



## LIFE SCIENCES & HEALTHCARE CASE STUDY

# MAXIMIZING INVENTORY CONTROL AND AVAILABILITY OF CRITICAL SUPPLIES FOR A LEADING HOSPITAL SYSTEM

Traditionally, hospitals procure much of their personal protective equipment (PPE) and consumables from distributors, but – like many things – COVID-19 disrupted this process. Unavailability and unpredictability of hospital supplies was commonplace, and one major healthcare and hospital system knew it needed a new approach. So, it partnered with DHL Supply Chain to implement an effective hospital logistics solution.

A premier medical institution with 300+ locations in a major metropolitan area faced substantial inventory availability issues and supply chain disruptions related to COVID-19. Hospital staff desperately needed supplies such as masks, gowns, bedpans, IV solution, gloves, diapers and band aids to ensure proper levels of patient care.

### Customer Challenge

The limited and sporadic availability of supplies through its distributor and minimal on-site storage space meant medical personnel did not have materials where and when they're needed. Orders were placed with no confirmation of product availability, and costs were higher compared to purchasing them directly. Minimal inventory in storage exposed risks and left providers without access to essential supplies for patient care.

But transitioning to a direct sourcing strategy would require logistics expertise, substantial resources and new internal processes, as well as capital investments in systems, storage space and labor – substantial barriers to entry for any hospital system.

### DHL Supply Chain Solution

The hospital quickly partnered with DHL Supply Chain to design and operate a custom hospital logistics solution to meet its unique requirements. The 3PL minimized the resource and capital requirements associated with provider-owned inventory and brought to the table proven expertise in warehousing, inventory management, regulations and compliance, labor, systems and more.

The solution features a hybrid purchasing model that allows the hospital to buy bulk PPE and consumable materials direct from suppliers. Orders are shipped to DHL Supply Chain's 100,000-square-foot healthcare-compliant facility – or central distribution center (CDC) – for storage and inventory management. As demands for products within the system are made, the warehouse team picks and packs pallet orders that are shuttled directly into the hospital network. DHL Supply Chain leverages its deep warehouse and Life Sciences & Healthcare expertise to store, manage and track inventory, ensure regulatory/quality compliance and licensing, offer temperature control if needed, and adhere to good distribution practices (GDP). Governed by a warehouse management system (WMS), the site submits a daily report to the hospital detailing inventory in-stock to ensure fulfillment of future orders.

**DHL Supply Chain – Excellence. Simply delivered.**

## Customer Benefits

By leveraging its existing knowledge and resources, DHL Supply Chain started up the solution within just four months and began delivering the following benefits back to the hospital system:

- Enhanced control over inventory so medical personnel have the supplies they need.
- Healthcare-compliant warehouse space in a cheaper real estate market alleviated constrained storage space on-site at the hospital, saves costs and maximizes space for patient beds.
- Brand-agnostic and independent warehouse that is operated following best-in-class principles focused on KPIs/service levels to the hospital.
- Solution flexibility allows for fast order cycle times when the hospital experiences a sudden shortage of specific supplies. This solution will soon move from pallet to case pick to increase order SKU variety.
- Lower risk by owning the inventory/distribution channel.
- Reduced handling, improved inventory visibility and predictability.
- Decreased lead-time for materials management, which increased the focus on patient care.

## Customer Challenge

- Unavailable or unpredictable supply of critical supplies to support patient care
- Higher costs through traditional distributor relationship
- Limited inventory storage space on-site

## DHL Supply Chain Solution

- Life Sciences & Healthcare compliant facility to store and distribute supplies
- Comprehensive hospital logistics solution including inventory management and distribution backed by leading WMS
- Daily deliveries and inventory reporting
- Meets all regulatory and compliance requirements

## Customer Benefits

- Start-up in just four months
- Inventory visibility, control and predictability
- Lower risks by owning the distribution channel
- Return focus to patient care; reduce time spent on materials management

## FOR FURTHER INFORMATION

Contact our supply chain experts [here](#) >  
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