Health system supply chain and purchasing survey snapshot

The onslaught of Covid-19 revealed major shortcomings in the global health care supply chain. Several months after the initial surge, providers fear critical product shortages and face significant economic uncertainty. In response, most are revamping their supply chain strategies, modernizing operations, and rethinking partnerships.

As part of our research initiative on the future of supply chain, we launched a survey of health system purchasing executives in order to better understand their challenges, perspective, and priorities – and what it all means for their trading partners. Comprehensive research, including full survey results, are available exclusively to Advisory Board members. **Learn more at advisory.com/supplychain**

SURVEY INSIGHT

Providers' upstream supply chain fears manifest in ever-growing stockpiles.

Risk mitigation now ranks as the most common supply chain priority (**see Chart 1**). Providers are most concerned with upstream supply chain risk, including geographic concentration of manufacturing (69%) and lack of visibility into suppliers' own sources (60%).

Providers plan to continue expanding stockpiles, though many may be underprepared to manage these large quantities of supplies. While 85% of respondents plan to increase stockpiles of PPE, only 35% report plans to better manage inventory (**see Chart 2**).

SURVEY INSIGHT

Providers' investments in risk mitigation will come at the expense of non-critical supplies, most likely preference items.

Providers report likely changes to purchasing across all categories, though specific tactics differ based on how "critical" those categories are.

Likely investments, such as stockpiles and vendor diversification, are most common in critical categories. Alternatively, the most common changes for non-critical items are related to cost management, such as consolidating vendors (**see Chart 2**).

Chart 1: Supply chain priorities, excerpt
What are your organization's top supply chain priorities pre/post-Covid-19? (n=68)

	Pre-Covid rank and percent	Peri-Covid rank and percent
Engaging clinicians in evaluation, purchasing	1 (of 9) 52%	5 (of 9) 26%
Mitigate supply chain risk	4 (of 9) 24%	1 (of 9) 74%

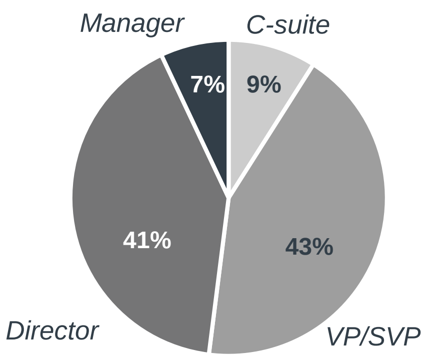
Chart 2: Likely purchasing changes by product category, excerpt
For each product category, which tactics, if any, are you likely to start doing or expand significantly in the next 12 months? (n=68)

	Increase stockpiles	Better manage inventory	Diversify vendors	Streamline or reduce vendors
PPE[1]	85%	34%	56%	5%
Critical pharma[2]	50%	36%	29%	9%
Preference items	1%	25%	1%	38%

1. Personal protective equipment.
2. Defined in the survey as "Covid-19 or flu-related pharmaceuticals."

Over half of survey respondents are in VP positions or higher, with the vast majority of participants serving in supply chain or purchasing roles.

Title (n=68)

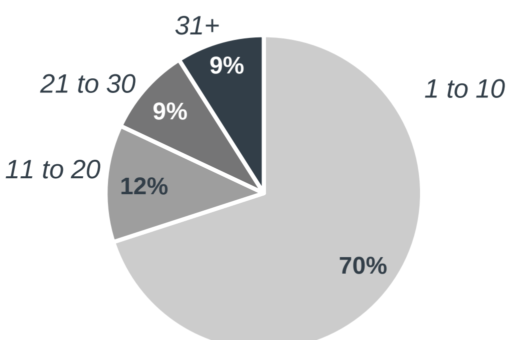


Department (n=68)

Department	Percent
Supply chain, purchasing	75%
Finance	9%
Operations	9%
All others	7%

Survey participants work at provider organizations of varying size, from singe hospitals to 100+ hospital health systems.

Size by number of hospitals (n=68)



Hospital count (<11)	Percent (of total)
One	17%
Two to five	30%
Six to ten	23%

RESEARCH INITIATIVE

The new health care industry supply chain mandate

Advisory Board is taking an industry-wide perspective to uncover historic supply vulnerabilities and identify innovative strategies to develop a modern, resilient health care supply chain. As part of this research we are considering questions such as:

- What kinds of increased visibility and data sharing are necessary to deepen trust and reduce friction across the supply chain?
- What innovators and disruptors are likely to have the greatest impact on the supply chain, provider purchasing, and collaborative trading partnerships?

Learn more at advisory.com/supplychain