry supply chain through:

- Focusing on GLOBAL supply chain issues facing Medical Device manufacturers
- Taking an end-to-end view of the healthcare supply chain – from Manufacturer through to the point of use
- Providing a forum for the sharing of leading practices from both within and outside the healthcare industry
- Facilitating cross-industry collaboration
- Influencing the adoption of industry standards that can have a positive impact on the operational effectiveness and efficiency of the industry supply chain for the benefit of all participants

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Healthcare Supply Chain Challenges - External

- **Determining the True Impact of Healthcare Reform**
 - “The Tax”
 - Reimbursement cuts pushed upstream
 - More volume without more profits
 - Pressure on costs, earnings, stock price
- **Provider Supply Chain Capabilities and Limitations**
 - Focus, skills, systems, data
 - Physician preference items
 - Consignment inventory
- **Markets**
 - Evolving sales and service channels
 - Developing markets
- **GLOBAL Regulatory Requirements – how to keep up?**
- **The “China Impact” on global sourcing and offshore manufacturing**
- **Industry Data Standards**
 - Lack of perceived adoption by Providers

Healthcare Supply Chain Challenges - Internal

- **Sales-Focused Mentality**
- **Supply Chain not Viewed as a “Strategic Capability”**
- **Focus on the Strategic (collaboration) versus the Tactical (cost and efficiency)**
- **“In Search of the Perfect Organization” – fragmented supply chain organizations under constant reorganization**
- **Global Supply Chain Competencies**
- **Business Integration as a Core Competency – companies in a constant state of buying, selling and integrating businesses**
- **Rationalizing the Global Distribution Network**
- **Lack of Standardized Global Business Processes**
- **Lack of Visibility Across the Global Supply Chain**
- **Multiple System Platforms – the “perpetual” system implementation**

Healthcare Supply Chain Opportunities

- **Back to Basics**
- **Changing the Relevance of the Manufacturer's Salesforce**
- **Common Data, Shared Information**
- **Using Supply Chain/Customer Service For Competitive Advantage**
- **Co-develop Projects with Providers – replicatable and scalable**