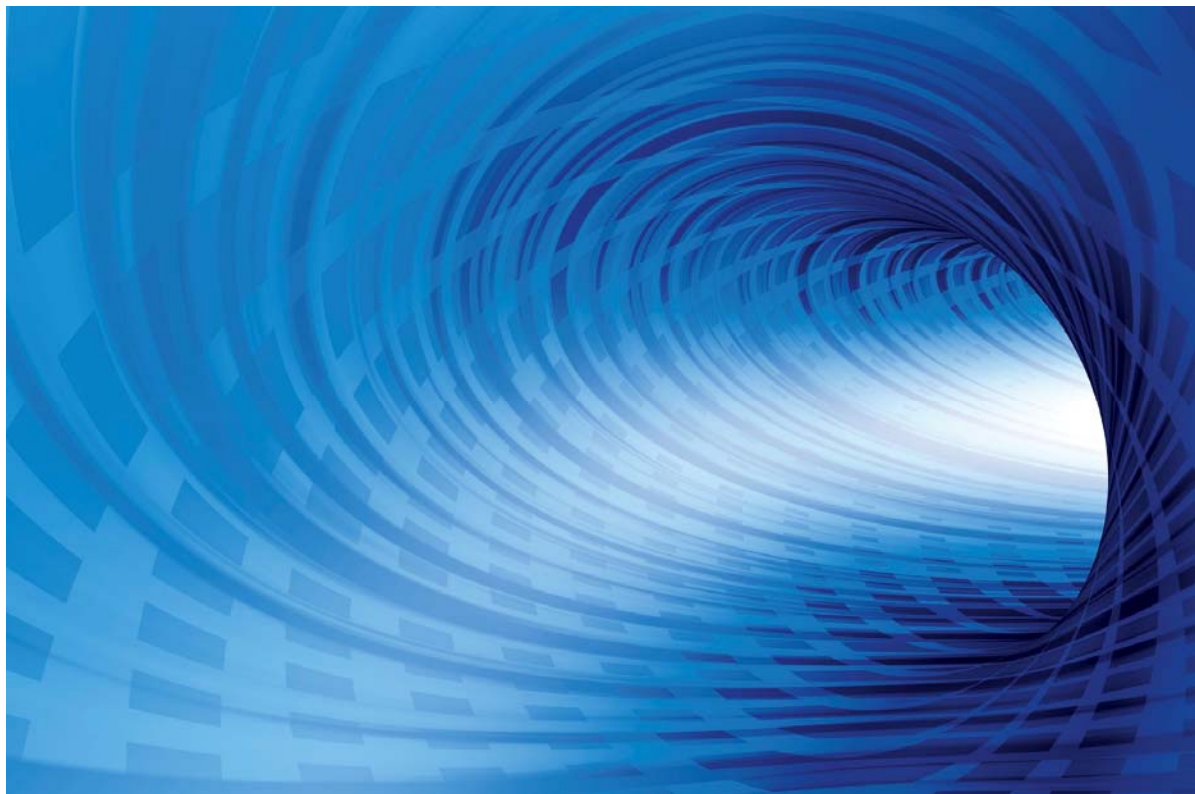


Procurement eEnablement in the NHS

Using information to deliver better health care



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Foreword

This procurement eEnablement strategy will help drive forward the way the NHS uses information technology, so that services will not only be provided faster, but also with greater safety and accuracy. Information technology is a vital tool in the delivery of health care, helping to provide services at greater speed, which patients have come to expect from a modern health service.



Better health care services can be provided if improved information and processes allow more intelligent decisions to be made, which will lead to increasingly accurate and timely supply of goods and services. eEnablement offers the way to more efficient working in procurement, delivering benefits to both the NHS and its suppliers.

Beyond the business benefits, patient care also benefits from the improved accuracy offered. This is demonstrated in the recently published *Coding for Success - simple technology for safer patient care*, which supports the use of bar coding, and similar technologies to increase patient safety. Using coding to manage supplies and purchasing electronically can cut costs dramatically as well as improving safety.

This forward-facing strategy for NHS procurement has been developed by a team drawn from across the NHS and points the way forward in this complex and dynamic area. It is a model that offers a process for successful change.

Our objective is to ensure that the formidable information assets of the NHS are used well, allowing for collective strategic commercial and procurement decisions to be taken. The eEnablement strategy supports the Government's policies for the NHS in the use of best practice in information technology within the public sector.

Modernisation of procurement practices and processes presents the Government with a clear opportunity to leverage significantly improved value for money from the public sectors total spend on goods and services. We can use the full weight of the NHS as a buyer if we can use information across trusts, regions and nationally.

I believe the recommendations contained within this strategy can help the NHS deliver extra business excellence to support patient care and will lead to better health outcomes.

A handwritten signature in cursive script that reads "Andy Burnham".

ANDY BURNHAM

Minister of State for Delivery and Quality, Department of Health

1 Introduction

1. This document is the strategy for procurement eEnablement in the NHS. The objective of this strategy is **to put into place across the NHS and its supply network the essential enablers for the effective adoption of eEnablement technologies** for commercial and procurement activities.
2. A team drawn from the NHS procurement community, the NHS Procurement eEnablement Delivery Group (NPEDG – see Appendix A) has developed this strategy through consultation with stakeholders from the NHS, suppliers to the NHS and providers of procurement eEnablement technologies to the NHS.
3. This strategy describes a vision for the use of eEnablement technologies by the NHS for commercial and procurement activities. It highlights the benefits that are available from the effective use of eEnablement technologies and explains the current situation in the NHS. It details the process that the NPEDG will use to drive the implementation of the enablers required for the adoption of eEnablement in commercial and procurement activities across the NHS and its supply network.
4. eEnablement is the application of information and communication technologies to the commercial and procurement functions in the health economy. Within procurement, eEnablement is the application of these technologies to the processes required to understand and manage demand and acquire goods and services. Figure 1 provides an overview of this activity; the text inside the arrows describes the processes undertaken and the text outside the arrows describes the eEnablement technologies.
5. The **evolution of procurement eEnablement technologies has been rapid** and there is wide variation in the terminology that is used: this strategy uses eEnablement to cover eBusiness, eProcurement and eCommerce.
6. **Significant benefits** are available from the effective use of eEnablement technologies in commercial and procurement activities. The **delivery of these benefits to the NHS is dependent on the presence of key enablers** across the NHS and its supply network. The fragmented approach the NHS has taken since its first adoption of eEnablement technologies in the 1990s has prevented the consistent establishment of these enablers across the NHS. Consequently **the NHS currently does not achieve the benefits from the enablement of procurement** and is in danger of becoming a late adopter.
7. This strategy builds on and brings to the NHS commercial and procurement environment the work that *Coding for Success* is driving in the health care delivery environment.

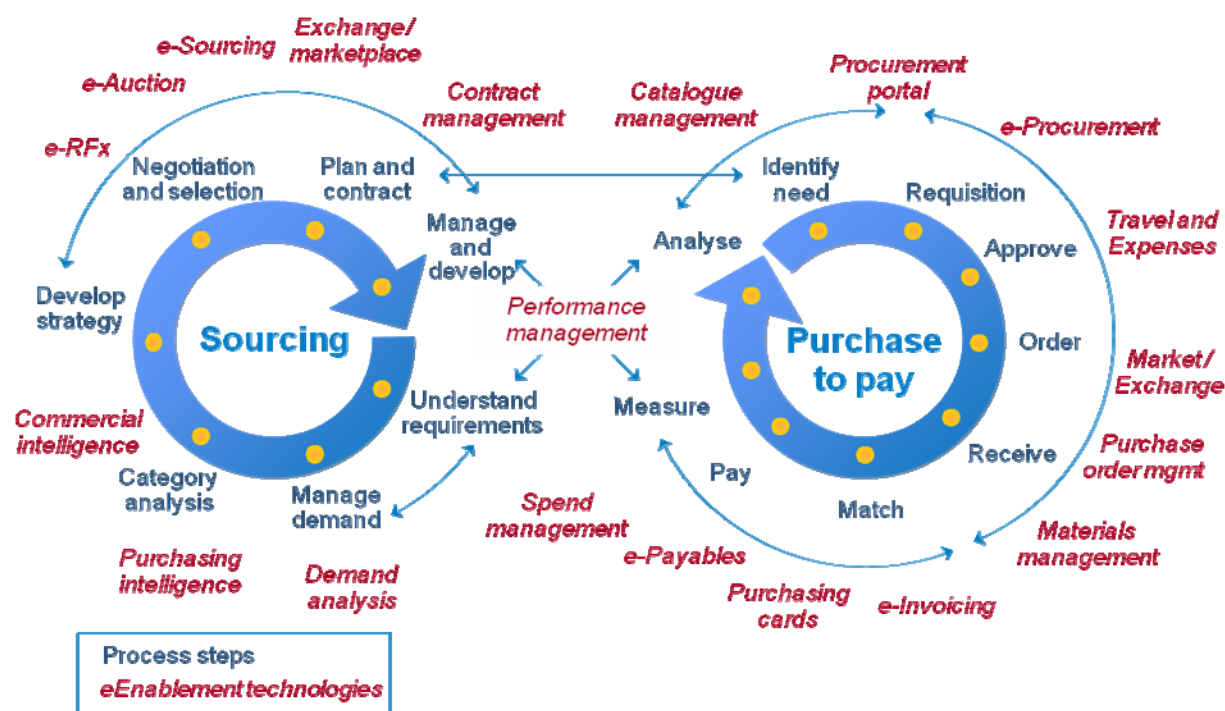


Figure 1 Commercial and procurement processes and eEnablement technologies

8. This strategy aligns with health service reforms such as the transformation of the NHS to a modern commissioning and outcome-based model where effort and expenditure follows the patient through the system.
9. This strategy supports major undertakings such as *NHS Connecting for Health* in joining up patient and clinical health care information. It supports the requirement to improve value for money across the health economy given the tighter fiscal settlements anticipated in the Government's Comprehensive Spending Review (CSR07) and follows the *Transformational Government* strategy through more effective use of technology and information as key enablers of delivery quality.
10. To drive the adoption of eEnablement technologies for commercial and procurement activities in the NHS, the NHS procurement community established the NHS Procurement eEnablement Delivery Group (NPEDG) in September 2006. This strategy sets out the framework and describes the work programs that NPEDG will use to drive the adoption of eEnablement.

2 Vision

11. This strategy's vision is that the **enablers required for the effective use of eEnablement technologies in procurement** will be in place across the NHS supply network.
12. **The vision is not of one IT system** for NHS commercial and procurement activities. Instead, it aims to put the tools and processes in place that enable better services, easier coordination, seamless sharing of information and better decision-making throughout the NHS.
13. As with *Coding for Success*, this strategy looks to **put the essential building blocks in place** and work with stakeholders on a voluntary basis to realise the benefits.
14. eEnabled NHS commercial and procurement activities will effectively exploit information and communication technologies **to improve decision-making and commercial processes**. This will enable **more effective use of NHS expenditure on goods and services**.
15. **Adoption of common standards and widespread good practice** will deliver high-quality information to the NHS, its delivery partners, suppliers and service providers.
16. High quality information will enable an accurate understanding of the relationship between the cost of goods and services and the provision of health care to be established.
17. This will support **patient level reporting, Payment by Results** and enable the NHS to deliver **better health outcomes through the more effective commissioning** of services by improving the understanding of the cost of goods and services used in the delivery of health care.

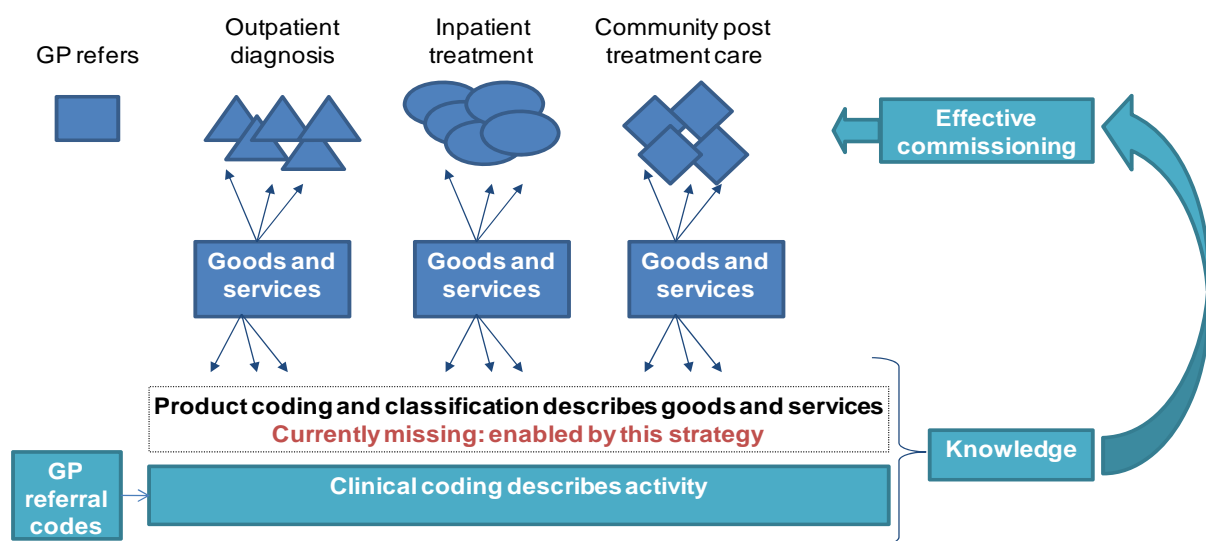


Figure 2 Coding of goods and services and its role in commissioning

18. The use of standard coding to identify products across the NHS will enable product information to be recorded on patient records, linking patients to the supply chain. **This will reduce risks and improve accuracy of delivery for patients.**

19. **Better health outcomes for the NHS.** Leading organisations make a strong connection between excellent customer service delivery and excellent supply chain management. This strategy's vision is of a NHS where commercial and procurement activities are plugged into, and driven by, the delivery of high quality health care. The strategy will equip the NHS with the information, tools and capability to deliver this vision of a genuinely patient-led supply chain.

20. **Better decision-making.** Taking good decisions about how expenditure is undertaken on goods and services is vital to the efficiency and effectiveness of health care. Good decision-making requires good information. This strategy's vision is of an NHS in which the **right information is available and used by the right individual at the right time**, for strategic sourcing and purchasing decisions, at trust, regional and national levels. eEnablement will make it possible for the NHS to see, access, link, communicate and use its information properly. **It will enable the NHS to make the most effective use of its commercial and procurement activities and make better deals for the patient and taxpayer.**

Tesco collects a vast amount of information about shoppers and their purchasing patterns. Loyalty cards give a personal view into every bag of shopping that leaves the store. Combining this detail with demographic information, geographic data and the specific storefront layout allows far more insight than "who buys what, and when".

Specific brands are promoted to individual stores, which sell more of them; shopping patterns can see nappies and beer sold side-by-side (for fathers on a late-night trip); customers are given individual coupons to ensure continued loyalty.

The lessons for the NHS are clear – customers will expect the same level of service and personalisation from their care environment, as they will from their experiences outside the NHS. This strategy will help the NHS collect and share the relevant information.

21. **Better processes** are a prerequisite for success in meeting Public Service Agreements and the challenge of ever- greater efficiency as part of the Government's Comprehensive Spending Review (CSR07). This strategy's vision is of a **NHS where good practice in**

eEnablement is the norm and highly efficient commercial and procurement processes underpin the successful delivery of the collective objectives of NHS organisations.

2.1 2.1 Investment in eEnablement

22. **Technology is an asset** and can initiate significant change (*Transformational Government*, 2005). Procurement eEnablement technologies, effectively implemented, will give the NHS control, compliance, seamless sharing of information and better decision-making. This capability **significantly enhances the opportunity for the NHS to manage its business effectively.**

23. To develop these capabilities the **NHS needs to increase the level of investment** that it undertakes for procurement eEnablement technologies. This strategy's vision is that the **NHS views the eEnablement of commercial and procurement activities as a key asset for the business and invests accordingly.**

24. US ICT expenditure is a similar share of GDP to that of the UK (*DTI, 2005*); however, the US private sector invests far more in ICT and gets a far higher payoff in terms of productivity growth from this ICT investment (nearly double).

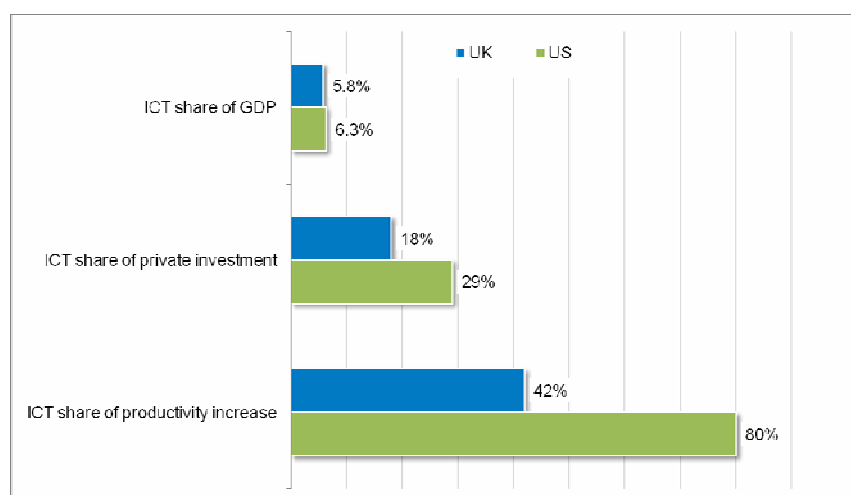


Figure 3 ICT expenditure and productivity gains

3 Objective

25. There are **significant benefits** available from the effective use of eEnablement technologies in commercial and procurement activities. The objective of this strategy is to **put into place across the NHS and its supply network the essential enablers** that are required to drive the adoption of eEnablement technologies to achieve the vision.

26. This objective is **not about the replacement of existing systems**; it is **to deliver pragmatic steps using the current business and technology environment to provide visibility of process and data across the NHS** supply network through the establishment of common standards and good practice.

27. **This objective is about change** for the NHS and its trading partners. Change to ensure the systems used can accommodate common NHS data standards, change to integrate processes between organisations and the challenge of organisational change, to include eEnablement technologies for commercial and procurement activities as key business objectives and invest accordingly.

28. This strategy provides a framework for the work programs that NPEDG will undertake to drive forward the change required.

29. **This change will take several years to achieve.**

4 Benefits

30. **Significant benefits have been achieved from the use of procurement eEnablement technologies.** The productivity benefits across sectors identified by the DTI Information Age Partnership (*DTI, 2005*), experience from early-mover industries such as automotive and retail to international case studies like Munster, Germany and the pockets of excellence in the NHS show that **procurement eEnablement is generating real service, savings and strategic benefits.**

Munster, Germany (*Munster, 2007*) – Implementing an electronic stock management process. The benefits of stock rationalisation, reduced error rates and fewer shortages, resulted in realisable net savings of 40% of the investment cost each year (payback in under three years) and 3% increased time for nurses to spend with patients. A 9% productivity gain came from major decreases in costs of supplies, more efficient processes and greater standardisation and transparency.

31. **Benefits can be** divided between those that are derived directly from effective implementation and **indirect benefits that are achieved through the use of the additional capabilities** that eEnablement delivers.

4.1 Direct benefits for the NHS

- the effective use of eEnablement technologies delivers visibility of data and process along the supply chain within and between organisations; this enables interoperability and visibility to be achieved.
- the improvement in visibility of process between organisations in the supply chain **enhances traceability and contributes to patient safety** and security of supply.
- **improvement of processes and reduction of errors.**
eEnablement technologies **deliver savings** in time, labour and material resources and provide **robust process**, reducing the risk of fraud. Working effectively is at the heart of the Government's Comprehensive Spending Review 2007. The efficiency gains that procurement eEnablement technologies can provide is recognised in the proposed DH delivery plan for CSR07.

Current NHS data mining and cleaning costs in procurement incur per medium sized trust an average cost of £50,000.

Sheffield Teaching Hospitals – (*NHS Supply Chain, 2007*) reduced inventory values by £1m by introducing an electronic inventory management system.

This important benefit has been recognised by the DH in *Coding for Success*, this recommends as policy the use of GS1 coding throughout the health care system in England to enhance patient safety (*DH, 2007*).

Leeds Teaching Hospitals NHS Trust (*Coding for Success, 2007 / @UKplc, 2006*) Leeds implemented an eProcurement system incorporating barcode scanning and achieved a reduction of cost of purchasing process from £7.05 to 39 pence per line, as well as identifying £200,000 of obsolete stock.

NHS PASA (*NHS PASA, 2006*)—reduced operational costs by 10% from the introduction of 100% eTendering for all contracts (as of 31st Jan 2007). This saved 4.2 million pages or 8,500 reams of A4 paper.

4.2 Indirect benefits for the NHS

32. The **direct benefit** from eEnablement technologies of the **visibility of data and process enables a range of capabilities** that deliver the following indirect benefits.

- **capability to remove duplication, undertake rationalisation and strategic procurement.** These activities are recognised as opportunities to drive value in the proposed DH CSR07 delivery plan. These activities cannot be undertaken effectively without clear visibility of demand and expenditure requirements.
- **availability of information on demand and expenditure** to provide the capability to understand costs and develop “cost intelligence”. This is essential to understand the role that goods and services play in the delivery of treatment to patients.
- **co-ordinate commercial and procurement activities** across functional and organisational silos, using the purchasing power of the NHS and its delivery partners to make more effective purchasing decisions at local, regional and national levels.
- **achieve improved compliance and control of expenditure.** More than a third (37%) of trusts received a score of 'weak' for use of resources in 2005/06, the first year of the Health care Commission's annual health check (*Health care Commission, 2007*).

Local Authorities—The CLG 2005/06 mid-term efficiency statements forecast potential savings of £315m by using eProcurement systems for adult social services, this figure could be much higher if eProcurement could be used across all complex service areas. (*NePP, 2005*)

This will help NHS trusts target improvements in their use of resources (*Health care Commission, 2007*) and impacts on key NHS targets such as 18-week waiting times.

Acting collectively is recognised in Transforming government procurement (*HM Treasury, 2007*) as an important driver of value.

Cardiff & Vale NHS Trust - The system highlights contract 'leakage,' where people buy contracted items from non-contracted suppliers, which may be at higher prices or other disadvantageous terms. The system also identifies non-contract spend, so that a purchasing agreement can be put in place. (*Business Zone, 2007*)

4.3 Stakeholder benefits

This NHS procurement eEnablement strategy will affect a range of stakeholders and will benefit each of them.

- **For patients and clinicians:** better health care services enabled by more accurate and timely supply of goods and services based on a shared understanding of demand and usage; reduced risk from improved product identification.
- **For directors of finance:** more efficient procurement through better internal processes and use of resources; effective collaborative procurement; greater value for money from expenditure on goods and services; reduction in error costs through more accurate supply chain information exchange.
- **For procurement and commissioning:** more consistent, predictable, efficient and joined-up delivery processes; savings to invest in front line activities; better value for money through better collaboration and decision-making based on visible, reliable information about the £17bn that the NHS spends on goods and services each year.
- **For the Department of Health:** eEnablement can unlock financial and human resources to redeploy towards the Department's Public Service Agreement targets.

Clinical hours released to patient care - Shrewsbury Hospital Theatres 3,600, Sheffield Teaching Hospitals 4,000 (*NHS Supply Chain, 2007*)

Automotive (*Automotive, 2007*)—The major US automobile players set up Covisint, a transaction and catalogue hub to reduce transaction costs for their end-to-end supply chain. Benefits came from a number of sources:

- real-time visibility of “supply and demand” across the supply chain
- better utilisation and allocation of productive assets
- reduction in inventory holding costs by 30-70%
- reduction in admin costs by 40-80%

Cardiff and Vale NHS Trust – (*Business Zone, 2007*) following implementation of an eProcurement system expect to realise savings of £1.6 million. This equates to a return on investment of 44% and a payback

Category	Savings
Reduction of supplier over-billing	£100,000
Savings on reviewing non-contract items	£280,000
Avoidance of VAT retro costs	£200,000
Process-efficiency savings	£947,000
Savings in printing and stationery from fewer invoices	£63,350

of 27 months.

Process cost per order line is £0.56 compared to a cost of £2.23 to £4.97 for a manual process – (*NHS Supply Chain, 2007*)

- **For suppliers:** a consistent and shared approach by the NHS will result in a reduced cost of sale due to a reduced frequency of requests for identical information, more accurate orders and quicker information flows using common data transfer formats
- **For the public purse:** value for money. eEnablement technologies deliver efficiency in procurement, which is a key element of value for money, viewed as a combination of economy, efficiency and effectiveness (Improvement Network, February 2007).

5 Current state of procurement eEnablement in the NHS

33. To establish a current view on the use of procurement eEnablement technologies in the NHS, NPEDG asked a group of NHS procurement professionals to identify their perceptions of where the use of eEnablement technologies has been focused, the potential benefits and the level of complexity involved. Further analysis with NHS trusts and eEnablement providers identified the systems in use.

34. This section summarises the output of the work and further details can be found in Appendix B.

5.1 Procure to pay

35. The NHS perception was that the most significant value could be obtained from identifying procurement needs and the measurement of benefits achieved. However, priority has been given to the application of eEnablement technologies to ordering and matching invoices.

36. Certain parts of the procure to pay process (requisition, pay) show a strong usage of standard systems, but the other elements of the process show many non-standard and manual systems. Some of the least complex processes have a high level of manual systems in place. **The eEnablement strategy must address the data flow between these systems if it is to have a substantial impact.**

5.2 Sourcing

37. In the area of sourcing, the NHS perception was that although the complexity of addressing issues early in the sourcing system is high, there should be substantial benefits. Contract management is a low-complexity area that can be sensibly assisted by information sharing.

38. In terms of systems used, there are a higher proportion of standard systems in place in the sourcing arena, although the area is less well developed than purchase to pay, as fewer trusts reported having any such systems.

5.3 A fragmented approach

39. The analysis showed that a **patchwork of approaches has been taken**; consequently the **eEnablement of NHS commercial and procurement activities is fragmented**. This limits efficient communication and collaborative working at local, regional and national levels and the **NHS does not manage or make the most of its formidable information assets**. There is insufficient operational intelligence to work together where it makes sense for patients and staff. **Collective and strategic decisions cannot be made effectively because knowledge is based on an incomplete picture**.

5.4 Missing enablers

40. The **realisation of the significant benefits** that are available from the use of procurement eEnablement technologies **are dependent on the effective implementation** of these technologies.

41. To achieve this the following enablers must be present across the NHS supply network:

- a common mechanism to identify products and services and categorise expenditure.
- common data standards to enable flow of data between systems.
- an inclusive culture that supports working across organisations.
- the integration of processes within trusts, between trusts and with suppliers in the supply chain. Greater integration will deliver significantly greater benefits.
- commitment from trusts' and suppliers' senior management and inclusion of investment in eEnablement technologies for commercial and procurement in business objectives.

42. The fragmented approach taken by the NHS to the implementation of procurement eEnablement technologies means that **these enablers are not in place across the NHS and its supply network**.

6 Implementation of the strategy–stakeholder engagement

43. To achieve the significant benefits that are available for commercial and procurement activities; the NHS and its key stakeholders **must implement a process of successful change**. To achieve this, **a joined-up and driven approach is essential across all of stakeholders**.

44. Suppliers to the NHS, eEnablement technology providers and the NHS (including its outsourced providers) are all key stakeholders. They **are dependent upon each other** to establish the key enablers required for the effective use of eEnablement technologies across the NHS supply network for commercial and procurement activities.

45. As with *Coding for Success*, this strategy looks to work with stakeholders on a voluntary basis to realise the benefits.

46. **Effective partnerships and communication with stakeholders** are an important and significant part of NPEDG's activity and a key aspect of the work program. NPEDG will maintain ongoing links on a direct basis with the NHS, its suppliers, trade associations and eEnablement technology providers and via relevant stakeholder groups and networks.

47. This process will ensure that the requirements of the NHS and its suppliers, in conjunction with the development of the capabilities of procurement eEnablement technologies are known to NPEDG and can be accounted for in the future development of the strategy.

48. Figure 4 illustrates the main stakeholder groups.

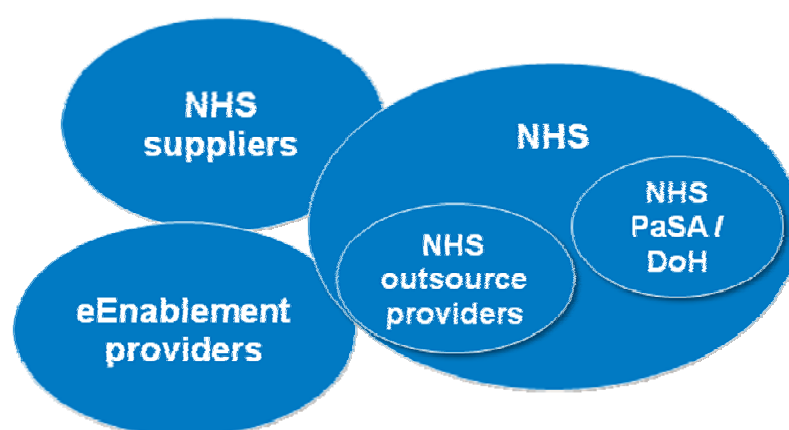


Figure 4 Main stakeholder groups

7 Implementation of the strategy–method of working

49. **For NHS Trusts and suppliers** change is required to implement common coding and classification across the NHS supply network and to integrate processes between organisations.

50. **For NHS Trusts and suppliers** change is required to include eEnablement technologies for commercial and procurement activities as key business objectives and to invest accordingly.

51. This strategy provides a framework for a series of projects and activities that will deliver the vision and build the capacity for the change required. The focus of NPEDG's work will be **to deliver pragmatic steps using the current business and technology environment, to put into place across the NHS supply network the enablers required for the effective adoption of eEnablement technologies.**

52. NPEDG will undertake work programs in three areas of activity to drive the required change:

- to **establish the enablers** required for the effective adoption of eEnablement technologies across the NHS supply network.
- to **drive the implementation** of the enablers across the stakeholder groups.
- to **monitor the implementation** of enablers and **undertake regular review** of the strategy and work program, to ensure ongoing relevance.

53. Figure 5 illustrates how these components will work together.

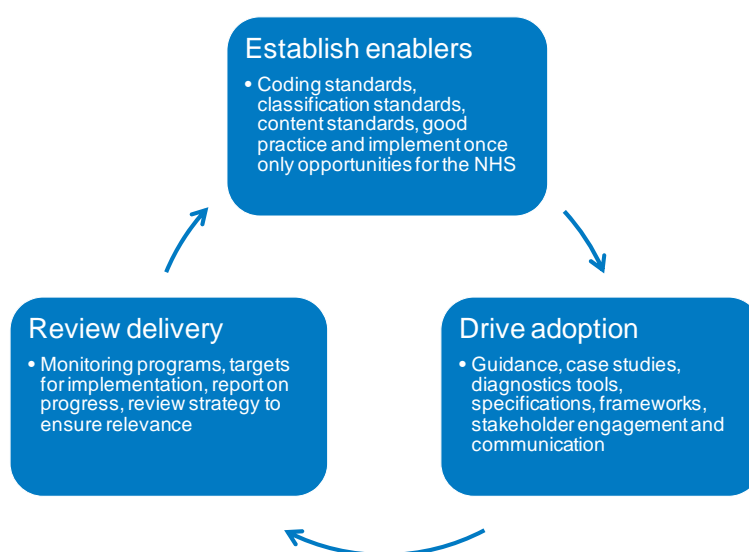


Figure 5 Components of the strategy

8 Implementation of the strategy–work program

54. NPEDG will undertake an **ongoing work program**, consisting of a range of activities and projects within each of the components of the strategy:

- pilots to demonstrate how key enablers such as common coding systems can be implemented.
- the production of detailed guidance to assist NHS trusts and suppliers on how to make the required changes.
- the production of tools for the NHS and suppliers to assess their current situation and where on the “road map” they are.
- targets and ongoing monitoring across the NHS and its suppliers to drive change.
- initiatives to assist the implementation of common standards across the NHS supply network.
- good practice guidance and once-only solutions where appropriate.

55. **Subgroups of stakeholders** from suppliers, eEnablement technology providers the NHS and NPEDG members **will be established for each work program**. This will enable a detailed level of consultation and a partnership approach to be established.

56. An **overview of the work plan is provided in Appendix D**. Details of the work programs will be maintained by NPEDG on an ongoing basis and will be available to stakeholders.

9 Implementation of the strategy–key enablers

9.1 Enablers–standards

57. Procurement eEnablement technologies require common communication, transaction and content standards to enable the benefits of process and data visibility between organisations to be achieved. Whilst the first two are now relatively well established for NHS commercial and procurement activities, **content standards are not**. This **prevents effective interoperability and the exchange of information**; incurring significant avoidable costs for the NHS and its suppliers

58. **Classification, supplier and product coding are the building blocks** of content standards in procurement. Following consultation NPEDG has established the following as the standards for the NHS.

9.1.1 Classification–NHS-eClass

59. The NHS procurement classification system will be NHS-eClass. The consultation highlighted the potential risks of adopting a bespoke NHS system and reviewed alternative systems. NHS-eClass was selected, as it currently offers the most effective classification for medical items.

9.1.2 Coding–GS1

60. The NHS procurement product coding system will be GS1 GTIN. The use of GS1 coding is already DH policy for the identification of patients and their records in the NHS (*Coding for Success*); the adoption of GS1 for coding for procurement extends the application of this policy.

9.1.3 Supplier coding

61. Dun and Bradstreet codes will be used for the NHS supplier coding system. The NHS currently uses a very large range of supplier coding systems, which are often related to the IT systems used. The Dun and Bradstreet supplier codes are recognised nationally and internationally as well as by the NHS.

9.1.4 Mapping coding and classification systems

62. NPEDG will include research into the opportunities and possible solutions to map coding to classification systems in its work programs for 2007/08. Figure 6 illustrates some of the classification systems that will be considered.

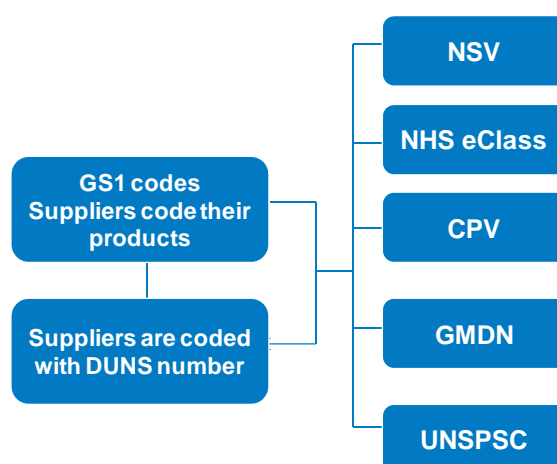


Figure 6 Mapping opportunities

63. For further information on NHS-eClass, GS1 and Dun and Bradstreet see Appendix C. In 2007/08 NPEDG will investigate the opportunity to establish NHS procurement content standards for the NHS in line with the Audit Commission's framework (*Audit, Commission, 2007*) and the OGC eProcurement interoperability requirements (*OGC, 2004*).

9.2 Sharing good practice

Local Authorities estimate that 64% of savings attributable to procurement are obtained from good procurement, 35% from the eEnablement of procurement and 1% from eAuctions. (ODPM, 2004).

64. To realise the significant benefits that eEnablement technologies can bring in procurement, it is essential to establish an understanding of the relationship between good procurement practice and good eEnablement practice.

65. **Excellent eEnablement and procurement practice exists in the NHS**, in individual trusts and collaborative purchasing organisations. The analysis that underpins this strategy however has shown **that good practice is not yet common across the NHS**.

66. This strategy will put in place mechanisms for converging on good practice process and system design by identifying a model of good practice and actively promoting progress towards this model. NPEDG will review experiences and practice across the public sector, other industry sectors, the NHS, NHS suppliers and eEnablement technology providers and establish recommendations on good practice.

67. NPEDG will investigate opportunities for the NHS to adopt “once-only” approaches with regard to eEnablement processes in NHS procurement.

9.3 Driving Adoption

9.3.1 Communication and engagement

68. **The success of this strategy is dependent upon the engagement of all stakeholders**. A strong program of direct communication and stakeholder engagement, including the use of suitable networks and groups, to create a high level of awareness will be established by NPEDG and undertaken on an ongoing basis.

9.3.2 Guidance

69. To assist the implementation of the enablers established by NEPDG guidance using case studies, diagnostic tools and “how-to” implementation guides will be developed and widely promoted across the stakeholder groups.

9.4 Regular review of delivery

9.4.1 Monitoring

70. An ongoing program will be established by NPEDG **to review the implementation of the data standards and recommendations of good practice across the stakeholder groups.**

9.4.2 Reporting and relevance

71. NPEDG will publish a commentary on the implementation of the strategy on an annual basis. This will include reports on the outcome of projects and activities undertaken by NPEDG during the year, progress reports on the implementation of the NHS data standards and the work programs for the forthcoming year.

72. The **strategy will be reviewed on a regular basis** by NEPDG to ensure that it accounts for changes in NHS requirements and the capability of eEnablement technologies.

10 Risks and expectations

73. The **current fragmented approach** to the adoption of eEnablement technologies for commercial and procurement activities in the **NHS incurs for the NHS a significant opportunity cost**, as the significant benefits available are not achieved by the NHS.

74. Failure to engage with this process will mean that the NHS will **retain this significant opportunity cost.**

75. To move forwards the **NHS must adopt a driven and collaborative approach with its stakeholders** and this strategy provides a mechanism to achieve this.

11 Comments and feedback

This final version of the strategy has been developed in conjunction with a wide group of stakeholders. NPEDG welcomes your comments on this strategy will be used to help implement the strategy. Please return your comments by 27th July 2007 to eenablement@nhs.net. Your responses and a summary of responses will be sent to those that have provided comment and published on <http://www.pasa.nhs.uk>.

Kevin Pritchard, Director, Commissioning Business Service Association of Greater Manchester PCTs

Chair, NHS Procurement eEnablement Delivery Group

Andrew Rudd, Director of Procurement Enablement, NHS Purchasing and Supply Agency

Co-chair, NHS Procurement eEnablement Delivery Group

Appendix A. The NHS Procurement eEnablement Delivery Group

The NHS procurement community recognises that the fragmented approach that is being taken in the use of eEnablement technologies for commercial and procurement activities means the significant benefits that they can deliver are not being achieved by the NHS. The NHS Procurement eEnablement Delivery Group (NPEDG) was established (September 2006) to drive forward the effective implementation of procurement eEnablement technologies in the NHS and to ensure that good practice is shared and adopted across the NHS.

Membership of NPEDG is currently drawn from the NHS procurement (including Pharmacy) community. NPEDG's Chair and Co-chair have responsibility to ensure that the membership provides an effective representation of the stakeholder groups. During 2007/08 the membership will be extended to include representation of other relevant communities (such as Finance).

NPEDG reports to the Collaborative Procurement Hubs Chief Executives Forum.

For queries please contact:

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Appendix B. As is analysis

To establish an understanding of the current environment with regard to the use of procurement eEnablement technologies in the NHS, NPEDG asked a group of NHS procurement professionals for their view. NHS trusts and eEnablement technology providers were asked about the systems used and which activities were undertaken. The following graphs describe the results of this analysis.

Procure to pay

Figure 7 shows the perception of the NHS procurement professionals asked towards purchase to pay processes; with regard to where current priority has been given to the implementation of eEnablement technologies, the extent of benefits that can be achieved from applying eEnablement technologies and the complexity of effective implementation of eEnablement technologies.

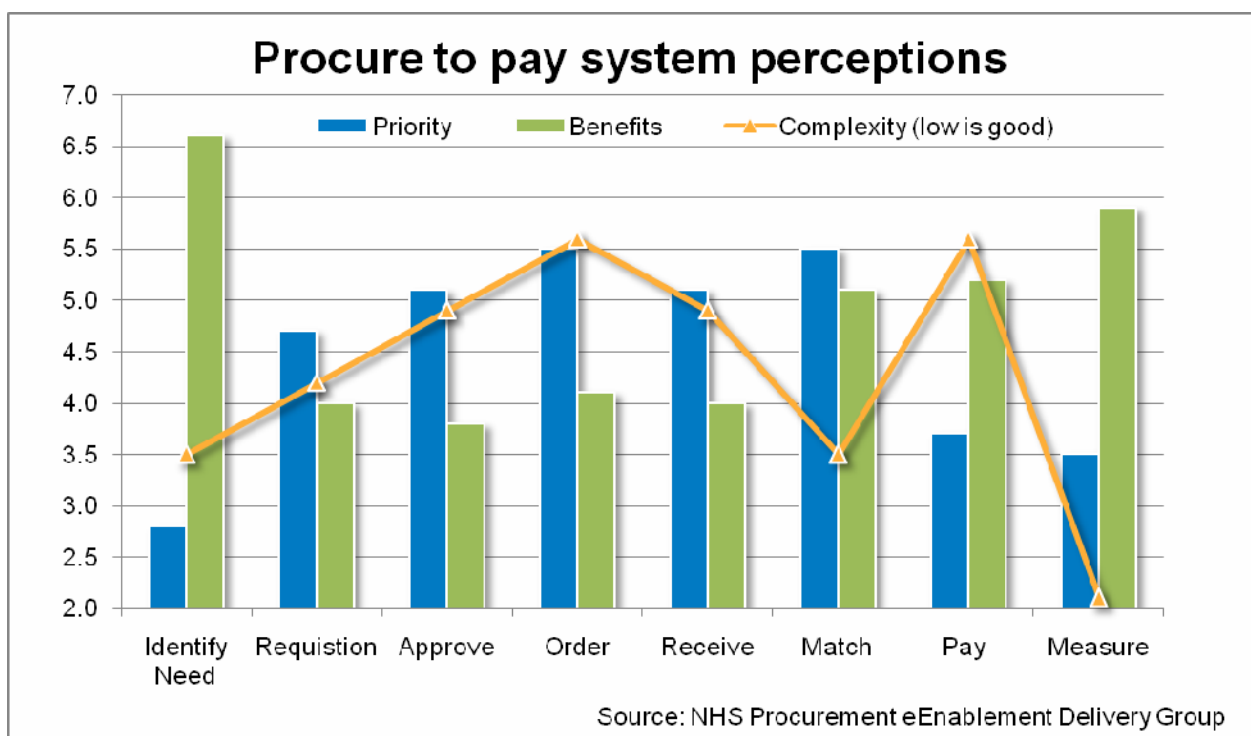


Figure 7 Procure to pay systems perceptions

Figure 8 describes the use of eEnablement technologies by process in purchase to pay. The systems are described as three broad groups; standard is a branded system, non-standard refers to Excel, Access and “in-house” solutions, and manual refers to post, fax, or “receipts with delivery documents”.

Certain parts of the procure to pay process (requisition, pay) show a strong usage of standard systems, but the other elements of the process show many non-standard and manual systems. The eEnablement strategy must address the data flow between these systems if it is to have a substantial impact.

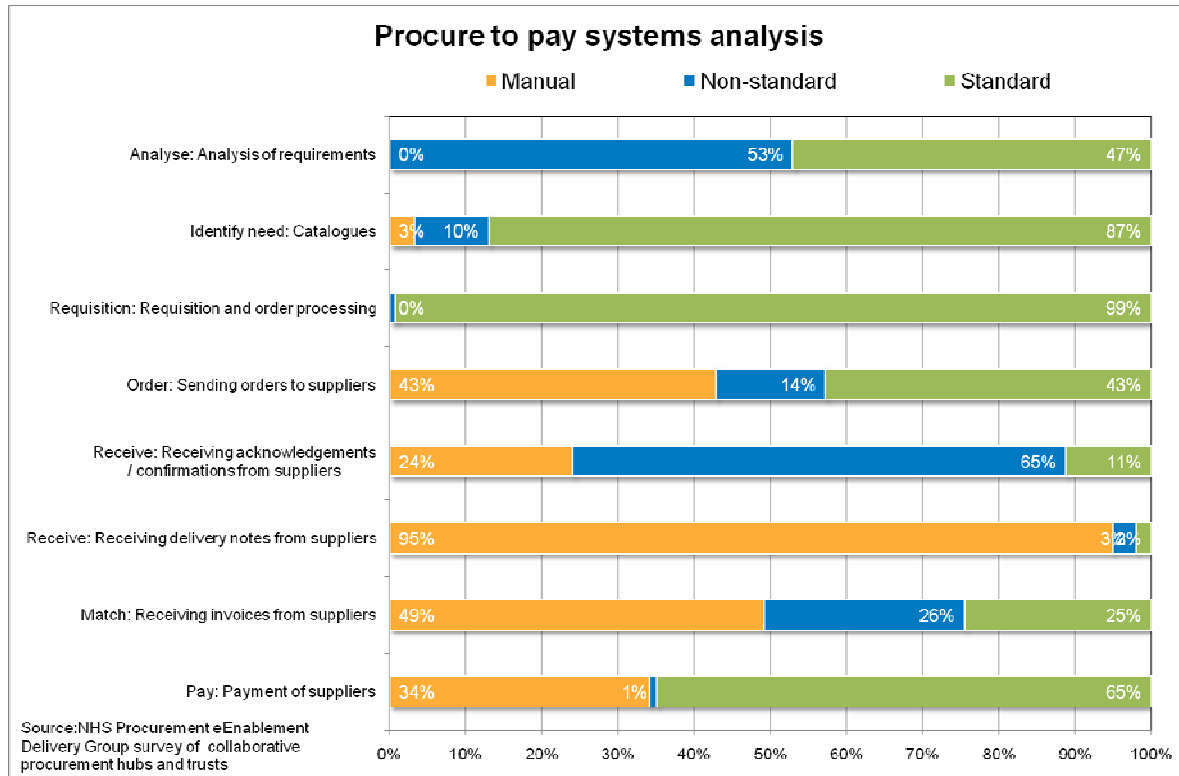


Figure 8 Procure to pay systems analysis

Sourcing

Figure 9 shows the perception of the NHS procurement professionals asked with regard to sourcing processes; where current priority has been given to the implementation of eEnablement technologies, the extent of benefits that can be achieved from applying eEnablement technologies, and the complexity of effective implementation of eEnablement technologies.

Figure 10 shows that there is a higher proportion, of standard systems in place in the sourcing area, although the area is less well developed overall as fewer trusts reported having any such systems. The area of contract management looks to be especially open for the use of standards.

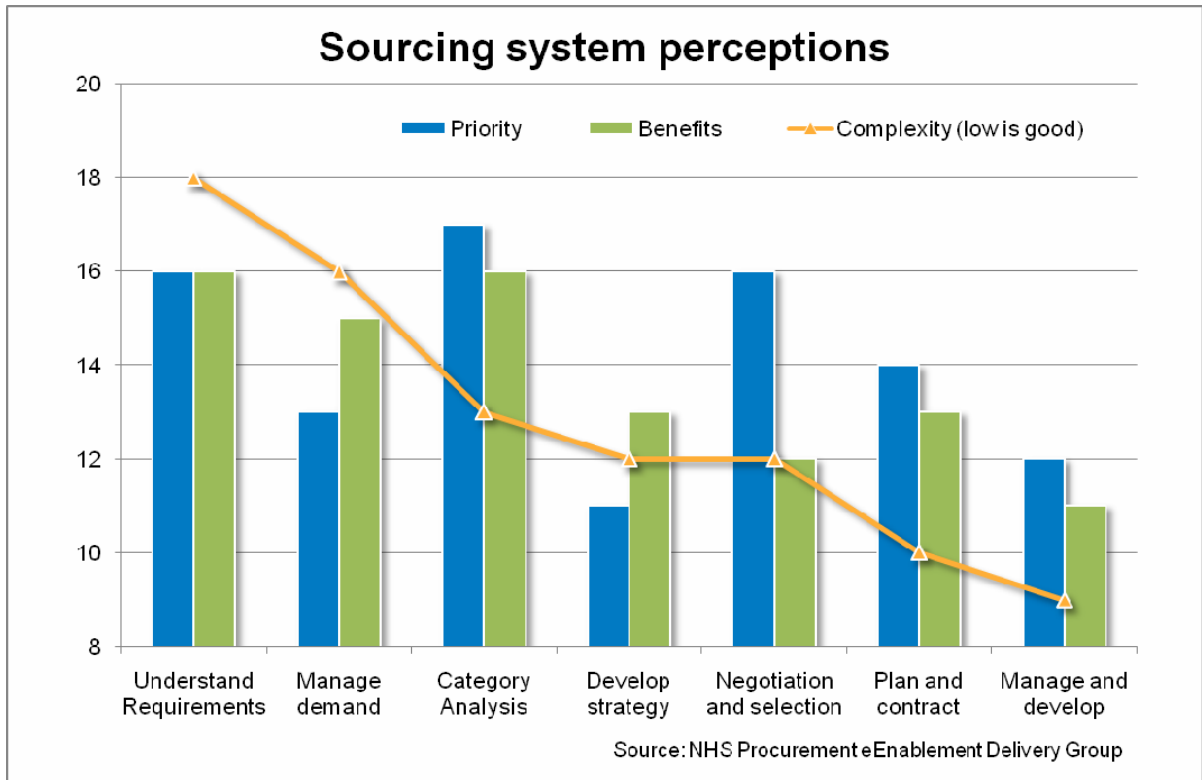


Figure 9 Sourcing systems perceptions

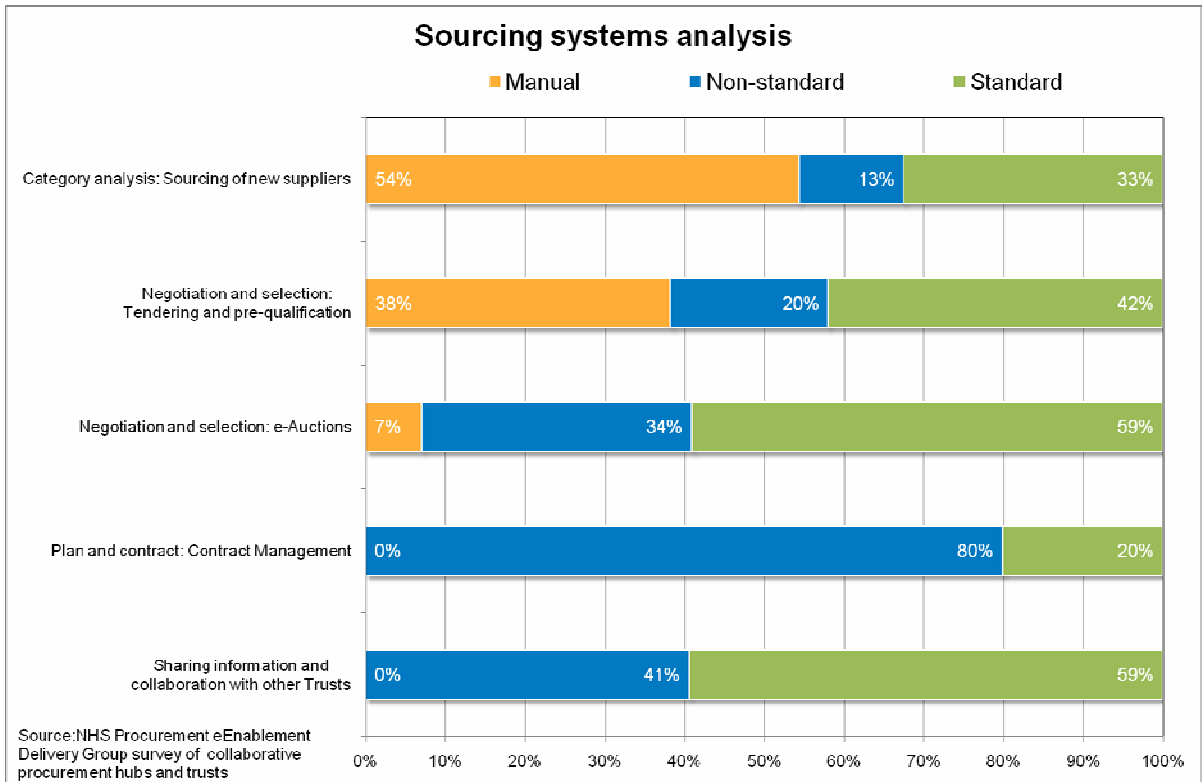


Figure 10 Sourcing systems analysis

Service provider support

During the consultation period, eEnablement technology providers answered key questions as to whether they supported the approach recommended by the strategy. The answers to both questions were uniformly positive.

	Yes	No	Not sure
1) Do you think a standard set of product codes and classifications makes sense for the NHS?	88%	0%	12%
2) What do you think the standard codes and classifications should be (based on existing structures or on new ones)?	EAN (GS1), eClass, UNSPSC		

Figure 11 Service provider support for common standards

Appendix C. Coding standards

NHS- eClass

NHS-eClass is owned by the NHS and operated on behalf of the NHS, by the NHS Purchasing and Supply Agency; the development of NHS-eClass is managed through a sub group of NPEDG.

For further information visit: www.pasa.nhs.uk

GS1 coding

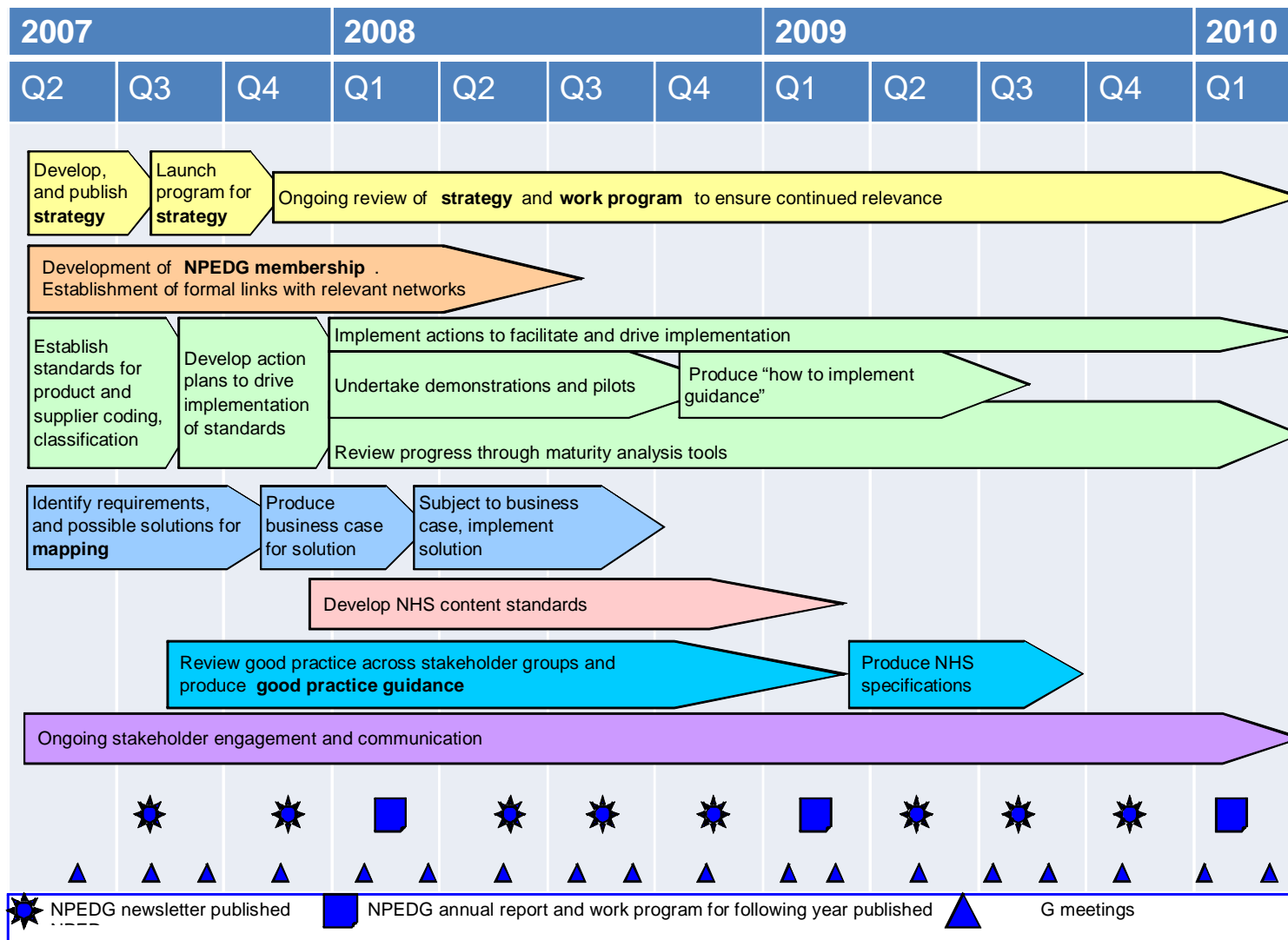
GS1 codes are a numeric or alphanumeric character string managed by GS1 to ensure the global, unambiguous uniqueness of an identifier.

For further information visit: www.gs1uk.org

Dun and Bradstreet supplier codes

For further information visit: www.dnb.co.uk

Appendix D. NPEDG Work Program 2007/08–2009/10



Appendix E. Consultation

The following organisations have been consulted in formulating the strategy. NPEDG thanks all the individuals for their valuable contributions.

Cross-sector workshops managed by the BuyIT Transformation Network brought representatives from the NHS, its suppliers and service providers together to formulate the strategy in a collaborative manner.

NHS

Avon, Barts and the London, Berkshire Shared Services, Chelsea and Westminster Trust, Chesterfield Royal, Commercial Directorate (Department of Health), CSA Regional Supplies Service (Northern Ireland), County Durham and Tees Valley Procurement Confederation Board (PRO-NE), Cumbria and Lancashire Supply Management Confederation, East of England Collaborative Procurement Hub, Gloucestershire Shared Procurement Service, Greater Manchester Collaborative Procurement Hub, Health care Purchasing Consortium, Hertfordshire Supply Management Confederation, Bedfordshire Shared Services, NHS Business Services Authority, NHS Purchasing and Supply Agency, NHS Supply Chain, North and East Yorkshire and Northern Lincolnshire Procurement Confederation Board (PRO-NE), North Central London CPH, North East London NHS Procurement Confederation, North West London NHS Procurement Confederation, North West London Hospitals NHS Trust, Northumbria Health care NHS Foundation Trust, Peninsula Purchasing Supply Alliance, Pharmacy Business Technology Group (NHS), Re:source Collaborative Procurement Hub, Royal Liverpool and Broadgreen University Hospital NHS Trust, Salisbury NHS Foundation Trust, Solent Supplies, Southampton & Winchester Health Supplies, The Lewisham Hospital NHS Trust, West London Mental Health Trust, Wirral Hospital NHS Trust.

Suppliers and service providers

@ UK PLC, AAH, Accenture, Association of British Health care Industries (ABHI), Atos Origin, B Braun, Bard, Baxter, Beckman Coulter, Belmin, Binding Site, bioMérieux, Biotronik, Boston Scientific, Bravo Solution, British In Vitro Diagnostics Association, Camlab, Cedar Group, Coding International, Cook, Dade Behring, Due North, Etesius, GAMBICA, GHX Europe, GS1 UK, Health Logistics, Hedra, IBM, Janssen-Cilag, Johnson & Johnson, Logica CMG, Mawdsley-Brooks & Co, Oracle, PA Consulting Group, PDMS, Smith & Nephew, SpikesCavell, Stryker, Surestock, Sybase, Syner-Med PP, Thermo Fisher, UKProcure, Xansa.

Other consultees

Department for Communities and Local Government, National e-procurement project, Office of Government Commerce (OGC).

Appendix F. Glossary

Collaborative Procurement Hubs CEO Forum	Heads of Collaborative Procurement Hubs stakeholder group
Collaborative Procurement Hubs	Group of NHS Trusts working collectively in procurement
CPV	Developed by the European Union for public procurement. Their main purpose is to help procurement personnel properly classify their contract notices and aid suppliers find the notices, which are of interest by using a standardised vocabulary.
CSR07	Comprehensive Spending Review 2007 – The Government's Comprehensive Spending Review will take a long-term look at the future of public services, identifying what investments and reforms are needed to equip the UK to meet the challenges and opportunities of the decade ahead. The outcome of CSR 2007 is expected in the Autumn.
DH	Department of Health
eEnablement technology providers	Organisations that provide eEnablement technologies and services
GMDN	The Global Medical Device Nomenclature (GMDN) provides the use of generic descriptors for the identification of medical devices and other Health care related products. GMDN codes were introduced by CEN, the European Committee for Standardization CEN was founded in 1961

	by the national standards bodies in the EU and EFTA countries.
GS1	GS1 UK - The global language of business GS1 UK is part of the global GS1 organisation, dedicated to the development and implementation of global data standards and solutions for the supply chain.
ICT	Information and communication technologies
NHS PASA	NHS Purchasing and Supply Agency. Arms length body of the DH.
NSV	National supplies vocabulary. Product coding system that originated in the NHS, currently owned and provided by Coding International. NHS-eClass is based on NSV codes and many NHS organisations use classification systems based on NSV.
OGC	Office of Government Commerce
p2p	Purchase to pay
NHS supply network	Organisations that trade with NHS organisations. Described as a network as the relationships between the NHS and its suppliers are many to many.

Appendix G. References

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