BJC’s Prodigo Marketplace Success Story

Stan Parker, Manager, PwC - Health Industries Advisory
Randy Ryan, Director, PwC - Health Industries Advisory
Introduction

Looking for ways to reduce their non-catalog special request spending and increase manageable spend and contract compliance, BJC decided to integrate Prodigo’s Marketplace with their ERP system, PeopleSoft 9.2. The Prodigo Marketplace is an e-commerce solution that provides a user-friendly requisitioning and content management tool with a powerful search that is easily integrated with any major healthcare ERP system. BJC’s ERP team partnered with Prodigo, PwC, and key teams within the supply chain to best utilize the Marketplace tool to maximize the value and drive other important compliance initiatives. Thanks to the collaboration of the teams and functionality of the tool, the Marketplace created immediate value that impacted BJC’s procurement KPIs.

In order to measure the Marketplace’s impact, Prodigo performed a baseline assessment of BJC’s managed spend, contract utilization/compliance, special request spending, and several other key metrics. Twelve months after the go-live, a subsequent SCM spend assessment was performed.

The results from this assessment indicated improvements in most strategic SCM indicators, including the following: (Figure 1)

How the Prodigo Marketplace improved BJC’s spending KPIs

In discussions with BJC’s supply chain team, the features that users at BJC contributed the most to the improvements in the strategic indicators were: 1) the speed of the search engine, 2) the background catalog search that happens while entering special requests, and 3) the dynamic and shareable favorites lists.

1 Speedy Requisitioning Interface

Requesters in the healthcare setting are typically in patient care roles, with little time spent in the supply chain ERP system. If ordering supplies through prescribed processes and technology is difficult or time-consuming, they will find other ways to place their orders.

Providing tools that are easy to use helps drive compliance to purchasing policies. Prodigo’s Marketplace is designed to replicate online shopping experiences that requesters use in their daily lives. The simple, intuitive design minimizes the training need for requesters, and the speed of the search engine help them quickly find the items they need and place their orders. By making it fast and easy for requesters to order off the preferred item formulary, the Marketplace drove these improvements, the lessons they learned through the first year of utilizing the tool, and what they plan to do next to unlock as much value as possible. During PwC’s discussions with members of BJC’s supply chain team, two key themes emerged. 1) The Marketplace is a user-friendly tool that is easy to learn and use. 2) The tool had an immediate and direct impact on reducing special request and non-PO spending.

PwC interviewed key leaders throughout several departments in BJC’s supply chain to understand how the Marketplace drove these improvements, the lessons they learned through the first year of utilizing the tool, and what they plan to do next to unlock as much value as possible. During PwC’s discussions with members of BJC’s supply chain team, two key themes emerged. 1) The Marketplace is a user-friendly tool that is easy to learn and use. 2) The tool had an immediate and direct impact on reducing special request and non-PO spending.

Figure 1

- 22% ▲ on-contract spending
- 10% ▲ sourceable spend
- 6% ▼ special request spending (including a 9% reduction in recurring specials)
- 8% ▲ contract utilization
- 46% ▼ non-PO spending

“The Prodigo Marketplace solution provided BJC with a robust search engine that helped guide requesters to order off of the preferred item formulary. The result was an increase in user satisfaction and contracted item compliance along with a reduction in off-formulary special request spending.”

Bob Viviano, BJC Healthcare Manager of Supply Chain ERP Business Process Team
requesters to find the products they need, there is less need to go around policies and procedures in procuring items and services. This is clearly seen in BJC’s reduction in special request spending and non-PO spending. This was, and still continues to be, a major KPI for BJC’s supply chain team. This improvement is most directly tied to the implementation of the Prodigo Marketplace.

**2 Systematic Reduction of Special Requests**

Another way that Prodigo has helped reduce special requesting is by creating a tool that searches the item catalog while requesters enter item info onto the special request form. As requesters enter manufacturer and vendor part numbers, Prodigo searches the catalog to see if there are potential matches. Those matches are displayed to the requester, who can easily add the item to their shopping cart. This has been a great tool that helps users know that they no longer need to create a special request because their item has been added to the master. This has led to the 9% reduction in recurring specials.

**3 User Favorite Lists**

In BJC’s ERP system, item information stored in favorites list was static and special requests could be saved as favorite items.

Because of this stale information, requesters did not have accurate pricing for favorite items, and they had no visibility if an item was added to the item master. Favorite lists in Prodigo are dynamic. An item’s prices and status are updated whenever new catalogs are uploaded to the Marketplace. Favorite Lists can also be shared to other users that have access to the same catalog. BJC requesters have shared their favorites list with backups or replacements, so these new users can come in and easily find the items they need on day one.

**Other Benefits**

During the initial phases of the implementation, BJC’s supply chain team brainstormed different ways that the Marketplace could facilitate other compliance issues. One of these ideas was to increase the visibility into a central corporate storeroom that contained high dollar OR and Cath Lab items. Requesting items from the storeroom had many advantages: next day delivery, special tier pricing, no receiving required, and expiration date exchanges. However, utilization of the storeroom was lacking because it required users to know what was being carried and to make a call to request the item. Because many users did not know what existed in the storeroom, requesters would order these items direct from the supplier. The Marketplace facilitated visibility into storeroom items through the use of item tags and search result weighting. Tags are distinctive images that appear along with an item in search results that serve as a visual indicator to requesters. Tags are also used as tie-breakers by the search engine to bring preferred items to the top of search results. After implementing the Marketplace and instituting the corporate storeroom tag, compliance to requesting items from the storeroom versus placing purchase orders with the suppliers is nearly 100%.

**Lessons BJC has learned through the first year of using the Marketplace and how the plan to unlock even more value**

Prodigo’s Marketplace delivers a search engine that surpasses the capabilities available through common ERP systems utilized in the healthcare industry. But the value of the search engine is only as good as the data that is put into the system. Delivering accurate and detailed information to the Marketplace is the key to maximizing its value. Ensuring users have correct information at the point of requisition leads to orders that move seamlessly through the procure-to-pay process and minimize supply chain costs.

BJC has created tools to help enrich the content of the PeopleSoft item master while minimizing the demands of daily maintenance. These tools automatically assign tags to items and items to catalogs. Tools were also put in place to store item availability information in PeopleSoft. Availability status informs users of potential discontinuations, recalls, and back orders, and could guide users to alternative items. Adding these details in PeopleSoft minimized the pages BJC’s team had to go to keep item details up-to-date.

After a year of using the Marketplace, BJC is continuing to learn how to manage their item master to ensure requesters get the information they need. BJC has a large item master (currently 276k active items and 556k total items, including discontinued and inactive items). The decision was initially made to include discontinued and inactive items in Marketplace catalogs to provide visibility to items that requesters were not allowed to purchase and to provide details for preferred alternatives.
However, navigating these enormous catalogs posed a challenge to requesters, as some searches could result in multiple pages of inactive items. BJC has decided to put a time limit on how long an inactive item would be included in the Marketplace catalog in order to reduce the clutter in the catalogs. They are also tweaking their tags and search weighting to ensure active items always appear above inactive items in search results.

Another one of the initiatives that BJC hoped to accomplish with the implementation of the Marketplace was a reduction in the size of their item master. The primary reason that the item master has 556k items is that BJC wanted PeopleSoft to be their source of truth for item information. When new contracts are signed, all items on the contract need to exist in PeopleSoft, so they could be loaded to a PeopleSoft contract. This could result in the creation of thousands of new items, which has led to a significant burden on the ERP team. Prodigo offers a tool that can eliminate the need for the item to exist in the PeopleSoft, called hosted catalogs. Using Excel templates, item information can be uploaded to Prodigo. Once loaded, reporting tools are in place that identify items that have been added, removed, or changed in a catalog. Hosted catalogs only go live in the Marketplace after they have been reviewed and approved by the BJC team. BJC has been hesitant to adopt the use of hosted catalogs because of their requirement of PeopleSoft being the source of truth for item data, but they are preparing to go live with their first hosted catalog. This first catalog can hopefully serve as a proof of concept that item information can be tightly controlled while also being easy to maintain through the use of Prodigo’s hosted catalogs. This dry run could put BJC on the path of reducing the size of their item master. It could also help them increase their managed spend, as there is potential to move categories of non-PO spend that are traditionally not included in the ERP item master to hosted catalogs.

Another challenge BJC has faced is a limited use of keywords associated to items. Keywords can exist in the background of an item’s attributes so that users can find an item with a term that is not included in the description. Including as many applicable keywords as possible would help enhance search results, but adding keywords to 276k items would be a difficult and time-consuming task.

One possible way for BJC to easily add keywords is to connect their item master to a database of item attributes on the ProdigoCloud. Prodigo collects enhanced item attributes from parties like manufacturers, the FDA, and GS1. By matching BJC’s items to Prodigo through manufacturer catalog numbers, BJC can utilize the enhanced attributes that Prodigo collects from these third parties. Currently, BJC has been able to find matches for 98k of their items and are bringing in item images, which helps requesters be confident that they are purchasing the right item. They could also use this tool to increase the number of keywords that are available for these 98k items.

**Conclusion**

BJC is focused on improving compliance in strategic supply chain indicators, such as reducing special request and non-PO spending, and increasing contract compliance and manageable spend. Prodigo has enabled BJC to make good progress since implementing the Marketplace 12 months ago. With roots in the healthcare industry, Prodigo understands the challenges BJC is facing and is a good partner in helping resolve those challenges. By working closely with the Prodigo team, BJC will continue to make progress towards its goal of optimizing their key strategic indicators.

**Contributors:** Mark Adkins, BJC Healthcare; Kraig Butts, BJC Healthcare; Corey Jones, BJC Healthcare; Karen Lewis, BJC Healthcare; Erin O’Donnell, BJC Healthcare; Bob Viviano, BJC Healthcare