



# GET THE DATA RIGHT, FIRST TIME

There is much emphasis on reducing variation in procurement through increased data capture, transparency and benchmarking. However, there is less focus on how good practice and improved data management between the main stakeholders can play a crucial role in meeting Lord Carter's challenge. **Colman Garrihy** got the views of **Hamish Macdonald**, corporate account executive for Cook Medical, and **Mat Oram**, director and co-founder of AdviseInc, on how such action can help deliver Carter's recommendations.

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from changed practices brings this issue into sharp focus.

Hamish Macdonald of Cook Medical points to the Carter report's statistics highlighting the significant challenges that exist: "a sample of 22 trusts used 20,000 different product brands and more than 400,000 manufacturer product codes in one year, with more than 7,000 people being able to place orders." With such a vast number of people involved in ordering a product, it's unsurprising that clean data is a pressing issue.

Recent analysis carried out by AdviseInc – the analytics and insight business engaged by the NHS to provide the Purchase Price Index and Benchmarking (PIIB) service to trusts arising from Carter – further confirms this situation.

Mat Oram of AdviseInc explained: "We extract and transform over 80 million rows of data for PIIB, the bulk of which comes direct to us from trusts. Data quality is the largest determinant in our ability to derive accurate benchmarks and categorisation. For example, when cleansing the orthopaedics category of hips, we found 497 different

descriptions in use across the NHS for a single model/size of hip stem."

In striving to deliver an efficient, high-quality service to the healthcare sector, Cook Medical is acutely aware that inaccurate or inconsistent data can add unnecessary supply chain costs and increase the administrative workload for trusts and suppliers.

Macdonald commented: "When a wrong product description, unit of measure or price is initially provided, this triggers a series of adverse downstream supply chain consequences. Our customer support team has to try to interpret what exactly is required so the right product is delivered. In many cases, the price has to be manually adjusted for order processing.

"The client is also notified but, often, the trust's records and electronic catalogue are not altered or relevant personnel informed, resulting in invoices being subsequently queried and significant waste."

It can take many hours of effort by numerous staff from departments (such as customer service, procurement, accounts and finance)

The benefits of accurate and consistent data, together with unwarranted variations caused by dirty data, are topical issues for procurement in healthcare. Lord Carter's reference to potential savings of £700m



from both organisations to rectify one simple data error.

While much can be gained from improving data capture, improving data accuracy and enabling trusts to view each other's prices, Macdonald said it's vital that all stakeholders share this data and develop mutual good practices.

"Suppliers, companies like AdviseInc and industry groups such as the Association of British Healthcare Industries all have a role to play in working with trusts, but we must first start with good data," he added.

### Reducing non-pay costs

Lord Carter's report recommended that NHS trusts should commit to reducing non-pay costs by at least 10% by April 2018. Conscious of its role as a strategic supplier to trusts, Cook decided to take three initiatives (involving the sharing of data with other stakeholders) to make a positive contribution to this process.

"The first step was prompted by the knowledge that we had an issue with our level of outstanding debtor days related to certain customers," Macdonald continued.

Cook selected three trusts linked to the highest debt value and most days outstanding. It worked closely with its procurement teams to improve the accuracy and consistency of data flowing between both parties.

"By sharing, analysing and reconciling purchase order (PO) data, we have significantly reduced debtor day levels from 105 in March to 33 in August. Over the same period, the number of orders requiring manual intervention relating to price or invalid product codes fell from 27% to 5.37%," Macdonald added.

The second initiative entails a joint Cook Medical and AdviseInc collaboration designed to support the latter's efforts to create

accurate, streamlined and more transparent benchmarking data throughout the NHS hospital network.

The PPIB tool provided by AdviseInc is geared to capture, analyse and compare PO data between trusts and suppliers in an effort to reduce variation in price, procedure, process and other supply chain aspects.

"We are urging trusts to fully participate in the benchmarking/data improvement process as a pragmatic move in preparation for the implementation of standards like GS1, the global data standard currently being rolled out across the NHS.

"We recognise this won't happen overnight, so there are simple steps trusts and suppliers can take now to benefit from improved efficiency and price," Oram said.

Benchmarking involves AdviseInc receiving PO data from trusts, analysing and cleansing it to eliminate obvious discrepancies and variations, before uploading it into the PPIB tool. Hospitals can then compare performance on price and volume with peers.

"This presents significant challenges, but also definite opportunities, for trusts and suppliers," Oram explained.

"There are all the data quality issues you'd expect when collating so many order lines from over 160 NHS trusts. One common occurrence is the creation of multiple versions of the same basic product due to various people entering free-text descriptions and different data in catalogue systems.

"This is inevitable, considering how many people have authority to 'buy' in a typical trust and how variable the data management in trust catalogues/systems can be."

In an effort to showcase how a concerted effort between suppliers and trusts to produce clean data can result in savings, he also explained that AdviseInc decided to collabo-

rate with Cook Medical in a pilot exercise: "We wanted to work with a progressive supplier that would provide us with detailed procurement data from its systems, which we could analyse, compare with relevant PO data from trusts and work to achieve consistency between both."

Some glaring inaccuracies in the PO data emanating from trusts have become evident in the course of this exercise. For instance, a PO was raised for an endoscopic consumable at a value of £2 but was supplied by Cook at a true cost of £74. There was no proper description or manufacturer product code supplied originally; the supplier had to try to interpret what was really required. The end result was wasted time and effort.

As part of the joint project, Cook is providing AdviseInc with details of its new and simplified global product codes, which AdviseInc intends to encourage trusts to mirror in their electronic catalogues.

The final part of Cook's current three-pronged response to Lord Carter's report is to introduce a new commercial price strategy for the UK market. The national price structure, based on tiered volume, will be consistently applied for all tenders and orders, resulting in full transparency for customers.

The key to eliminating unwarranted variations lies in all parties getting the data right first, and then sharing this information to achieve common ground. This can also lead to valuable resources being freed up to advance other aspects of good healthcare delivery.

### FOR MORE INFORMATION

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