



Case Study

Cook Medical

EDI in the cloud helps stent-maker's orders flow

Medical equipment supplier Cook Medical is leading the way in Australia's health sector with automation of customer ordering and invoicing...

When Jithendra Nair joined Cook Medical in Brisbane four years ago, he was called on to perform a major operation for the hospital equipment supplier.

Nair, who had been appointed Asia-Pacific IT director of the US-based maker of stents, catheters and other medical devices, was asked to bring the subsidiary into the world of electronic data interchange, or EDI.

"I started by looking at the medical device supplier industry to understand what it was doing in the EDI space." The short answer was not very much.

"Not many of them were doing full EDI," Nair says, despite the promise it held for improving order accuracy and supply chain efficiency.

That put Cook Medical in the position of EDI standard-bearer for the industry, since customers who were electronically submitting orders with one supplier could be expected to put pressure on other suppliers to offer the same level of service.

Nair's first task was publication of

Cook's products on the National Product Catalogue (NPC), listing the company's thousands of stock items with relevant pricing combinations for every customer. This made the Cook catalogue available to all of Australia's 950 hospitals from where they could download it, and order products from their own ERP system with 100 percent accuracy.

Then came a choice: Nair could employ programmers in-house to translate electronic purchase orders from customers' varied ERP systems into a format readable by Cook Medical's Microsoft Dynamics NAV system, or find a service provider to do the job.

"Re-writing XML files from various hospitals to be read by our own ERP system would have been wasting the time of our IT resources. So I decided to outsource that function. I wanted a company that hospitals could send orders to, which would convert them into exactly the format we needed, and send them on to us."

Nair talked to a handful of EDI hub

operators before settling on New Zealand provider EDIS tech, which had been in the business for two decades. He says any misgivings about working with a company on the other side of the Tasman were dispelled by EDIS tech's compelling technology and business case.

"I felt confident because you know when you talk to some people that you can work with them – that nothing is going to be too difficult."

Nair was able to ease Cook Medical managers' concerns about signing up for an overseas cloud-based service by pointing out that the risks would be the same with a local provider.

"EDI IS THE WAY TO GO. IT TAKES AWAY HUMAN ERROR AND IS SECURE AND EFFICIENT."

Jithendra Nair, Cook Medical
Asia-Pacific IT director

“These days everything’s in the cloud. Once in a while we might have a transaction delay because of a server issue but that happens locally as well.”

Of far greater significance is EDI’s benefits. The level of automation it brings to the ordering process has made it an easy sell to Cook Medical’s customers.

Nair says most of the hospitals the company supplies have ERP systems capable of generating an XML file (many use the GS1 / NEHTA standard) that is read by Cook’s internal ERP system. Most also subscribe to the NPC, which gives them access to product information within four hours of it being updated.

“With purchase orders based on accurate information and in XML format, they are picked up by our ERP system without anyone touching them at our end.”

Orders are instantly forwarded to Cook Medical’s distribution centre, where a picking list is printed and from where the customer is sent an automated reply with shipping details. This is then followed with an invoice once shipping is completed.

No customer service involvement is required with 95 to 96 per cent of EDI orders, apart from product picking and shipping. That contrasts with the double handling of orders received by fax and email, and through a web portal, which provides a partially electronic order pathway.

The messaging gateway is provided by Auckland’s EDISTech, whose proprietary data mapping software runs in a fully redundant third-party data centre facility.

EDISTech chief executive Chandra Patel says the EDI hub gives Cook Medical customers in Australia, New Zealand, Japan and China access to a full range of e-commerce functions, including electronic

invoicing and issuing of credit notes.

“The hub model means that when a Cook Medical customer such as New South Wales Health creates a purchase order it is immediately transmitted via the hub, translated it into the right format and sent on to Cook Medical’s system, where it pops up on screen.”

Order transmission and translation takes place in near-real time. And, crucially, it eliminates the risk of data-entry errors that can occur when messages faxed, emailed or sent through the web are typed into Dynamics.

EDI is attractive both for large transaction volumes and for the supply of small numbers of expensive items. The cost to the supplier of keying in an incorrect part number from a high-value order can be huge, says Chandra, if the wrong product is manufactured and shipped.

“Once organisations start using EDI they typically start adopting just-in-time principles because it relieves them of having to carry a lot of stock. Orders go through practically in real time, so they don’t have to keep a month’s stock, but perhaps just a fortnight’s or even a few days’ worth,” Chandra says.

Within 18 months of Cook Medical going live with EDI, more than a quarter of its customers had adopted it, Nair says, representing about 30 percent of the company’s purchase orders, a figure everyone involved is keen to see increase over time.

The software modifications needed to connect new customers to EDISTech’s hub take a matter of days. For customers with links to other EDI gateways, EDISTech closes the loop by establishing a gateway-to-gateway connection.

The benefits aren’t just Cook Medical’s – EDI streamlines the order process for customers, too.

“Hospitals no longer have to print and fax orders then wait for a faxed reply from us. It all happens in the computer system,” Nair says. For both Cook Medical and its customers, that means significant data entry cost savings.

Two to three new hospitals are signing up for EDI ordering each month and Nair is confident the goal of 100 per cent conversion will be reached.

“Absolutely – it’s the way to go. It takes away human error and is secure and efficient.”

CASE STUDY

Cook Medical

AT A GLANCE

INDUSTRY

- Medical devices

BUSINESS OBJECTIVES

- Introduce EDI for customer purchase orders.
- Eliminate errors from rekeying orders.
- Improve supply chain efficiency.

SOLUTION

- Electronic ordering via partnership with EDISTech.

BUSINESS BENEFITS

- Customer orders reach Cook Medical in near-real time.
- Customers are sent an automated PO confirmation, followed by shipping advice, with back-order and e-invoicing as required.
- EDI order accuracy is nearly 100 per cent and fulfilment is more efficient.
- Reduced ‘just-in-time’ inventory levels.



95-96%
OF ORDERS
SHIP DIRECTLY

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