



HealthShare NSW

# HealthSupply

## Warehousing and Distribution Reform

Project overview  
January 2024



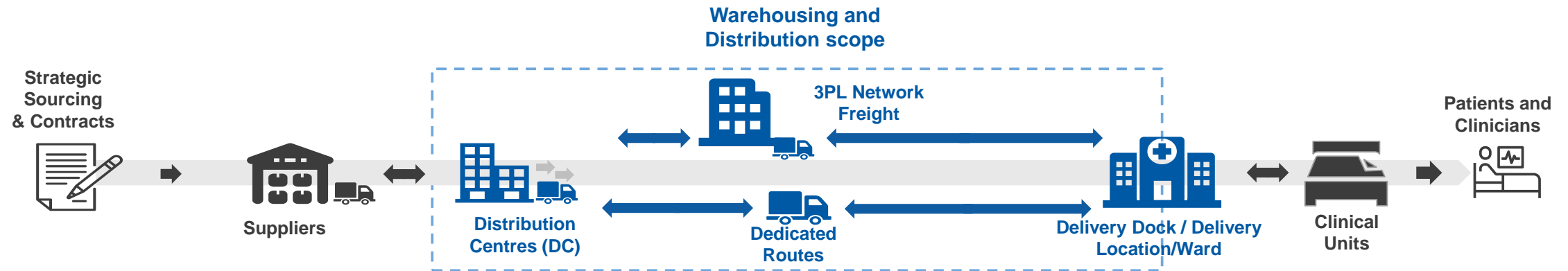


# HealthSupply objectives

The objective of the HealthSupply Program is to provide a warehousing and distribution service that will address the following:

- Optimise the delivery of medical consumables (better lead time, more accurate, less-frequent direct deliveries, and better delivery condition).
- Provide a cost-effective and timely service to NSW Health hospitals, including the smallest and most remote hospitals, and to ambulance stations across the state.
- Support the volume of growth over the next 10 years and an increased range of medical consumables.
- Build resilience and provide sufficient capacity to support emergency surge supply requirements.
- Reduce emissions generated from distribution facilities and transport fleets.
- Have capability to backhaul clinical waste from hospitals and to reuse/recycle when possible.

# NSW Health supply chain network

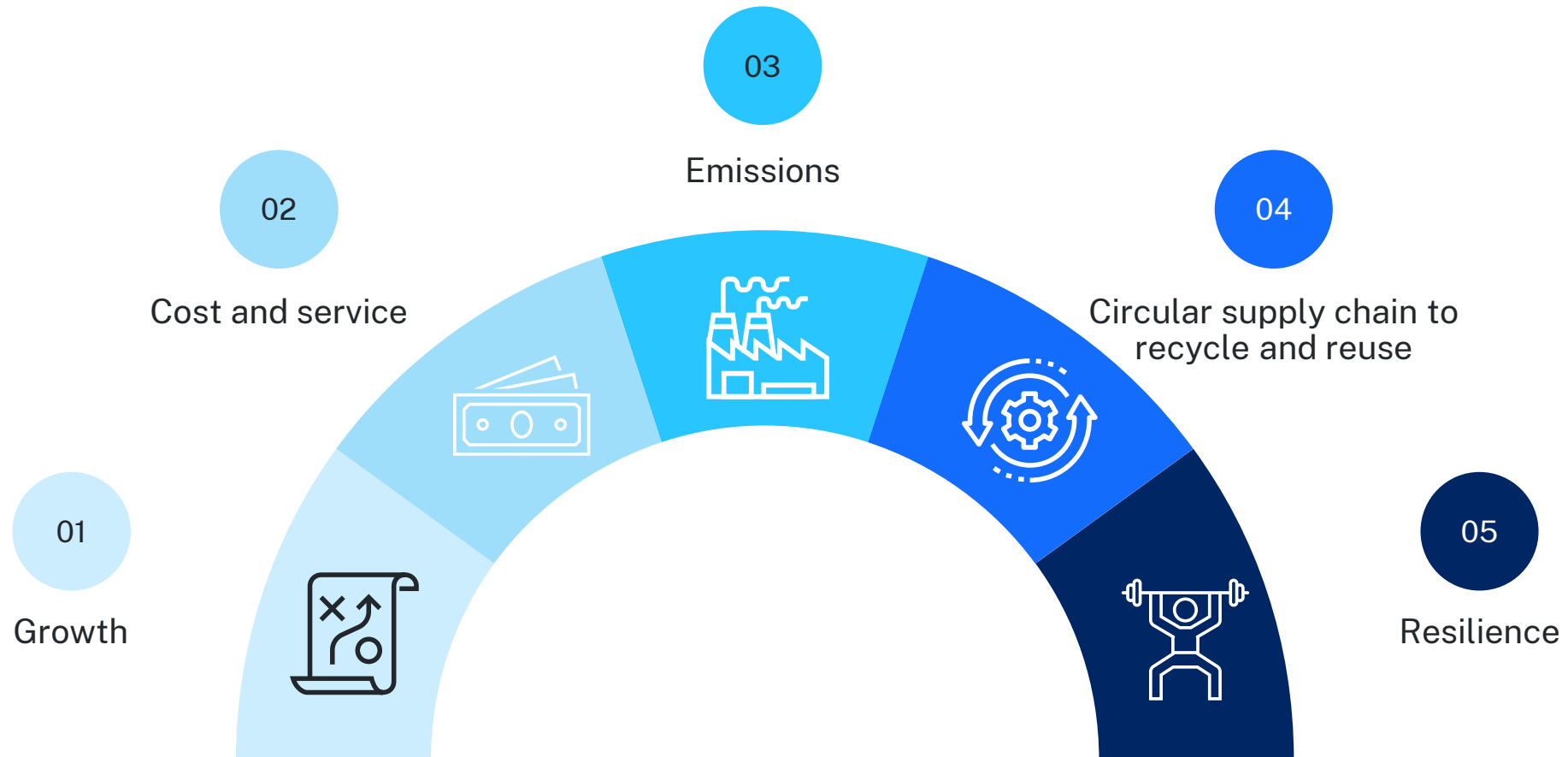


**HealthSupply Program - Warehousing and Distribution reform** - delivers required future (to 2035) capacity, service levels, cost to serve, resilience and emissions reduction to NSW Health sites.

**Emissions reduction and Sustainable Supply Chain** - Emissions reduction and Sustainable Supply Chain will grow as critical issues over the next 10 years and *Warehousing and Distribution will be a critical enabler to reduce current freight and electricity consumption, as well as support collection and processing of recyclable material (clinical waste)*

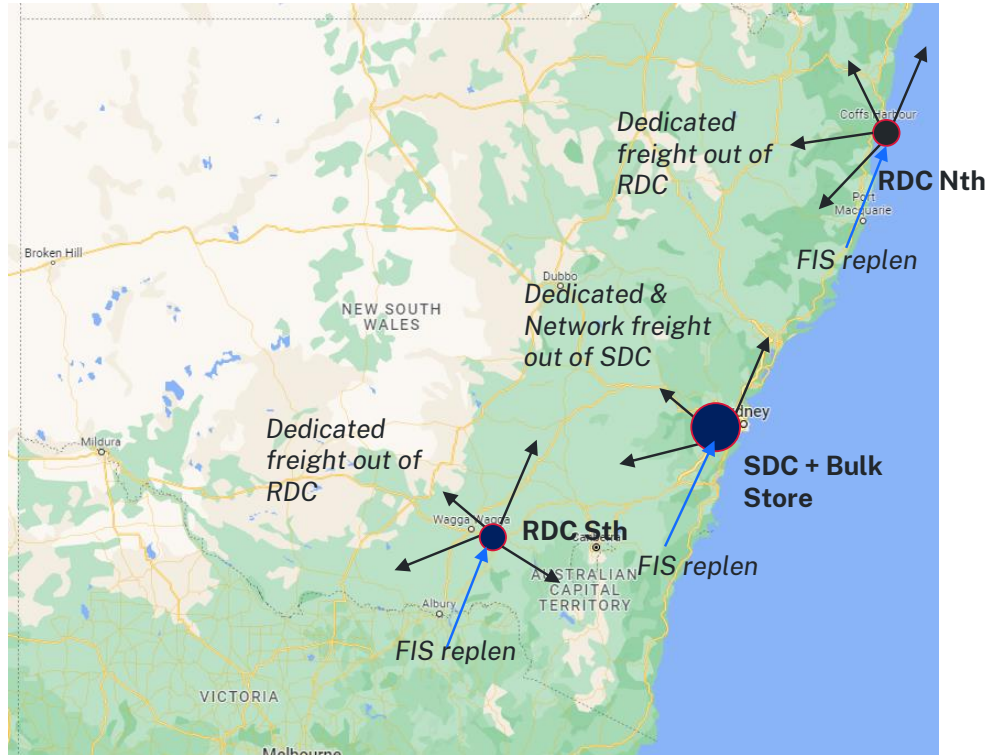
# HealthSupply scope of work

To establish optimal warehousing and distribution capabilities to service all NSW Health Hospitals and Health Agencies for the next 10 years, and address the 5 key challenges below:



# HealthSupply scope

## State and Regional Distribution Centres Network

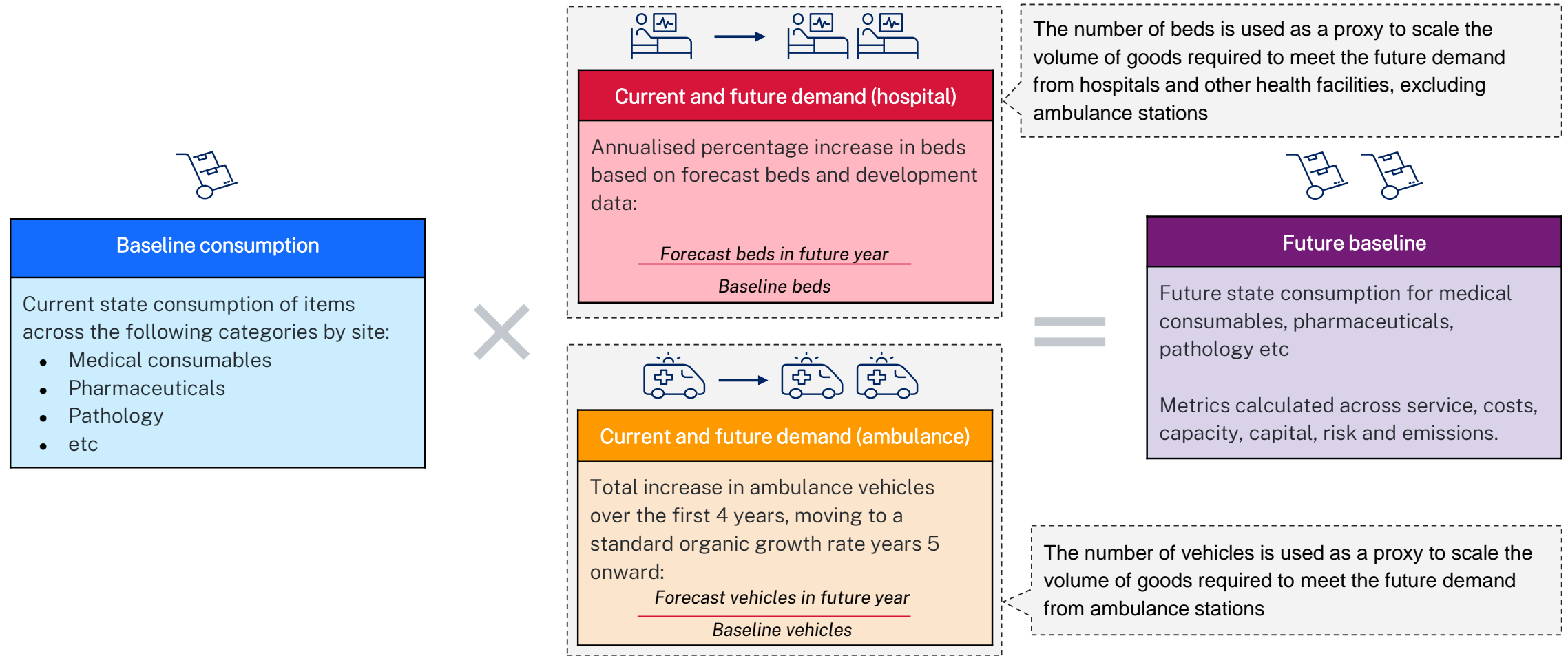


- In scope: Servicing all OneLink existing sites + SVHN, Dock 9 (Ambulance NSW) and SCHN
- Out of scope: pharmacy and pathology network, EnableNSW warehouse
- Service levels to comply to HS Service Requirements (refer next slides)
- Target range depth and breadth (at Full Capacity) ~6000 SKU's of which a mix would be fulfilled from SDC and RDC's (Ranges held at both the RDCs and SDC are optimised to serve the specific customers for each site based on total system costs)
- Warehouses are replenished from vendors free into store (FIS)
- Automation to reduce cost per pick to be included.

Warehouse locations are to be determined by service providers



The future baseline is calculated on the existing consumption metrics and the forecast demand, driven by and increase in hospital beds from planned developments, increases in the number of ambulances, and organic population growth

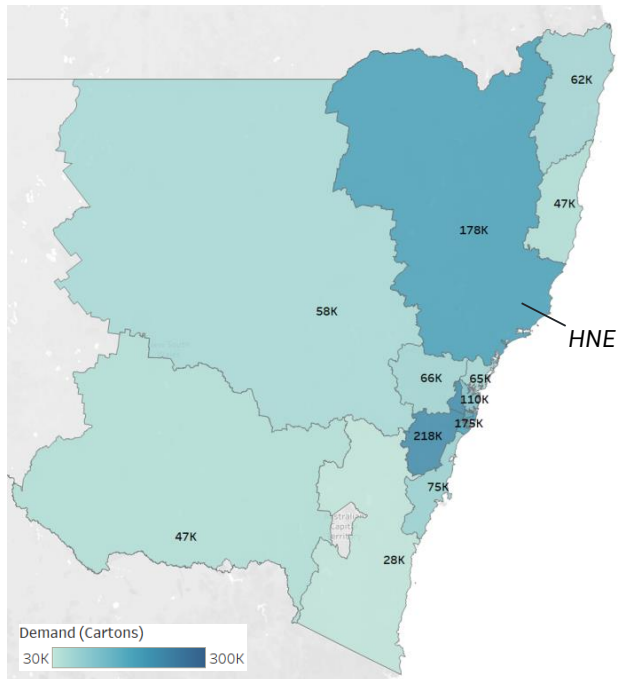


Note: For Enable, goods are delivered to people's home so the current and future demand is estimated based on the NSW population growth.

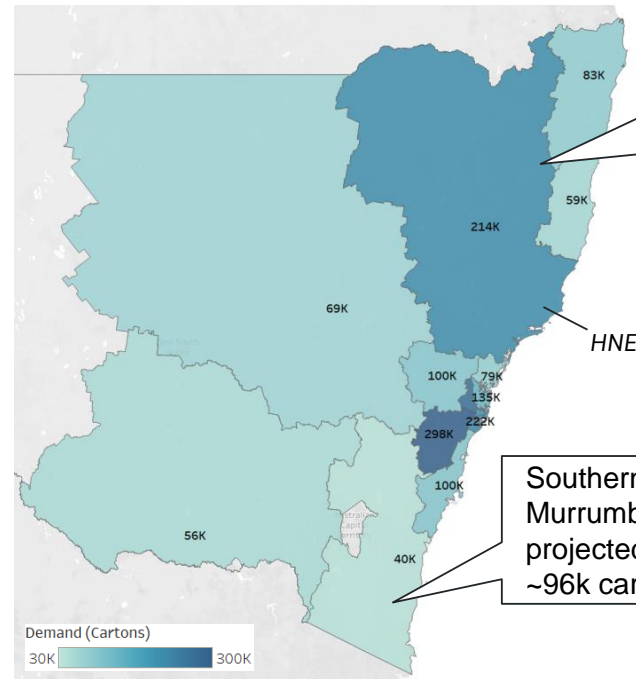


The demand heat map shows that the region north of the central coast has greater demand and demand growth than the region south of Sydney

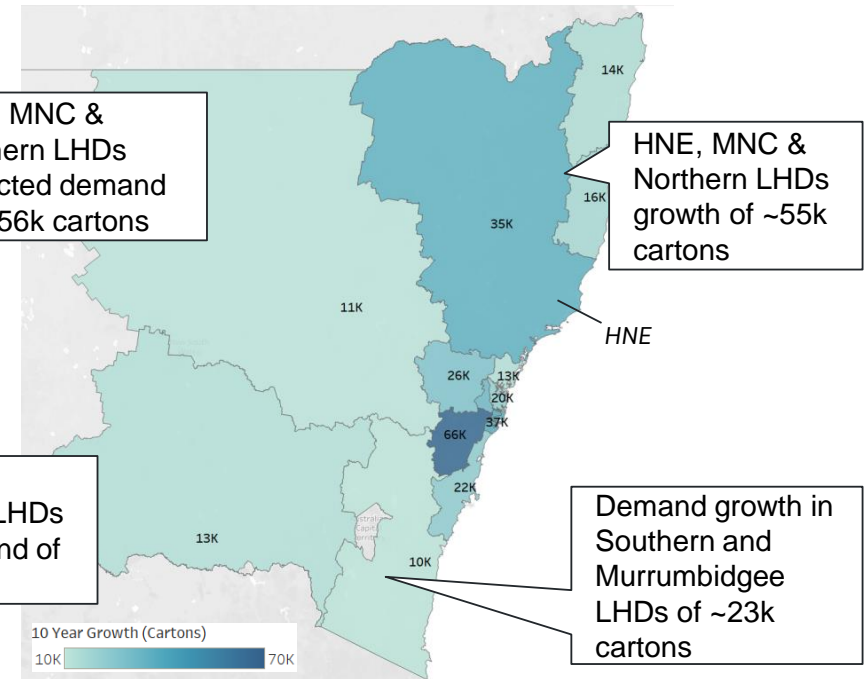
Current state demand (2022)



Estimated 2032 demand



2032 carton **growth** relative to current state demand



HNE, MNC & Northern LHDs projected demand of ~356k cartons

HNE, MNC & Northern LHDs growth of ~55k cartons

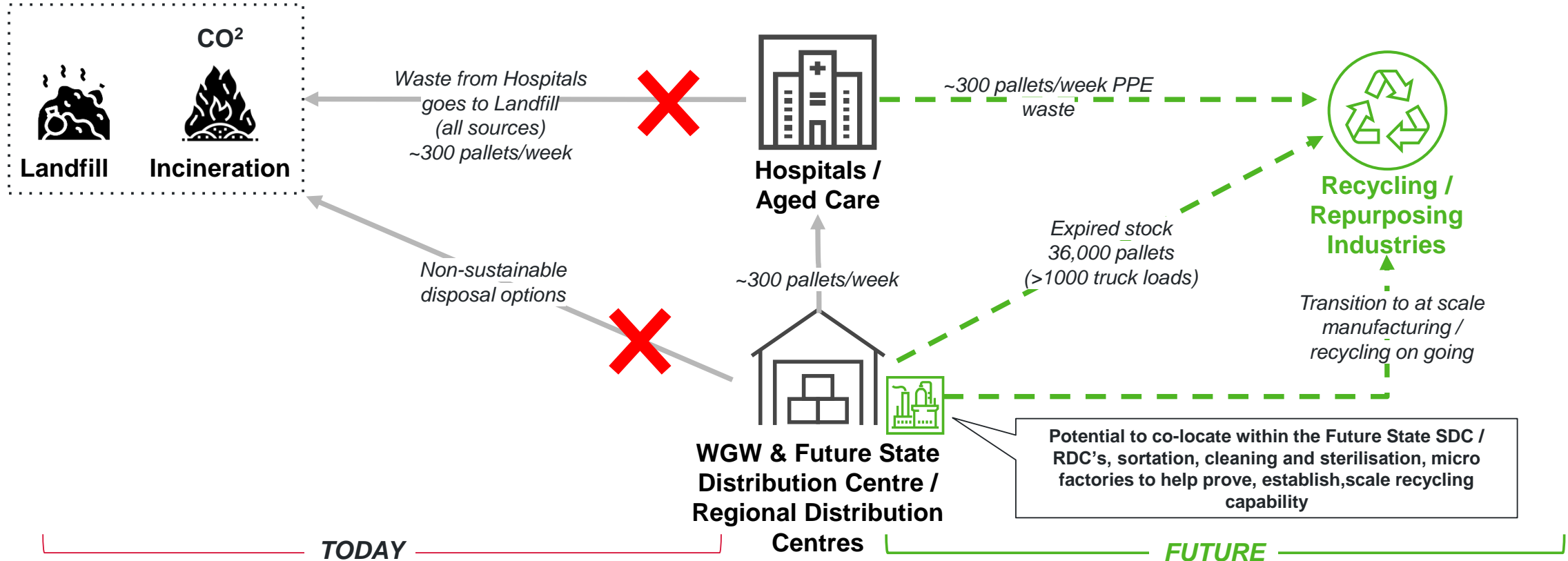
Southern and Murrumbidgee LHDs projected demand of ~96k cartons

Demand growth in Southern and Murrumbidgee LHDs of ~23k cartons

Note: Heatmaps consider growth of all sites/product demand included for modelling in COG and Network Optimisation scenarios. Far West LHD has been omitted from these views to improve visualisation.



There is ambition and vision for NSW Health to recycle expired PPE stock and build a long term future sustainable waste disposal capability for hospitals clinical waste





# High-level timeline



Project stage	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
New Supply Chain Network	Business Requirements		RFP Evaluation	Detailed Design with 2-3 3PL	Final Evaluation	Contract Negotiation	Award	Pre-implementation planning and implementation (Q4)	
Tender	RFP Prep	Issue RFP	Nominate 2-3 3PL				Award Process		
Specialty SME • Warehouse design/automation • Circular economy		Assign SME	Assist in Evaluation	Assist in Detailed Design	Assist in Final Evaluation				
Direct Item Conversion	High Level Item Scoping		Detailed Level Item Conversion			Item Conversion Implementation	New Item Transition		
Warehouse Transitions	Dock 9	SVHN	SCHN						WGW
3PL Vendors		Provide RFP Response	Short listed	Detailed Design (2-3 3PL)		Contract Negotiation	Award Contract	Pre-implementation planning and implementation (Q4)	



# HealthSupply project team:

Role: Project team will take primary responsibility for the delivery of the Warehousing and Distribution strategy and go to market process, this includes project management, developing and issuing the RFP and evaluating the tender response documents, as well as managing the supplier selection process

## Capabilities:

- Manage a large service procurement process and the ability to prepare and evaluate complex RFP's
- Program and Project Management
- Stakeholder Management
- Warehousing and Distribution expertise to refine requirements and address questions arising from RFP process
- Complex negotiation and contract preparation
- Collating complete business requirements and supporting documents, obtaining sign off for the inputs to the RFP
- Data Management to establish the baseline and future state data sets with cubic, weight and velocity data sets. Capturing the requirements and obtaining sign off for the data inputs for the RFP
- Management of Item Conversion including data analyst, proposal, supplier negotiation and item transition
- IT Integration – collating the requirements for systems integration between HS and 3PL Partner, build, test and migration

## Resources:

- 1 x Supply Chain Improvement Lead
- 1 x Warehousing & Transport Lead
- 1 x Inventory Optimisation Lead
- 1 x HealthSupply Procurement Lead
- 1 x HealthSupply Project Manager
- 1 x Data Analytics Specialist
- eHealth solution resources
- Legal and Commercial support
- SME support from SCO Team