



It Can Be Done

DALE GREGG, Senior Vice President and Chief Technology Officer of ORMED Information Systems, says e-commerce and seamless business process integration is most definitely possible in health systems – it just takes some patience and effort.

Who is ORMED?

ORMED began as a materials management consulting firm and has now been in the healthcare arena for the last 17 years as a supplier of healthcare technology. ORMED develops, implements, and continues to evolve a comprehensive set of MIS software tools exclusively for healthcare that fully automate and integrate finance, supply chain, business intelligence, HR, payroll and e-commerce. Our Internet-enabled financial software and B2B e-commerce solutions streamline business process across multiple sites to significantly increase healthcare efficiency and profitability. And, most importantly, they have been proven in hundreds of diverse and complex health systems, hospitals and long-term care facilities. We are the largest Canadian supplier of MIS solutions to Canadian healthcare facilities, and have more than 350 healthcare clients in North America.

One of the things that makes ORMED different is that for 20 years, we've been focused solely on healthcare financial systems. Because we focus solely on business processes where efficiencies and savings can be found, our functionality reflects what health systems and their hospitals really need to achieve significant economies of scale that deliver savings to the bottom line.

Because the ORMED system can be fully integrated, with a central database linking all applications and users, all of our client's financial information is at their fingertips 24/7. Account source and transaction details are only a clickaway, in real-time, without information overload. Every decision can be a fully informed decision. Every business process and every staff member can achieve greater efficiency. Sarbanes-Oxley compliance is easily facilitated. Pay-for-performance indicators can be effortlessly monitored and reported on. Our clients consistently say ORMED implementations happen faster, are more affordable and create less stress than the industry average.

What do you see as the biggest problem facing healthcare today?

The biggest problem facing healthcare is the aging population of the U.S. The fact of the matter is: the aging baby boomers will put a massive strain on the healthcare system in the coming years. That is compounded with the problem that many of those same people are now healthcare providers themselves. Now that the healthcare providers are going to be retiring, they are going to be entering the front door as patients. What we have to do is look to software to reduce the amount of full-time equivalents (FTEs) it takes to do the same tasks that were being done by the baby boomers themselves.

How is ORMED addressing this problem?

ORMED is addressing this problem by focusing on the financial and administration sides of the hospital. What we are trying to do is build our software so it requires fewer FTEs to do the same job,

and in some cases removing entire business processes themselves. For example, with the use of e-commerce, we can have individuals handling transactions that are problems, allowing the computers to handle transactions that have no problems. Automating the order entry system allows orders to be submitted to the supplier when the inventory becomes low – all the way down to payment for the order with no human interaction whatsoever.

What are the greatest savings opportunities for healthcare?

E-commerce and seamless business integration are undoubtedly the biggest areas of savings. The fewer times transactions are touched by human beings, the more efficient the process can be. By integrating our software with the vendor software directly, you can eliminate both the vendor and hospital touching the product. When ORMED looks at an e-commerce solution, we don't only look at it from the hospital's point of view; we look at it from an entire supply chain point of view. This includes the vendor's point of view and the buyer's point of view. What we try to create is a solution that doesn't require the vendors or hospitals to touch purchase orders. The purchase orders are generated automatically out of the system under situations where stock replenishments are required and the vendor's order desk systems are automatically notified to fill orders directly through to the hospital so that payment is made when the hospital receives the goods. We are trying to build systems that are fully automated from start to finish, and when there are problems with particular orders, we deal with the exceptions.

How mature would you say e-commerce and seamless business process integration are? What is the adoption rate like with your solutions?

These technologies are still very new. E-commerce has been around for a few years and ORMED has been on the leading edge of that technology for quite some time. Some of the new advancements that we have made in the last 18 months focus on being able to produce orders straight through to payment without having human intervention, which is all brand new technology. This is technology that is just starting to be adopted. Of over 350 hospitals using ORMED software, only about 10 percent have adopted this technology. Every time we present this technology, we are getting fantastic buy-in into moving toward seamless integration with our vendors. We are going to see this technology taking a foothold in the next two to three years.

What kind of preparations must the industry make to fully adapt to this technology?

The hospitals, providers and suppliers all have to start to acknowledge that this technology exists and that they can start moving today to adopt that technology. It is really a change in human behavior above anything else. From a technological point of view, we have

the abilities built into our software today where orders can go entirely electronically. However, what we find is that hospitals that are not comfortable with e-commerce will go around the defaults and produce a faxed purchase order to the vendor. Even though the vendor is already online and can receive those orders electronically, the hospital tends to go back to the way they have been doing things for the last 30 or 40 years. It is really a change management scenario within each of the institutions where training has to take place and the benefits of e-commerce have to be explained to each individual provider. Sometimes the same must be done with the suppliers; we have to explain the benefits of having the computer system do the completely automated process and have people deal with the exceptions that are coming out of the process rather than dealing with every single order all the way through.

Can you tell us about the ORMED X B2B portal and the other products that are addressing these needs?

When we originally developed the ORMED X portal, we were shifting the design from a DOS platform to a Windows platform, and we were changing a lot of our technological layers. One of our problems with the DOS world was integration. Every time we wanted to add a training partner to a particular provider, we had to basically write an interface to the training partner and deliver that interface via software upgrades to the hospital. As we were developing our new technology, we decided this was a very inefficient way of writing software. We had to make that process more automated so that we did not have to update our MIS software within the hospital every time we needed to add new training partners. So, as a solution, we Internet-enabled every single piece of software that we wrote, giving all financial applications the ability to communicate and transfer information to an Internet portal – ORMED X.

We really saw the benefits of this in the e-commerce field, where we wanted to be able to have vendors communicating with buyers directly through this automated purchasing system. Since e-commerce was high on everyone’s list, we started seeing other Internet portals popping up early in 2000. Being fully independent, ORMED made the effort to go out and create trading agreements with other Internet portals. If you do a purchase through a vendor in an e-commerce format, it will flow up to ORMED X, which then decides how to route that information to be received by the vendor. ORMED X may take the purchase order and convert it into an e-mail; it may take the transaction and communicate directly with the vendor; or it may take the transaction and flow it through to another exchange where the vendor does have a connection through an Internet portal.

The purchase order can be routed through various means in order to actually reach the vendor’s order desk system. This routing literally takes microseconds to complete. The time the order is sent through ORMED X to the time it is received in the vendor’s order desk system is literally microseconds. You can see how this is much quicker than printing off a document and taking it to the fax machine, faxing it and waiting for the fax return to come back. In some cases, we are seeing

our receipt notifications coming back into our materials management system happening as fast as you saved the record originally. If the vendor needs to make a change and sends an update, it is flowed back into the order automatically as the system updates itself. This keeps the records clean, and the cleaner the records, the faster the payments to the vendors. So there is a huge incentive for all parties to make sure that these transactions are clean before they are processed through to accounts payable.

How do you see technology assisting healthcare in the future?

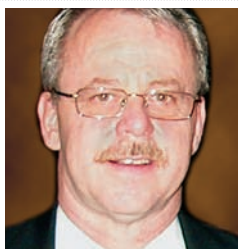
The future is bright. There are many areas technology can still assist in reducing FTEs – both from a supplier’s point of view and from a provider’s point of view. From a supplier’s point of view, the fact of automating and computerizing consignment inventories can reduce the amount of FTEs within the supplier community. Reducing FTEs in the supplier community reduces money out of the supply chain, which is our goal. From a provider’s point of view, we have to look at what the providers are doing today that is costing them a great deal of money and numerous FTEs to manage.

One example is the pandemic inventories that plague us every so often. Due to the fact that we had a SARS scare a couple of years ago, and because hospitals are looking at ways to react to these scares in a more efficient manner, what they are doing is building large inventories. That goes against what we have all learned about inventories over the last 15 years: that large inventories are very expensive to maintain. What we need to do is look at ways in which we can eliminate the need for large inventories of materials that are basically sitting in case of a pandemic. We need the ability for individuals at a hospital to take a geographical location and find the inventory value of any one particular item within 100 miles of the facilities. If they can find out the inventory value within their site, the related sites and supplier sites, then the need for creating large pandemic inventories is removed and you are left with a more efficient model. This is not impossible to do.

If you take your car to get it repaired at a dealer, the first thing they do is figure out where the parts are – another dealership, supply store or warehouse. We need that same type of ability within the healthcare arena so that the materials management people can easily find out what an inventory level is on any material.

What is unique about the ORMED software?

Not only in the procurement or supply chain do we have e-commerce, but we also have Internet capabilities across all of our product lines. We are finding that hospitals and providers are asking whether they can integrate their government organizations so that their general ledger can report directly to the government. All of these things are possible, and we’ve connected quite a few of our hospital sites from general ledger directly through to their ministry controls. All of our software is fully integrated and that is something that is unique to ORMED. Hospitals running our software have that unique advantage just by running ORMED MIS software.



Dale Gregg, Senior Vice President of Development and Chief Technology Officer of Ormed Information Systems, is an award-winning efficiency expert and one of North America’s strongest advocates for widespread adoption of proven e-commerce technology and integrated MIS software. Dale has led the development and implementation of full-spectrum e-commerce, supply chain, finance, human resources, payroll, business intelligence, and systems management software solutions for healthcare and other industries. His extensive experience in healthcare as well as manufacturing, automotives and real estate has given him a broad appreciation for the diverse needs of organizations that share common problems.