Drug Shortages Underscore Importance of Healthcare Supply Chain Flexibility

Vendormate’s solutions that bridge buyers and supplies to ensure transparency in their relationships is more crucial in today’s healthcare environment than ever. Procuring and delivering the right goods and services at the right time is critical. Nimbleness, flexibility and effective communication between buyers and suppliers are essential to ensure that patients get quality care. In a recent blog post “Supply Chain Flexibility a Necessity”, from The StrategicSourceror the author states, “many corporate decision-makers may be surprised to learn that cost reduction isn’t the only thing that’s critical to a successful business … a flexible supply chain may even be more important than slashing spending.” It’s spot on – right in line with why Vendormate created Medzo™, a new online sourcing tool for buyers and sellers in the healthcare industry.

Supply Chain Management = Cost Savings is an over-simplified equation that people have long overused as the primary rationalization for investing in supply chain improvements in healthcare and other industries. It’s not like cost-cutting isn’t important – roughly 30-40% of hospital costs are supply chain related. Controlling costs is really table stakes when it comes to healthcare supply chain management. The fact is, today’s complex healthcare marketplace demands that supply chains save money AND provide sourcing flexibility.

You see the need for greater flexibility in the healthcare supply chain in the news every week, as drug shortages continue to disrupt our nation’s healthcare system. Here are two recent cases in the news that underscore this problem, “Drug Shortages Spark Use of Compounders” and “Barium Shortages Forces Hospital to Cancel Tests.”

Shortages in pharmaceuticals, such as the one implicated in the ongoing meningitis outbreak, happen from time to time. They are typically linked to one of two event types; a shortage of raw materials affecting a large portion of the supply chain, or a single vendor producing a low-margin generic that goes into high demand for some unforeseen reason.

When shortages like this happen, buyers need to find alternative suppliers. The problem is, by the time there is a shortage most hospitals and healthcare providers will have already worked through their typical primary and back-up sources before the story breaks in the news. At this point, many buyers are forced to turn to Google, or other sources. These “Hail Mary” search attempts – like last minute long throws to the end zone – rarely result in scores.

“Other sources,” or even Google, is rarely a good answer. Buyers in healthcare need a more flexible supply chain strategy, one that can deliver access to a greater number of qualified vendors. In the case of the recent drug shortages, they need to be able to quickly identify new sources when their reliable suppliers cannot deliver what they need.

Medzo™ can help solve the challenge of materials shortages by introducing new suppliers to the buyer; sources they might not otherwise know exist. Because it’s a network of credentialed vendors, buyers are already ahead of the game by knowing that all potential
suppliers in the network are qualified. While this saves time and money, the most important benefit is to the patients. They expect to receive care when they need it, not when supplies are available.

Contact us for more information or visit vendormate.com.