
Comprehensive Guide to Improving Your Health Care Supply Chain



Purolator 2017

Purolator
Promises delivered®

Table of contents

Canada’s Changing Health Care Landscape 3

The “New Normal” for Medical Supply Businesses..... 4

A Comprehensive Supply Chain Solution 5

- Transportation Options 6
 - Courier services 7
 - Freight/LTL services 8
- Technology-Based Solutions 9
 - Route optimization 9
 - Visibility 9
 - Data tracking and reporting..... 9
- Warehouse Management..... 9

Conclusion 10

References..... 11

Canada's Changing Health Care Landscape

A 2015 report from the Conference Board of Canada noted that Canada's senior population is expected to double in size to 10 million over the next 25 years, an increase that "will result in growth in demand for hospital services, home care, long-term palliative care facilities and health and wellness programs." Canada's aging population is also prioritizing a better quality of life through their old age, which puts even more strain on the system.



As demand for services grows, Canadian health care providers are under pressure to reassess traditional practices. The acute shortage of hospital beds and the long wait times for care are obvious indicators that change is necessary. An article in the Globe and Mail noted that Canada ranks near the bottom of developed countries with regard to number of available beds. CBC News

reported research that found that 27 per cent of Canadians are waiting more than four hours for emergency room treatment.

This stretching of the country's hospital resources comes at a time when the Public Health Agency of Canada estimates three out of every five Canadians suffer from chronic diseases including diabetes, cancer, mental illness and cardiovascular conditions.

The combination of a population that is both growing and aging is forcing a change in the way medical services are delivered. Consider, for example:

- At-home treatment and services are an increasingly popular option, as patients prefer to recover from hospital stays, rehabilitate from injuries, treat chronic conditions and maintain wellness from the comfort of their homes.
- As many as one in four Ontario residents visit a walk-in clinic each year.
- With citizens living longer, more suffer from chronic conditions requiring full-time care. A report from the Canadian Life and Health Insurance Association noted serious capacity issues in long-term care facilities.

The shifting nature of Canada's health care system has naturally affected all aspects of the health care supply chain.

Home care is a crucial component for the effective functioning of the Canadian health care system.

The “New Normal” for Medical Supply Businesses



As a medical supply manufacturer or distributor, you must not only meet the expectations of your B2B customers – hospitals, surgical centres, pharmacies and doctors’ offices – but you must also incorporate a B2C component for those receiving home care services. Additionally, the constant pressures on health care providers to reduce costs will be compounded further in 2017, as the federal government cuts health care funding to the provinces.

So, the industry is feeling the squeeze to do more with less while continuing to meet customer expectations. For many, a key strategy will be to fundamentally restructure their supply chain to maximize efficiency and control costs.

Meeting these challenges begins with an experienced supply chain partner that can design a solution to meet a business’s specific needs.

Key considerations in selecting a partner should include:

- 1 Flexibility to adapt to changing needs, including increased regulatory oversight
- 2 Experience in servicing both B2B and B2C customers
- 3 Cross-border and customs experience to manage the increasingly global sourcing of medical supplies
- 4 A comprehensive distribution network that ensures seamless service across Canada
- 5 Technology-driven processes to ensure full visibility and optimal innovation
- 6 A strong commitment to customer service

Canada’s senior population is expected to double in size to 10 million over the next 25 years.

A Comprehensive Supply Chain Solution

Hospitals and other public health institutions remain the principal purchasers of medical equipment and supplies across Canada, accounting for about 70 per cent of total market sales. However, as the aging population has outgrown the availability of care options, other markets have opened up, such as community health centres and home-based caregivers.

Getting your products to varied types of customers when – or, better, before – they need them requires innovative thinking about your supply chain. Some goals to strive for are these:



Reduced transit times. Stock-outs of medical supplies are unacceptable. But since stockrooms and supply closets in most Canadian hospitals and community facilities cannot accommodate large quantities of supplies, a steady supply of inventory must be continually accessible within a short window of time.



Guaranteed delivery. Customers often expect a date-certain – sometimes even a time-certain – promise of when a shipment will arrive. Failure to deliver on those promises will not only dissatisfy a customer but could have serious health-related consequences.



Flexibility/scalability. While most medical facilities maintain a steady supply of frequently used consumables, you must be prepared to address “emergency” demand to rapidly increase inventory. An unexpectedly strong flu strain, for example, could cause a surge in demand for surgical masks.



Visibility/tracking. With multiple types of products possibly spread across multiple locations, you need to monitor precise inventory levels. As shipments leave your warehouse for their intended destination, tracking their progress from your loading dock to your customer’s door is vital.



A Comprehensive Supply Chain Solution



Cost efficiencies. As you know, Canada's medical supply industry is highly competitive, especially as non-Canadian websites including Amazon, Wal-Mart and Alibaba expand their inventories to include medical supplies, often at discounted prices. Canadian businesses are, therefore, under intense pressure to reduce costs without sacrificing customer service expectations for fast, on-time deliveries.



Global sourcing. Roughly 80 per cent of all medical device products, which include medical supplies, are imported from other countries – most from the United States. Distributors must have the resources to identify international suppliers and build a supply chain for bringing goods into Canada, while adhering to all customs requirements and complying with Health Canada and other agency requirements for packaging, content, advertising, storage and transport.

Smart medical supply businesses realize the importance of having an experienced supply chain partner – one that has embraced the tremendous innovation taking place in supply chain management and that offers a range of solutions.

An ideal solution is to enlist an all-in-one service provider to manage all aspects of the supply chain. Working directly with you, a supply chain partner would develop an integrated solution that covers every step of the process – inventory management, order fulfilment, warehousing, transportation, records and data management, customs management and returns management. Consolidating these responsibilities not only ensures a high degree of accountability and visibility but is also cost effective.

Hospitals and other public health institutions remain the principal purchasers of medical equipment and supplies across Canada, accounting for about 70 per cent of total market sales.



Transportation Options

Among the capabilities to look for in an all-in-one provider are these:

Courier services. A strategic courier-based solution is ideal for efficiency and reliability. Courier services are preferable for home deliveries, for scheduled inventory replenishment deliveries to hospitals and health care centres and for emergency-level needs. Key advantages of a courier solution include:

- 1. Time-definite, guaranteed delivery.** Shipments generally travel directly from the point of pickup to the end customer, without a stop at a warehouse or distribution centre. This means the shipment is able to arrive considerably faster than a freight solution.
- 2. Expedited border clearance.** Incoming international courier shipments valued at less than C\$2,500 may eligible for expedited customs clearance.
- 3. Accountability.** Since shipments remain in the hands of the same carrier for the entire transit cycle, there is a definitive chain of custody, as well as uninterrupted tracking and visibility.
- 4. Security.** With minimal touches of courier shipments, the risk of damage or theft is reduced.
- 5. Last mile.** Courier services can be customized to meet a recipient's preferences, such as making a delivery to an alternative address or at a specific time. Such flexibility is not only a convenience; it can be essential to ensuring a successful delivery.



Transportation Options

Freight/LTL services. LTL freight generally consists of larger shipments from multiple sources that travel via a single truck. LTL service can both save you money and be highly flexible since drivers generally make multiple stops to pick up packages or make deliveries.

An experienced LTL provider will offer a range of capabilities including:

- 1 A customized solution
- 2 A wide range of delivery options
- 3 Flexibility/scalability
- 4 On-time service
- 5 Shipment integrity
- 6 Enhanced security/minimal shipment damage
- 7 White glove service
- 8 Specialized services, which may include:
 - After-hours pickups/deliveries
 - Dangerous goods handling
 - Inside pickups/deliveries
 - Freeze-protection services
 - Special handling



Technology-Based Solutions

Technology has dramatically improved transportation capabilities, with new and better options being introduced regularly. These are some of the most important ways technology is benefiting the medical supply industry:

Route optimization. Shipments travel via the most direct route available, eliminating wasted miles and unnecessary stopovers.

Visibility. An integrated technology system will tie together a business's inventory, warehouse, transportation and administrative systems, which in turn will enable 360-degree visibility into all processes. Visibility allows real-time access to inventory levels and locations, helps identify pain points in the supply chain and allows your customers 24/7 access to their shipment's location.

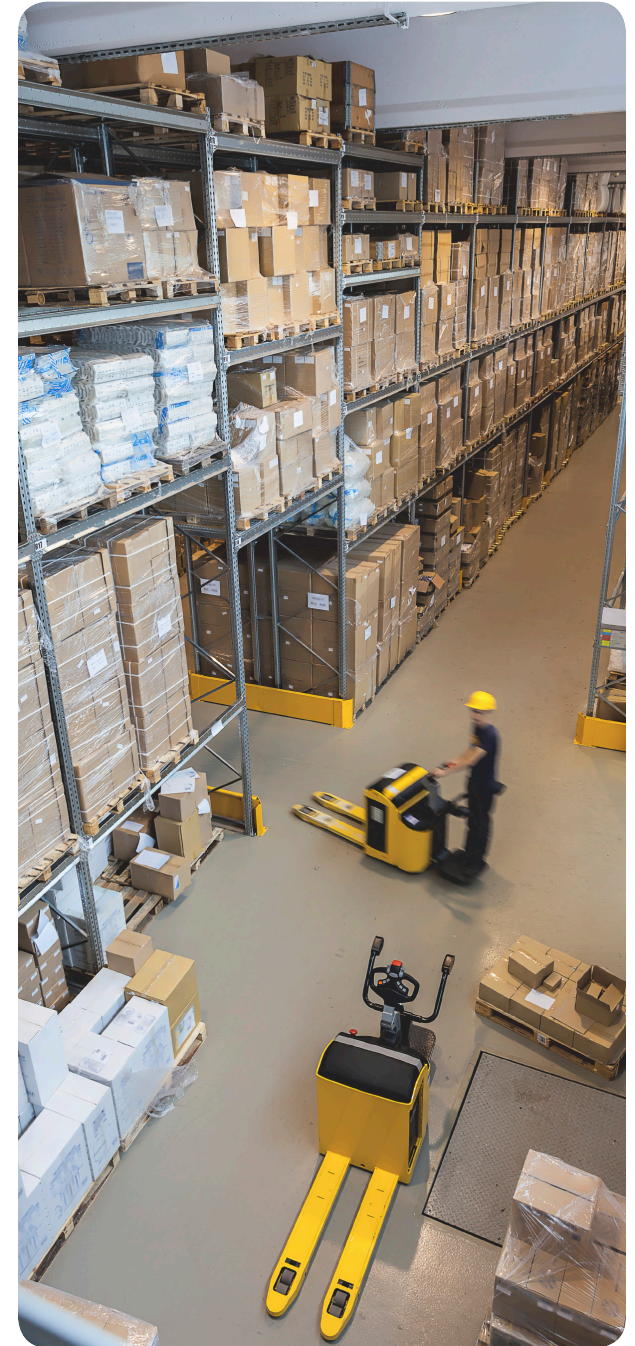
Data tracking and reporting. An integrated technology solution allows managers to more efficiently run their businesses. Data can be collected and reports generated for all key performance metrics, such as sales histories, vendor performance, shipment efficiency and cost outlays.

Warehouse Management

Businesses that once supplied all of their customers from a single warehouse now find themselves unable to keep pace with the geographic scope of their multi-channel customers, who can make purchases from across the country.

Experienced couriers or freight providers may maintain their own networks of full-service warehouses. This option allows a business to avoid having to invest in its own assets. Inventory can be stored in the provider's warehouse and be ready for immediate processing and shipment when needed. This eliminates the need to physically transport merchandise from an off-site third-party warehouse and keeps the shipment in the hands of a single supplier from the warehouse through delivery.

Experienced couriers or freight providers may maintain their own networks of full-service warehouses. This option allows a business to avoid having to invest in its own assets.



Conclusion

According to Statistics Canada, by 2030, one in four Canadians will be a senior citizen and, in most cases, will enjoy a healthier and more robust aging process than did previous generations.

As Canada's health care services industry aligns with this new reality, what will undoubtedly emerge will be a more efficient, patient-centric system. For medical supply manufacturers and distributors, though, adapting to this new normal will require a significant reworking of traditional supply chain practices. For most, an experienced and innovative supply chain partner will be integral to helping make the necessary adjustments.

Make a list of all “must haves” and “would love to haves” and request a written proposal from each potential provider. In the end, the right choice will become apparent and will be a tremendous asset in improving the efficiency of your business.



About Purolator

Purolator Inc. is a leading integrated freight, package and logistics solutions provider in Canada. Celebrating over 50 years of delivering its customers' promises, Purolator continues to expand its reach and renowned service levels and reliability to more people, more businesses and more places across the country and around the world. Purolator is proud of its Canadian heritage and is focused on sustainably positioning itself for future growth and success. Purolator is also committed to contributing to the well-being of the communities it serves and where more than 11,000 of its employees live, work and play. For more information, visit [purolator.com](https://www.purolator.com).

References

Born, Karen, & Irfan Dhalla, "Filling a Gap: Ontario's Walk-in Clinics," Healthydebate.ca, August 9, 2012.

"Canada Home Healthcare Market – Industry Analysis, Size, Share, Growth, Trends and Forecast 2014-2020," PR Newswire, January 7, 2016.

Chen, Christopher T., Jia Hu, Connie E. Chen & Ateev Mehrotra, "Walk-in Clinics Versus Physician Offices and Emergency Rooms for Urgent Care and Chronic Disease Management," Cochrane Effective Practice and Organisation of Care Group, June 27, 2015.

"Courier Low Value Shipment Program," Canadian Border Services Agency, October 31, 2014.

Crawford, Blair, "Ontario's Long-Term Care Problem: Seniors Staying at Home Longer Isn't a Cure for Waiting Lists," National Post, March 12, 2016.

"Guidance Document: Guidance for the Labelling of Medical Devices...," Health Canada, July 20, 2015.

Harris, Kathleen, & Peter Zimonjic, "Health Ministers Wrap Tense Talks With No Agreement on National Health Funding," CBC News, October 18, 2016.

"Healthcare Resource Guide: Canada," Export.gov, U.S. Commercial Service, June 29, 2016.

"Hip and Knee Replacements in Canada: Canadian Joint Replacement Registry 2015 Annual Report," Canadian Institute for Health Information, September 2015.

"Home Care in Canada: Advancing Quality Improvement and Integrated Care," Accreditation Canada and the Canadian Home Care Association, May 2015.

"Just the Facts," Ontario Association of Community Care Centres, n.d.

"Medical Devices Industry Profile," Innovation, Science and Economic Development Canada, October 18, 2016.

"Medical Wait Times up to 3 Times Longer in Canada," CBC News, June 3, 2014.

On the Coast, "Walk-in Clinics Getting Slammed by Doctor Shortage, Owner Says," CBC News, March 7, 2016.

"Safe Medical Devices in Canada," Health Canada, July 7, 2014.

Schnirring, Lisa, "Study Finds Pandemic Sorely Tested Hospital Mask, Respirator Supplies," University of Minnesota, Center for Infectious Disease Research and Policy, August 24, 2010.

Taylor, Paul, "Why Must ER Patients Wait So Long for a Hospital Bed?," The Globe and Mail, March 16, 2016.

Wait Time Alliance, "Eliminating Code Gridlock in Canada's Health Care System: 2015 Wait Time Alliance Report Card," n.d.

© Purolator Inc. 2017