



SUPPLYCOPIA:

ERP Migration in Healthcare:
**A Comprehensive Guide with a
Focus on the Supply Chain**

Introduction

Enterprise Resource Planning (ERP) systems are foundational to the operational efficiency of modern organizations. Initially designed for manufacturing resource planning, ERP systems have expanded their scope across industries, including healthcare. However, healthcare systems have slowly adopted these technologies, with many still relying on heavily customized, behind-the-firewall solutions. This guide explores the current landscape of ERP systems in healthcare, the challenges of migrating to a new system, and strategies for success, with a particular emphasis on the supply chain.



Current State of ERP Systems in Healthcare

Healthcare organizations increasingly recognize the need for robust ERP systems, particularly in areas like supply chain management. Despite this, adoption remains uneven. Many health systems rely on outdated, on-premises ERP solutions customized to meet their unique needs. These legacy systems often need help to keep pace with evolving operational demands, limiting the ability to leverage emerging technologies.

Key Features of ERP Systems

ERP systems typically include the following modules:



Order Management and Procure-to-Pay (P2P):
Streamlining procurement processes.

Human Resources (HR):
Managing employee-related functions.

Supply Chain Management:
Optimizing inventory and logistics.

Accounts Payable (AP):
Automating payment workflows.

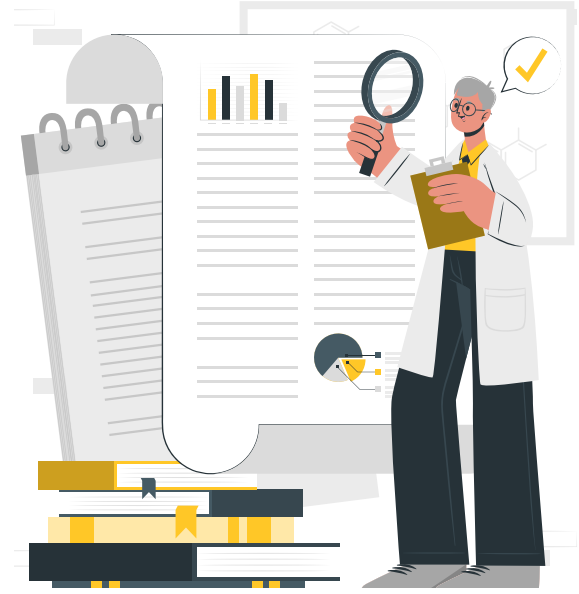
General Ledger (GL):
Handling financial transactions and reporting.

Fixed Assets (FA):
Tracking and managing physical assets.

Inventory Management (Inv):
Some ERP systems provide this as a standard or add-on functionality.

Trends: Moving to the Cloud

There is a growing trend in healthcare to adopt cloud-based ERP systems. While these systems offer scalability and advanced features, they often fail to provide best-of-breed functionality across all modules. For instance, a popular ERP system that most health systems gravitate toward has its roots in HR, while the second most popular ERP started with its strengths in financials. They both significantly need more supply chain functionality. Chief supply chain officers often lack the decision-making ability to choose an ERP system, so they have to do their best in the selection that is forced upon them.



Challenges of Implementing a New ERP System

Implementing a new ERP system in healthcare is a complex and resource-intensive endeavor. Challenges include:

1. Data Cleanliness and Integrity

Healthcare systems often need better-quality data. Issues like inaccurate virtual item masters, inconsistent classifications, and incomplete packaging data can derail supply chain functions.

Actionable Strategy:

- Conduct a thorough data audit before implementation.
- Standardize and cleanse data, focusing on critical supply chain elements like GMDN codes and clinical information.

2. Lengthy and Over-Budget Implementations

ERP migrations often exceed initial time and budget estimates. Projects can take twice as long as planned and run **75%–100%** over budget.

Actionable Strategy:

- Develop a realistic implementation timeline and budget.
- Allocate contingency resources for unexpected delays and costs.

3. Disruption to Daily Operations

The rollout of a new ERP system can significantly disrupt daily operations, particularly in supply chain processes critical to patient care.

Actionable Strategy:

- Pilot the new system in a controlled environment.
- Develop a phased implementation plan to minimize disruptions.

4. Interoperability Issues

New ERP systems often struggle to integrate with existing systems like Electronic Medical Records (EMR), Electronic Health Records (EHR), and charge master systems.

Actionable Strategy:

- Invest in middleware solutions to bridge interoperability gaps.
- Create a centralized data lake for seamless data analysis and reporting.

5. Training and Adoption

A new ERP system requires significant staff retraining, especially in areas like supply chain management.

Actionable Strategy:

- Leverage AI-powered training tools for real-time assistance.
- Provide comprehensive training sessions and resources tailored to end-user needs.

Supply Chain-Specific Considerations

The healthcare supply chain is critical to operational efficiency, impacting cost management, patient care, and regulatory compliance. However, implementing an ERP system for supply chain management presents unique challenges.

Data-Driven Supply Chain

A successful supply chain implementation hinges on accurate and actionable data. Poor data integrity can lead to stockouts, overstocking, and increased operational costs.

Checklist for Success:

- Establish robust data governance policies.
- Align data structures between the legacy and new ERP systems.

Integrating Diverse Purchasing Channels

Healthcare organizations often rely on multiple purchasing channels, including distributor eCommerce portals and purchased services outside the ERP system.

Actionable Strategy:

- Consolidate purchasing data for a unified view of enterprise spending.
- Ensure the ERP system supports “punch-out” functionality for seamless integration with external vendor platforms.

Leveraging AI for the Supply Chain

Emerging technologies like generative AI can revolutionize the healthcare supply chain by enabling predictive analytics, automated decision-making, and advanced demand planning.

Actionable Strategy:

Plan for AI integration in the ERP system to enhance decision-making.

Guided Requisition Creation:

Incorporate AI agent technologies from your own efforts or SupplyCopia, helping users create purchase requisitions by asking structured questions about the required items, quantities, and urgency.

Vendor and Contract Insights:

Integrate AI agent with the ERP system to suggest preferred vendors, available discounts, and compliance with pre-negotiated contracts during the requisition process.

Automated Workflow Suggestions:

Provide recommendations for approval workflows based on the organization’s procurement policies, ensuring compliance.

Automated Three-Way Matching:

Leverage AI agents to verify discrepancies between invoices, purchase orders, and receipts, suggesting corrective actions.

Automate supplier inquiries:

Health systems spend significant time and resources in responding to the invoice status from suppliers. AI agents can be deployed to answer such repeated questions saving valuable AP resources.

Real-Time Escalation:

Notify stakeholders in real-time about mismatches or payment issues, providing recommendations to resolve them efficiently.

Use AI to analyze historical data and forecast future supply chain needs.





Best Practices for ERP Implementation in Healthcare

1. Align ERP Goals with Organizational Objectives

- Define clear goals for the ERP implementation, focusing on operational efficiency, cost reduction, and improved patient outcomes.
- Engage stakeholders from all relevant departments, including supply chain, HR, and finance.

2. Minimize Customizations

- Customizations increase complexity and cost, making systems harder to maintain.
- Leverage best practices provided out-of-the-box by the ERP vendor.

3. Ensure Future-Readiness

- Choose an ERP system that supports emerging technologies like AI and blockchain.
- Evaluate the system's scalability to accommodate future growth and changes.

4. Foster Cross-Departmental Collaboration

- Implement cross-functional teams to address interoperability challenges.
- Ensure supply chain processes align with other departments like finance and clinical operations.

5. Plan for Change Management

- Develop a robust change management strategy to address resistance from staff.
- Communicate the benefits of the new ERP system to all stakeholders.

Phases of ERP Implementation

1. Preparation Phase

- Conduct a needs assessment to identify gaps in the current ERP system.
- Choose an ERP vendor that aligns with organizational priorities.

2. Planning Phase

- Develop a detailed implementation roadmap.
- Allocate resources, including budgets, personnel, and technology.

3. Implementation Phase

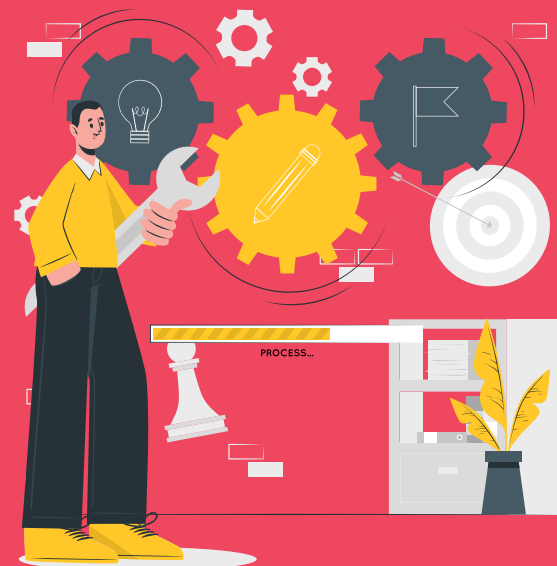
- Pilot the system in select departments before organization-wide rollout.
- Address issues and refine processes during the pilot phase.

4. Go-Live Phase

- Launch the ERP system across the organization.
- Monitor performance metrics to ensure the system meets defined objectives.

5. Post-Implementation Phase

- Conduct a post-implementation review to identify areas for improvement.
- Provide ongoing training and support to staff.





| Conclusion

Implementing a new ERP system in healthcare is a complex but transformative process. By focusing on data integrity, interoperability, and future readiness, healthcare organizations can overcome the challenges of ERP implementation. Emphasizing supply chain optimization will unlock significant value, enabling better cost management, improved patient outcomes, and enhanced operational efficiency.

This guide provides a roadmap for success, highlighting best practices, actionable strategies, and key considerations. With careful planning and execution, healthcare providers can leverage ERP systems to drive meaningful change across their organizations.

SUPPLYCOPIA:

At SupplyCopia, we're transforming the healthcare supply chain for providers and suppliers. Our mission is to enable impactful, strategic changes through innovative technology, reducing costs for providers and creating new revenue opportunities for suppliers. Our hybrid control tower combines your data with our advanced software and the intelligent agent Ask the BEE, built on ChatGPT-4o infrastructure. This AI-first, cloud-based solution addresses key challenges like interoperability, data privacy, and security, while boosting healthcare efficiency and accessibility.