

SAP Customer Success Story Healthcare

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AT A GLANCE

Company Name

Héma-Québec
Canada
www.hema-quebec.qc.ca

Industry

Healthcare

Key Challenges

- Reduce operating costs but maintain quality and availability
- Maintain optimal visibility; products have full traceability
- Support a more accurate, speedier recall process to quickly trace and dispose of products that pose a risk
- Simplify and consolidate IT environment

Implementation Partner

Le Groupe Résolution

Solution and Services

SAP® software for warehouse management, quality management, sales and distribution, and materials management (these functions are now available in the mySAP™ ERP solution)

Existing Environment

SAP software for financials (now available in mySAP ERP Financials)

Implementation Highlights

- Rapid, 12-month implementation using ASAP methodology
- Project completed on time, in spite of rigorous testing required
- Comprehensive user training helps ensure seamless migration

Key Benefits

- Inventory levels reduced by 50%
- Product recalls can be made in minutes
- System users freed from performing repetitive, manual tasks
- IT support costs reduced
- Payback estimated at 24 months

Hardware

IBM/Intel

Operating System

Microsoft Windows Server 2000



HÉMA-QUÉBEC

SAP HELPS HÉMA-QUÉBEC KEEP ITS HIGH-QUALITY FRACTIONATED BLOOD PRODUCTS IN CIRCULATION

Héma-Québec manages the collection and distribution of blood and blood products for the Province of Québec. This nonprofit company operates under strict licensing agreements from Health Canada, the federal agency that oversees and regulates Canadian healthcare. As a public sector enterprise, Héma-Québec has an operating budget of €156 million and a mandate to manage and distribute – as efficiently as possible – blood and blood products to 88 hospitals throughout the province. Founded in 1998, Héma-Québec currently has 1,300 employees and provides approximately 75 different fractionated products as well as whole blood, plasma, platelets, bone marrow, stem cell, and tissue.

BREAKING IT DOWN

Even though most of Héma-Québec’s products are derived from human blood, there’s a substantial difference in the way the company collects and distributes whole blood and what’s known as fractionated (or stable) blood products. With whole blood, Héma-Québec manages all aspects associated with donating, collecting, storing, and distributing this life-giving fluid. Fractionated blood products are produced by bio-pharmaceutical companies, which process plasma into a number of special proteins for therapeutic use. Typical fractionated products include blood clotting factors, albumin, and immunoglobulin, which prevent or treat specific diseases. Since distribution of fractionated blood products accounts for more than half of Héma-Québec’s operating revenues, the organization must handle these products skillfully, managing a supply chain and distribution network similar to that of any pharmaceutical company.

Managers need to know as much as possible about supplier issues, product availability, shipping dates, order confirmations, product location, and all the elements associated with inventory management.

KEY GOALS

Héma-Québec faces a number of challenges and business issues. The organization's primary goal is to maintain strict quality standards. During the 1990s, crises in blood collection and distribution systems in the developed world prompted companies everywhere to redouble their efforts to manage and distribute blood products of the highest quality. Héma-Québec, like many companies in the healthcare field, constantly strives – using the

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principles of accountability, quality control, and traceability – to keep standards high and to distribute only sound products throughout the network it serves. A second goal is to maintain availability of its products; with lives at stake, having the right product in the right place at the right time is clearly an overarching imperative. A third goal: keeping a lid on costs. To make high-quality blood and blood products available for hospitals and patients, Héma-Québec must optimize the efficiency of all its production and distribution processes.

SETTING THE STAGE FOR IMPROVEMENT

As Héma-Québec worked to enhance availability, quality, and costs, company leaders identified a need to make changes in the organization's IT systems. For product management, the company had been using an outsourced solution from another organization, Canadian Blood Services. While the system had its merits, Héma-Québec was unable to adapt or customize it to meet its specific requirements. In June 2001, the company decided to implement a new system for the procurement and distribution of fractionated blood products.

BUILDING ON EXISTING SAP® SOFTWARE

Héma-Québec had been using SAP® R/3® software to manage core financial processes (this functionality is available today in the mySAP™ ERP solution). The company was impressed with the integration capabilities of SAP solutions and also with the increased efficiencies and cost savings deriving from SAP's use of industry best practices.

As a result, Héma-Québec's IT group proposed using SAP solutions to handle purchasing, inventory management, and distribution of fractionated blood products. This was viewed as a somewhat heretical notion, since virtually all other distributors of blood and blood products have traditionally stayed within their “comfort zone” and used home-grown solutions or products from niche providers. In fact, in a visionary move, Héma-Québec was the first organization of its kind in Canada to use a generic, integrated solution.

THINKING OUTSIDE THE BOX

Even though SAP software had never been used to manage fractionated blood products, Héma-Québec's IT team pressed forward, making a persuasive case to the organization's executive board and also to Health Canada, which requires stringent proof of efficacy, safety, and consistency before approving a new system for use in Canada's healthcare environment. "The decision to go with SAP was the expression of Héma-Québec's will to use a new approach," says Simon Fournier, VP of Information Technology at Héma-Québec. "Other technologies were better known within our field, but SAP represented a way of strengthening our portfolio with a more efficient system. The power and breadth of SAP functionality is unequalled, and SAP clearly understands our requirements for high-quality, high-performance IT solutions."

IMPLEMENTATION: ON TIME, WITHIN BUDGET

After obtaining the approval of its executive board in early 2002, Héma-Québec moved ahead with implementation. An eight-person team of end users and in-house IT specialists – supported by Le Groupe Résolution, an IT consulting firm – kept the one-year project (April 2002 – April 2003) on time and within budget. After migrating legacy data, training users on the new system, and thoroughly documenting new procedures, Héma-Québec went live on April 1, 2003, shortly after receiving approval from Health Canada in March of that year. The organization began using new SAP functionality to support procurement planning, materials management, sales and distribution, billing, and quality management.

A TRANSFUSION FOR INVENTORY MANAGEMENT

Having taken control of its destiny, Héma-Québec quickly began to benefit from significant improvements in many areas. One key area was inventory of fractionated blood products. The previous system had served primarily as a large repository of information, with limited use as a management tool. Using SAP solutions, however, Héma-Québec's managers can now automate and streamline many supply chain and distribution processes.

"With our SAP solutions, we're able to enter into agreements with suppliers, set minimum and maximum levels, check product availability in real time, and schedule the receiving of materials much more efficiently," says Fournier. "We have set stringent performance targets for all of our suppliers, and in our first year of monitoring operations with SAP software, suppliers met the exact delivery dates, in the precise quantities ordered, 95% of the time. This quantifiable result, which is a tremendous improvement over our experiences under the previous structure, has resulted in a zero backorder track record in delivering products to our clients."

Thanks to this flexibility, visibility, and control, Héma-Québec has been able to realize its goal of reducing inventory without affecting availability for the hospitals and patients whose need for fractionated blood products is often a matter of life and death. "When it comes to fractionated blood products, just-in-time delivery will never be a reality," says Fournier.

"We simply cannot afford to have a shortage. But having said that, we've managed to reduce inventory by close to 50% using SAP software."

PROTECTING THE PUBLIC

Héma-Québec is also benefiting from significant improvement in the efficiency of its product recall process. Despite elaborate safeguards instituted by the healthcare community, products that pose a risk can – in rare instances – make their way into the system. With the help of its SAP solutions, Héma-Québec has developed a more robust recall process. If a recall were ever necessary, Héma-Québec has the critical systems in place to track the affected products and notify hospitals as quickly as possible.

Using the previous system, Héma-Québec's staffers would have to go into a cumbersome database, manually note where various batches of blood products resided, assemble this information into a written report, and fax the data to each affected hospital. With SAP solutions, employees can generate customer-specific reports in a matter of seconds. Not only does this result in a faster notification process, it also reduces the likelihood of human error.

VISIBILITY SAVES LIVES

This “traceability” characteristic represents one of the most important benefits Héma-Québec has realized using SAP software. While it’s beneficial to have control over the supply and distribution processes, it’s even more important to know exactly where products are as they make their way through the system. Simon Fournier puts it this way: “The standards are so high, and the consequences of poor management are so appalling, that you can’t afford mistakes.”

With new health issues like Mad Cow Disease and West Nile Virus menacing the global village, maintaining public trust and confidence is paramount.

According to Dr. Francine Décary, president and chief executive officer of Héma-Québec, “It was a priority for Héma-Québec to comply with the safety measures required and demonstrate that our enterprise, our products, and our processes can be trusted.”

PUTTING THE BENEFITS IN PERSPECTIVE

In addition to better inventory management and streamlined recall processes, Héma-Québec has achieved some substantial cost savings with SAP solutions. A number of departments report efficiency gains, allowing employees to concentrate on value-adding processes like customer service or product development.

The IT department has achieved cost savings by bringing SAP solutions in-house, thereby eliminating the license and maintenance fees associated with the use of the legacy system. All in all, thanks to the newfound efficiencies, Héma-Québec estimates that the SAP solutions will pay for themselves in approximately two years, an impressive return on investment.

KEEPING BLOOD IN SUPPLY

Having enhanced the procurement and distribution of fractionated blood products using high-impact tools from SAP, Héma-Québec is now considering using its SAP solutions to manage other product lines like the tissue bank. Fournier looks forward to meeting these and other challenges. “The key for Héma-Québec,” he says, “is moving to reinvent the way we work. We have to recognize that even though we’re a public sector organization, we have a production and distribution mandate. SAP has been a very powerful enabler in helping us reduce costs while maintaining product quality and availability. That’s good news for us, for our healthcare system, and for the patients whose health depends on how well we do our job.”