

Case study

Hospital Logistics Inc.



At a glance

Industry: Transportation and Logistics

Application: Inventory Management

Intermec helps hospital supply chain management company minimize costs and speed delivery time

In the spring of 2001, the University Health Network (UHN) in Toronto, Canada reevaluated its just-in-time third-party logistics for medical/surgical products. UHN, along with Mt. Sinai Hospital (MSH), with whom it had partnered in supply chain solutions, wanted to achieve best-in-class operating performance metrics. To this end, UHN decided to set up a new organization – Hospital Logistics Inc. (HLI).

A key strategic goal during the start-up of HLI was development of a cost-effective, just-in-time inventory process for the ordering and distribution of medical and surgical supplies. To help achieve this objective, HLI implemented a wireless inventory management system that included Intermec 700 Series Mobile Computers powered by TECSYS EliteSeries enterprise distribution software.

“I had experience in implementing wireless solutions in the past,” said Sharon Booth, project manager, HLI. “Considering the challenges of managing thousands of SKUs for multiple hospitals in Toronto, we determined from the onset that an efficient way to control costs while providing on-time delivery of inventory was by implementing a wireless solution. I’ve had great experience with

Intermec, and I knew their technology was reliable and easy to use.”

HLI currently manages more than 3,800 SKUs for its customers. Developing a wireless solution was vital in order to meet the challenging demands of providing a cost effective supply chain system for its member hospitals. It also helped HLI to deploy warehouse labor effectively and ensure accurate, on-time delivery of inventory.

Mobile Computers Ease Burden of Complex Hospital Inventory Management

Hospital operations personnel use TECSYS-powered Intermec 700 Series Mobile Computers to monitor inventory at nursing stations and on supply carts in various locations throughout the hospital. Maintaining necessary inventory is critical to medical procedures to ensure that they are unaffected by the availability of supplies. This made hardware reliability an important consideration when determining the right mobile computers for the job. Also, since hospital employees need to check inventory at numerous locations throughout a healthcare facility, computer ergonomics and ease of use were important. “We chose Intermec as our hardware



provider because their devices were extremely easy to use," Booth said. "The handhelds are also lightweight and ergonomic, making them ideal in a busy hospital setting."

Hospital materials management personnel monitor inventory and replenish hospital carts daily using the Intermec mobile computers. The 700s easily scan and record inventory, and generate an order for what is needed. Once a hospital employee's route is completed, the worker docks the handheld, and the captured data is synchronized at the HLI distribution center which is located 25 miles away. Exceptions are queued and managed immediately, and orders without exceptions are managed for same-day fulfillment to the hospitals. The wireless system also permits real-time operator feedback during the picking process, and accuracy is maximized through system-direct prompts that trigger replenishment. As a result, the system offers inventory replenishment and purchasing personnel real-time visibility of the inventory and item status.

Working with Intermec has contributed greatly to HLI's efficiency. HLI is currently completing 85,000 order lines per month across 8,000 orders. Its order accuracy is 99.5 - 99.8 percent.

"This small margin of error in order accuracy typically relates to human error, not from the hardware," Booth said. "Intermec's handhelds have been very dependable and a major contributor to our high level of efficiency."

Another contributor to HLI's efficiency is TECSYS. TECSYS developed, implemented, trained and installed its powerful EliteSeries of enterprise distribution and logistics software applications including, Enterprise Performance Management, Distribution Management, and Warehouse Management.

"The TECSYS software was critical to the overall solution and to providing the ability to manage inventory right down to the hospital carts and nursing stations," Booth said. "TECSYS is a major contributor to our efficiency and to allowing hospitals to concentrate on patient care rather than materials management."

Wireless Label Printers Reduce Printing Costs

In addition to the 700 Mobile Computers, HLI uses Intermec's wireless label printers in its distribution center. The printers travel with the employee to the work, eliminating the need for them walk to pick up labels, increasing labeling efficiency. The system also provides better deployment of printing stations - another opportunity to save on printing costs.

"The wireless printers have saved on setting up multiple stations," Booth said. "Receiving and shipping now share printing stations, so we require less in capital cost."

The Results: Accurately Stocked Hospitals at a Lower Cost

Since deploying the technology, HLI has realized an extremely efficient supply chain process, and has helped to significantly reduce the inventory, order and distribution costs for its customers.

HLI now provides supply chain management solutions to four Toronto-area hospitals including UHN and MSH, as well as Sunnybrook Health Sciences Centre and Women's College Hospital. In March 2006 HLI was acquired by Hospital Business Services, a not-for-profit organization that will provide non-clinical back office services to 12 Member hospitals.

"Since we implemented Intermec from the beginning, it is hard to say what our productivity would be without Intermec," Booth said. "It is safe to say however, that our productivity and accuracy have been greatly affected by this decision. We are extremely pleased with the results, and have enjoyed a strong relationship with Intermec. Their sales and support staff have been extremely helpful and enjoyable to work with throughout the process."

North America

Corporate Headquarters

6001 36th Avenue West
Everett, Washington 98203
Phone: (425) 348-2600
Fax: (425) 355-9551

South America & Mexico Headquarters Office

Newport Beach, California
Phone: (949) 955-0785
Fax: (949) 756-8782

Europe/Middle East &

Africa Headquarters Office

Reading, United Kingdom
Phone: +44 118 923 0800
Fax: +44 118 923 0801

Asia Pacific

Headquarters Office
Singapore
Phone: +65 6303 2100
Fax: +65 6303 2199

Internet

www.intermec.com
Worldwide Locations:
www.intermec.com/locations

Sales

Toll Free NA: (800) 934-3163
Toll in NA : (425) 348-2726
Freephone ROW: 00 800 4488 8844
Toll ROW : +44 134 435 0296

OEM Sales

Phone: (425) 348-2762

Media Sales

Phone: (513) 874-5882

Customer Service and Support

Toll Free NA: (800) 755-5505
Toll in NA : (425) 356-1799

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