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## **Study Conducted by HIMSS Analytics Finds Widespread Use of e-Commerce Among U.S. Hospitals**

*Hospitals expanding use of transaction sets beyond purchase orders to automate more aspects of the purchasing process, but there is still room for growth*

**LOUISVILLE, Colo., and CHICAGO – March 23, 2010** – While the healthcare industry is often accused of being slow to change, a new study conducted by HIMSS Analytics and sponsored by GHX found that there is widespread use of e-commerce by U.S. hospitals in the purchasing process, with 95 percent of acute care hospitals with more than 150 beds purchasing at least some of their medical surgical supplies electronically.

HIMSS Analytics surveyed hospital purchasing officers to understand the extent to which hospitals are automating various aspects of the purchasing process through the use of electronic data interchange (EDI) transaction sets and the percent of medical and surgical purchasing that is handled electronically. Researchers also asked where respondents believe automation provides the greatest value and what they believe to be the biggest barriers to increasing the use of e-commerce.

The findings revealed that, in general, acute-care hospitals have embraced e-commerce and are automating a variety of business processes with multiple trading partners.

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However, there is still work to be done before the industry can achieve full value from e-commerce. Key findings include:

- A median of 65 percent of purchase orders are handled electronically.
- A median of 70 percent of purchase orders are sent as EDI transactions.
- Just over one-third of respondents reported that their sole method for ordering medical-surgical supplies electronically is via an exchange, compared to 15 percent for direct EDI connections. Thirteen percent use a combination of an exchange and direct EDI.
- A median of 60 percent of purchase order confirmations are received as EDI transactions.
- Advanced ship notices are received via EDI for a median of 40 percent of purchase orders.
- A median of 10 percent of invoices are received as EDI transactions.
- 62 percent of respondents receive updated pricing catalogues for products under contract electronically, but only 49 percent of those receive them via EDI.
- A median of 10 percent of consignment orders are handled electronically.

The findings show a significant increase in the use of purchase order confirmations and advanced ship notices (ASNs), compared to a 2001 study conducted by Anderson, “The Value of eCommerce in the Healthcare Supply Chain,” which reported use at only 11 and 0 percent, respectively.

“In the 10 years since GHX was founded, we have seen at least a three-fold increase in the amount of purchasing handled electronically,” says Leigh Anderson, executive vice president, operations, for GHX. “The increased use of purchase order confirmations and ASNs tells us that hospitals are using e-commerce to garner the power of information and change how they conduct business with their trading partners. As the industry continues to automate more aspects of the supply chain, providing greater visibility to contracting and the use of physician preference items, there will be even greater

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benefits across the entire supply chain.”

When asked which aspects of the purchasing process could be most improved by automation, respondents identified a number of issues, including improved productivity, improved AP and invoice processes and real-time discrepancy reporting and exception management. With visibility to these transaction sets, hospitals can proactively identify and correct discrepancies and take alternative action when products are backordered, which can save both time and money.

Respondents also ranked processing invoices as highly valuable, even though only 10 percent (median) of invoices are received electronically. A 2009 study by PayStream Advisors found growing interest in tools to automate invoicing. According to the report “Healthcare ePayables: A Buyer’s Guide to Paperless AP in the Healthcare Industry,” “Invoice and payment automation solutions that automate manual tasks, reduce errors and accelerate the invoice receipt-to-pay cycle are gaining popularity.”

While most respondents reported that their organizations conduct business electronically with multiple suppliers (median number 40), they also reported that a major barrier to e-commerce adoption is “vendor-related,” including supplier reluctance and a lack of supplier capabilities to conduct business via EDI. The second highest ranked barrier, primarily by larger facilities with more spending activity, was the ability to automate complex orders, such as consignment and rush orders. The third highest ranked barrier, especially by smaller hospitals, was lack of finances, staff, technology or a combination thereof.

“In a market that has not yet achieved saturation, it is apparent that additional benefit can be generated by increased use of e-commerce,” says Mike Davis, executive vice president, HIMSS Analytics. “By improving their current e-procurement environment and incorporating e-procurement solutions into departments that do not presently purchase supplies using this method, hospitals can increase operational efficiencies, reduce costs

and improve contract management.”

[Click here](#) for a white paper on the HIMSS analytics study.

#### **About GHX**

As the business hub for healthcare, Global Healthcare Exchange, LLC (GHX) enables healthcare providers and suppliers in North America and Europe to reduce costs and improve margins by automating processes, reducing operating expenses and increasing knowledge-based decision making. Products and services include trading partner connectivity, order and contract management and validation, data synchronization, sales force automation and business intelligence. Equity owners of GHX are Abbott Exchange, Inc.; AmerisourceBergen Corp.; Baxter Healthcare Corp.; B. Braun Medical Inc.; Becton, Dickinson & Co.; Boston Scientific Corp.; Cardinal Health, Inc.; Covidien; C.R. Bard, Inc.; Thermo Fisher Scientific, Inc.; GE Healthcare; HCA; Johnson & Johnson Health Care Systems Inc.; McKesson Corp.; Medtronic USA, Inc.; Owens & Minor; Premier, Inc.; Siemens; University HealthSystem Consortium; and VHA Inc. For more information, visit [www.ghx.com](http://www.ghx.com).

#### **About HIMSS Analytics**

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