2024 VIZIENT CONNECTIONS SUMMIT

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Future-Proofing Healthcare: Rush's Digital Journey Towards AI

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Learning Objectives

- Discuss integrating a digital strategy to streamline healthcare operations.
- Describe the use of artificial intelligence and automation in healthcare operations.

Agenda

- Rush Supply Chain's Journey
- It's Not Just the Technology – Assessing Maturity, Culture, People
- But It's Also the Technology – What to Consider, How to Invest Wisely
- Example Technology Journeys – CLM, Distributor AI
- How to Plan for the Future
- Challenges
- Lessons Learned
- Key Takeaways
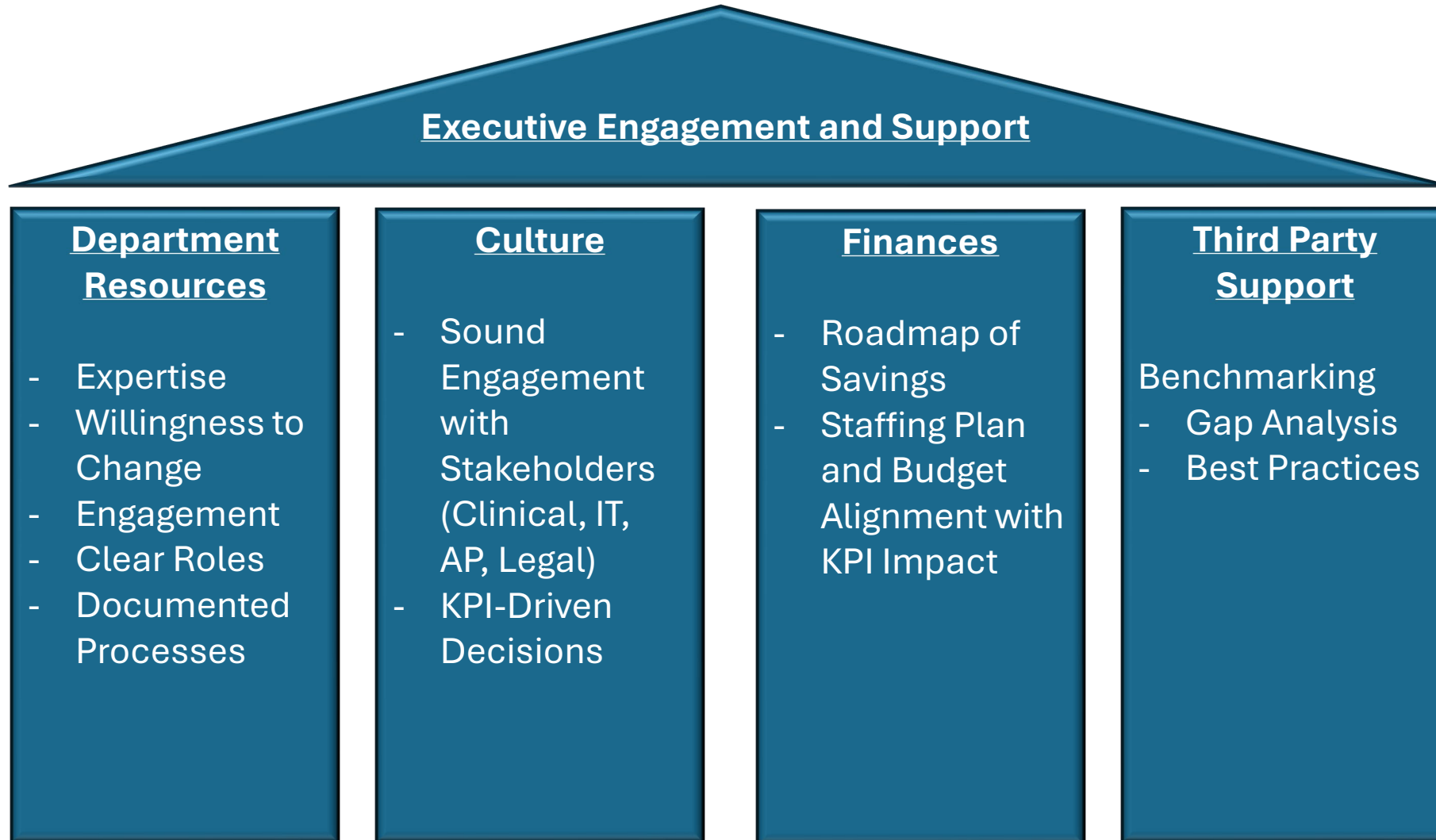- Questions

Rush Supply Chain's Journey

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ERP Transition

Point of Use - OR

CLM AI
Bots, AI
Distributor AI Insights

Pre-2018   2018   2020   2022   2024

Point of Use – Patient Care
Automated Transports for Supply Chain, EVS

CLM
Distributor Data Integration
IPM – Bill Only Process
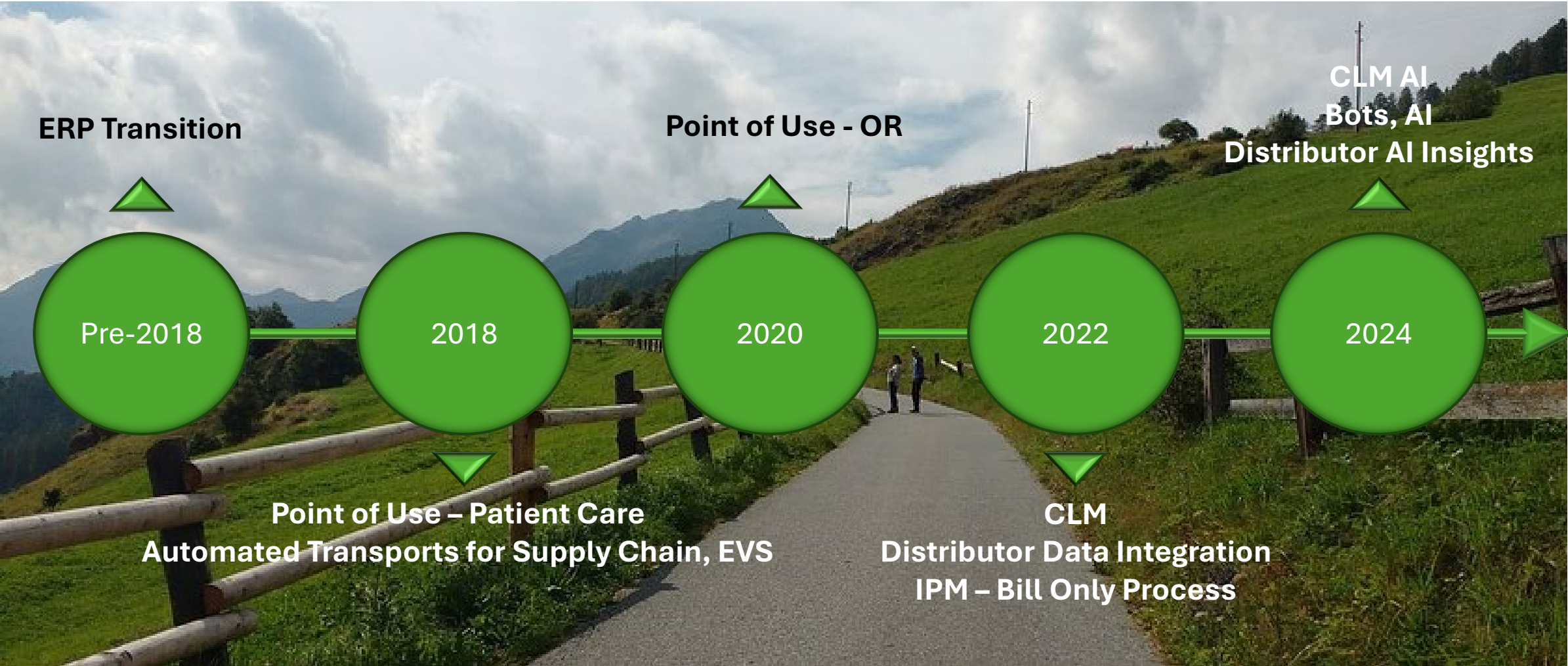
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It's Not Just the Technology

Executive Engagement and Support

Department Resources

- Expertise
- Willingness to Change
- Engagement
- Clear Roles
- Documented Processes

Culture

- Sound Engagement with Stakeholders (Clinical, IT, AP, Legal)
- KPI-Driven Decisions

Finances

- Roadmap of Savings
- Staffing Plan and Budget Alignment with KPI Impact

Third Party Support

Benchmarking
- Gap Analysis
- Best Practices

But It's Also the Technology

- **Cost and Contracting** – Controlled costs, realistic license structure, incentives and milestones
- **KPIs** – Labor, non-labor impacts and other key measurements outlined internally not by vendor
- **IT considerations** – Low barrier to entry, sound cyber credentials, app rational in ecosystem
- **Third party input** – Benchmarking, best in class in industry, references
- **Training Plan and Competency** – Suitability to team's strengths, bandwidth to train, support
- **Digital Roadmap** – Fits in future planning such as new ERP, vendor demonstrates track record of innovation

Cost   **Quality**   **Impact**
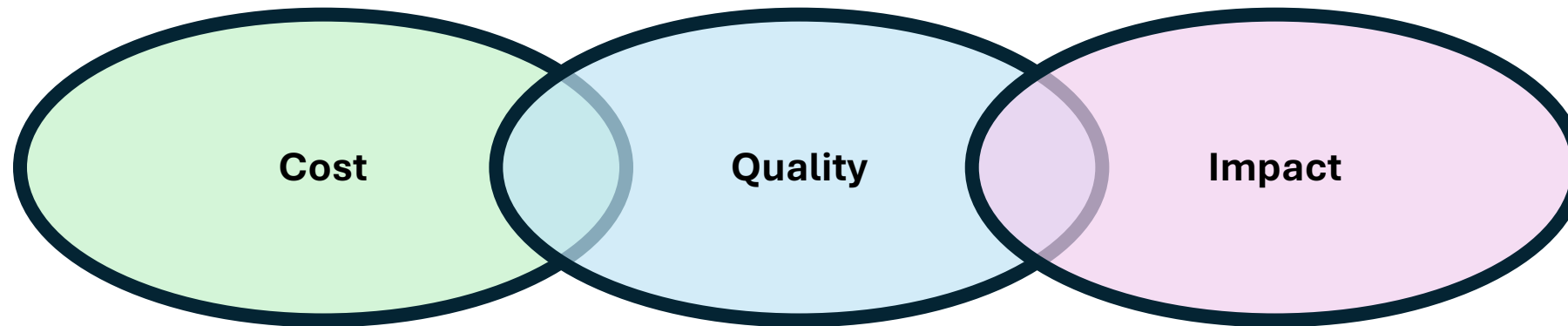
Rush's Journey

Contract Administration and Contract Lifecycle Management (CLM)

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Rush's Journey - CLM

Before New CLM

People and Culture

| Culture that did not promote change | Responsible but not accountable | Controls important except when they're not |

Costs

| High contracted legal services | Uncontrolled purchased services costs | Penalties, bad terms due to no review |

Process and Technology

| Lack of transparency | System did not address business needs | Decentralized processes |

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Rush's Journey - CLM

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During CLM Transition – 6 Months

People and Culture

New team hired & new policy established

Message importance of controls

Build new relationships with stakeholders

Costs

Hold vendor accountable to milestones

Choose modest license structure

Purchase key systems - not every available option

Process and Technology

Build a 'train the trainer' model during implementation

Use CLM to address P2P pain points

Balance controls, efficiency in reasonable manner

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Rush's Journey - CLM

After CLM Transition – 2 Years

People and Culture

Established controls and escalation paths	Continuous improvement and Iteration	Evolve with stakeholders and build trust

Costs

Reduced contracted legal services	Traceable and controlled indirect spend	Add options once matured enough to fully utilize

Process and Technology

Not constrained by ERP, legacy processes	Enhance platform with further technology - AI	Centralize processes - POs generated in CLM

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Rush's Journey – CLM Outcomes and Continued Efforts

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Turnaround Time

Prior CLM Average	FY24 Average
70 days	41 Days **(-40%)**

Volume of Contracts

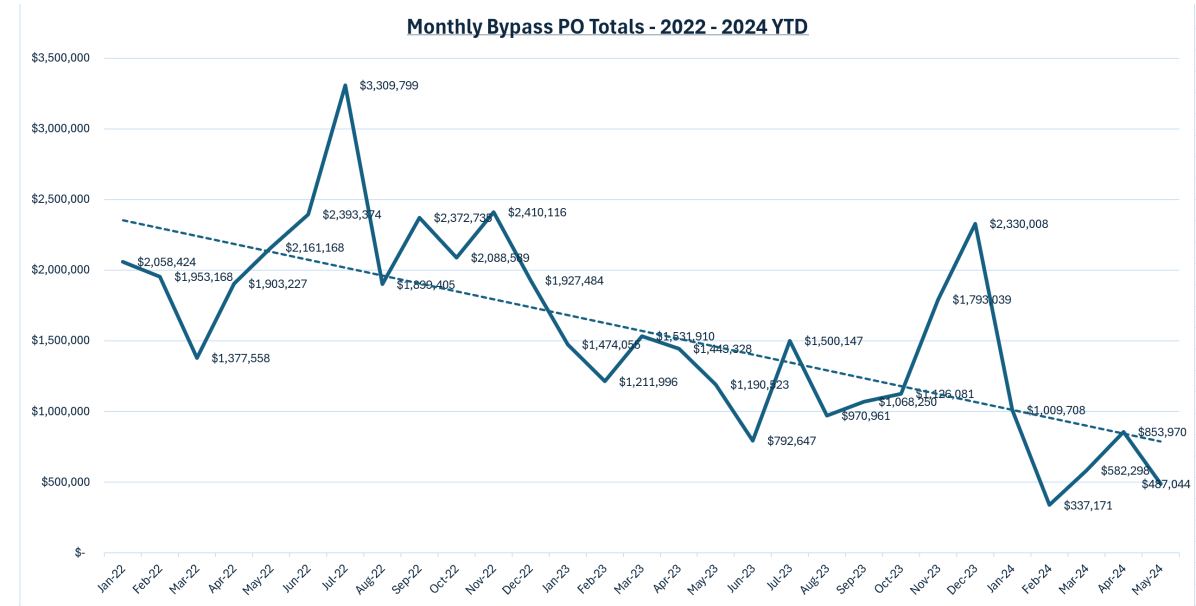| Prior CLM Average	FY24 Average
200 / Mo.	341 / Mo. **(+70%)**

Continued Efforts:

Process Improvement
Cross-functional contract reviews- IT, Finance, Legal

AI
Large language models to enhance Contract Review & Search

Source: Rush

Monthly Bypass PO Totals - 2022 - 2024 YTD

Line chart of Monthly Bypass PO Totals from Jan-22 to May-24 with data points: $2,058,424, $1,953,168, $1,377,558, $1,903,227, $2,161,168, $2,393,374, $3,309,799, $1,890,405, $2,372,738, $2,088,589, $2,410,116, $1,927,484, $1,474,056, $1,211,996, $1,531,910, $1,449,328, $1,190,723, $1,500,147, $792,647, $970,961, $1,068,250, $1,426,081, $2,330,008, $1,793,039, $1,009,708, $337,171, $582,298, $853,970, $437,044

Non-Clinical Contract Penetration

FY22	FY24 Average
10%	91%

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Rush's Journey

Distributor Management

Point of Use and Analytics

Rush's Journey – Distributor Management

<u>Before New Technologies</u>

People and Culture

| Culture of do it yourself | Poor analytical skills, reports | Old school approach to ordering, managing backorders |

Costs

| Expensive impact of backorders | Dead inventory at Distributor, buyouts | Uncontrolled inventory costs onsite |

Process and Technology

| Labor-intensive processes | No technology beyond MS Office | Lack of integrations |

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Rush's Journey – Distributor Management

Deploying POU and Distributor Technologies – 3 Years

People and Culture

| PAR Optimization Team established | Distributor partnered with tech | Clinical teams recognize value |

Costs

| Investment in hardware as a foundation | Lean support structure | Pilot program with shared accountability & low cost |

Process and Technology

| Restructure logistics Nursing and interventional workflows | Purchasing and sourcing workflows for backorders, subs, conversions | Data warehouse model up and down stream |

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Rush's Journey – Distributor Management

After New Technology

People and Culture

Analytics driven decision making	Clinical support for further changes after trust built	Internal buy-in from team due to successes

Costs

Reduced backorder costs	Lowered inventory management costs	Improved accuracy in OR transactions

Process and Technology

Continuous improvement on foundation	Automation – substitutes, inventory levels	Distributor, provider demand planning clarity

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How to Plan for the Future

The Now

- Always assess and re-assess
- Be realistic and transparent
- Track commitments clearly
- Learn emerging technologies
- Continuous improvement – iterate what you have

The Near Term

- Stick to roadmap
- Pilot new programs
- Open dialogue with peers
- Pivot with organization
- Press for results and innovation from vendors

The Unknown

- Plans change
- People change
- Visions change

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Challenges

We don't have time

We can't afford that

Who are you and why do you matter?

Lessons Learned

- It's not just one person or department

- You will never get the moon

- Trial and error can and will happen

- Success and failure are not just numbers, but also people, perception

- Sustaining change is just as important as starting it

- Innovation snowballs – it's a culture

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Key Takeaways

- Relationships are key to technology
  - Understand stakeholders and your own department well
  - Executive buy-in and support are key
  - Learnings about technology and its pitfalls are critical
- Think outside of the box
  - "It's always been done this way" is the absolute worst answer
  - Trying something new is OK
- Build culture of change management
  - Cannot be afraid of change
- Always learn
  - Technology will never remain the same – neither should your knowledge

Questions?

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