



Carestream Health reduces IT procurement costs by 10 per cent with centralised supply chain



Customer challenge

Leading healthcare company Carestream Health provides solutions to tens of thousands of healthcare organisations around the world. To ensure these solutions are delivered on time, Carestream Health must co-ordinate the procurement, integration and testing of hundreds of IT components from multiple vendors. In Europe, the company sourced these components from more than 20 suppliers. This decentralised approach was expensive, inefficient and had the potential to impact customer service levels.

Customer agenda

- Cost Reduction
- Continuous Improvement/Innovation

Services

- Supplier Management & Rationalisation
- Product Fulfilment Service

Technology

Hardware:

Eizo, NEC, Dell, EMC, Sun, HP, IBM, APC and Cisco

Computacenter solution

Carestream Health transformed its IT supply chain by selecting Computacenter as its European procurement partner. As a result, the company can centrally place and track thousands of orders a year involving 50-plus vendors. Bespoke bundles, a standardised product portfolio and comprehensive management reports have all increased the efficiency of the procurement operation.

Results

The partnership with Computacenter has not only delivered immediate and significant savings due to improved inventory management but also 10 per cent year-on-year savings on IT spend. As well as decreasing its order-to-cash time, Carestream Health has optimised the resources needed to manage its European IT supply chain and reduced the lead-time for new equipment by 50 per cent. All these factors help to boost the company's service levels and competitive advantage.

Customer profile

Equipping the healthcare industry

Carestream Health is a worldwide provider of dental and medical imaging systems and healthcare IT solutions. It also provides molecular imaging systems for the life science research and drug discovery/development market segments and x-ray film and digital x-ray products for the non-destructive testing market.

In 2007, Onex Corporation purchased Eastman Kodak Company's Health Group and established it as an independent company known as Carestream Health. Today Carestream Health employs approximately 7,300 people who serve a global customer base in 150 countries. The business has pioneered many innovative products that remain the 'gold standard' today and continues to use the Kodak brand on many of its products under a special licensing agreement.

“Greater control of the IT supply chain means we can exceed customers expectations by providing our solutions faster and more cost-effectively.”

Ian Viggers
Director of Regional Sales
Operations, Carestream Health

Business challenge

Sourcing critical components for customer solutions

To deliver maximum value to its customers, Carestream Health needs to be able to sell complete solutions rather than individual devices. Assembling such solutions can be incredibly difficult. For example, a Picture Archiving and Communications System (PACS) for a hospital could comprise servers, storage, workstations, networking devices and printers from a variety of vendors, as well as Carestream Health's specialist software.

Sue Dunn, Customer Service and Supply Chain Manager at Carestream Health, comments: “Due to the critical role our systems play in patient care, customers often have demanding deadlines. As a result, we must be able to procure, integrate and test all elements of a solution in a timely manner.”

Each of Carestream Health's 15 European operations had a different approach to IT purchasing – and different suppliers. As Jose Ramon Sanchez-Visconti, Commodity Manager at Carestream Health, explains, “We were procuring technology from more than 20 different manufacturers, resellers and distributors. With no standardised product portfolio or centralised control, we lacked full visibility of our purchases, which prevented us from negotiating volume discounts with vendors.”

With multiple suppliers to manage, Carestream Health's European operations also faced additional complexity around billing, distribution and support. The company's decentralised procurement model was also impacting the company's inventory management and customer installation times.

Ian Viggers, Director of Regional Sales Operations at Carestream Health, comments: “We cannot install equipment or invoice our customers until we have all the technology we need to create their system. This means that something as simple as a missing keyboard could hold up a customer installation and payment worth thousands of pounds.”

IT solution

Centralised European IT procurement

In 2006, Carestream Health decided to look for a single European supplier to centralise technology procurement. After considering nine contenders, the company decided to partner with Computacenter.

“Computacenter has vast experience of IT sourcing across Europe and proved very flexible by agreeing to work with new vendors to ensure we had a single procurement point for all our technology needs,” comments Jose.

Since January 2007, when the partnership formally started, Carestream Health has placed an average of 75 orders a month with Computacenter. This amounts to nearly 8,000 pieces of equipment a year, and includes products from 50 different hardware manufacturers.

In addition to around 300 individual components, Computacenter’s catalogue also comprises 300 bespoke bundles, which include the full set of products needed for Carestream Health’s most common customer solutions.

“Computacenter holds some items for us as a buffer against high demand,” comments Jose. “The company’s scale and vendor relationships mean that it can source the equipment we need quickly.”

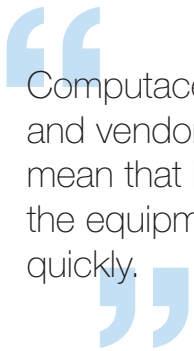
Around 60 per cent of Computacenter orders are delivered to Carestream Health’s Technology and Innovation Centre in Genoa, Italy, where the company’s engineers integrate and test the solutions prior to shipment to customers. The remaining 40 per cent of orders are delivered direct by Computacenter to customer sites in more than 16 countries.

As part of its new centralised approach to procurement, Carestream Health has also standardised its product portfolio, which not only lowers costs but also simplifies integration, testing and support.

To ensure Carestream Health’s procurement team has complete visibility of all shipments, Computacenter provides comprehensive reports that enable the company to trace orders by project, purchase order number or vendor.

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Jose Ramon Sanchez-Visconti
Commodity Manager
Carestream Health



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Carestream Health

Results

A cost-effective, consistent and controlled IT supply chain

Carestream Health's centralised procurement model has removed cost and complexity from its European operations.

As Computacenter only ships complete orders, Carestream Health no longer has to wait for missing components before it can deliver solutions to its customers. Jose explains, "By improving inventory control we have been able to reduce the average order-to-cash time. This has saved us around 15 to 20 inventory days and significant costs in the first year of the contract."

Since partnering with Computacenter, the company has also been able to:

Maximise its IT spend: With central visibility of all orders placed with individual vendors, Carestream Health has been able to negotiate volume discounts with its major suppliers – these prices are honoured by Computacenter as part of its agreement with the company. This aggregation of IT spend has resulted in 10 per cent year-on-year cost savings.

Free up resources: Carestream Health has been able to reduce the size of its procurement team, freeing up resources for other functions.

Increase customer service levels: Greater visibility and consistency of product pricing means Carestream Health's sales staff can provide more accurate quotes to its customers. The company can also fulfil customer orders faster – the lead-time for new equipment having been reduced.

These factors not only improve profitability for Carestream Health but also its competitive advantage. "Greater control of the IT supply chain means we can exceed customers expectations by providing our solutions faster and more cost-effectively," concludes Ian.

More resources

To find out more about our product supply services, visit:

www.computacenter.com/services

Read more customer case studies at:

www.computacenter.com/case-study