



Courier networks:

Healthcare's invisible logistics system

This white paper was written from a webinar presentation featuring LeAnn Born, Founder of LeAnn R. Born Advisory Solutions, and Eric McGlade, CEO and Co-founder of VPL.

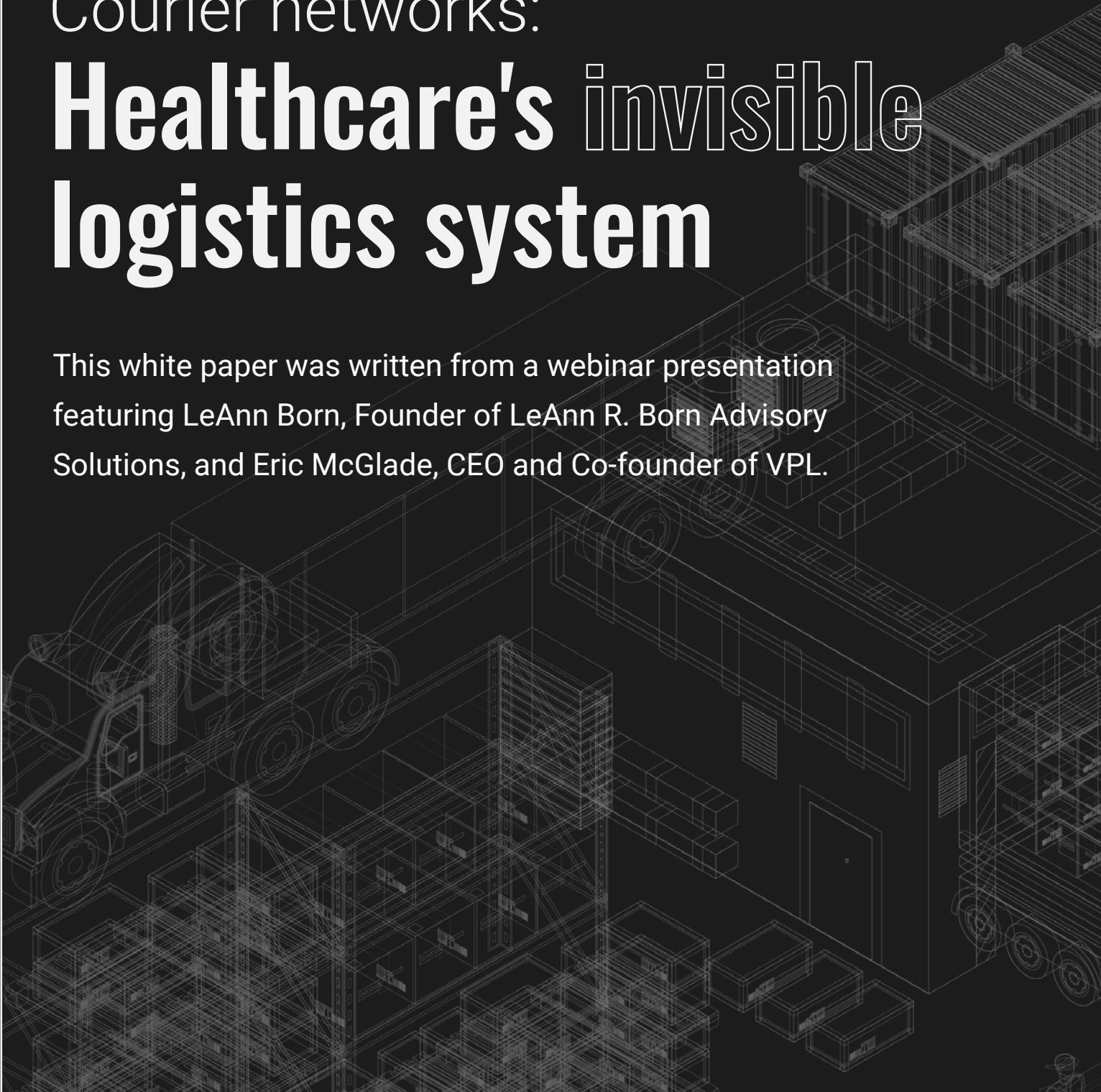


Table of Contents

Our industry experts 3

Introduction 4

The state of health system courier networks 4

Implications of today’s approach to courier networks 6

How managed are your outbound logistics? 7

Modernizing health system courier networks with VPL 8

The benefits of our solution 9

Connecting managed outbound logistics to the quintuple aim 10

Conclusion 12

Our industry experts



LeAnn Born

LeAnn is a former healthcare supply chain executive and VPL customer with over three decades of experience working with supply partners to further their value. Since retiring, she has consulted with health systems, GPOs, and suppliers to understand and advance their strategic supply chain assets.

Eric McGlade

Eric's 25-year background in supply chain, freight management, consulting, and finance makes him uniquely suited to help drive VPL's pioneering work as the technology leader in the healthcare supply chain space. Eric specializes in pinpointing the unique needs of the industry and seeking best-in-class solutions and strategic industry partners to support the VPL mission.



Introduction

While courier relationships are nothing new for health systems, the increased volume of outbound shipping to patients' homes—as well as intranetwork shipping between health system locations—has made courier networks much more complex in the past several years.

Today, many health organizations rely on disparate networks of couriers and carriers to ship products within and beyond their walls. The inefficiencies and risks associated with these networks often result in lost shipments, wasted time, excessive spending, and damage to brand reputation.

In the following white paper, we uncover the hidden costs and complexities of courier networks, offering vital insight from industry experts LeAnn Born and Eric McGlade. Next, we highlight how health organizations can gain greater control and visibility into their courier networks by taking a strategic approach with VPL.

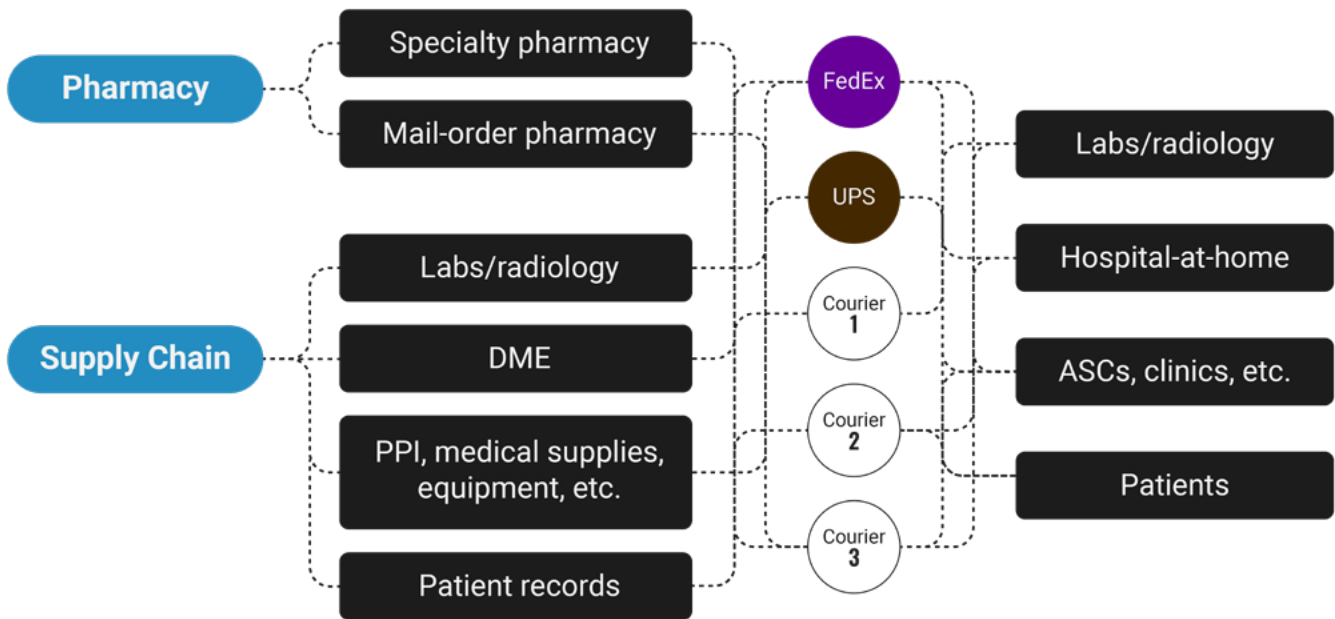
The state of health system courier networks

In a recent survey, we found that 71 percent of our health organization customers are relying on three or more couriers to fulfill their shipping needs. In nearly 30 percent of cases, health organizations are using five or more couriers, with some managing up to 15 couriers in a single system.

With so many couriers in a single outbound program, we also found that this unmanaged courier spend can be anywhere from **two to five times the cost** of a health systems' managed inbound freight program. Below, we discuss several explanations for this dynamic and their implications.

Health system shipping services are typically determined at the department level as the need arises. Oftentimes, care teams select these services to get the supplies they need or ship medications to their patients as quickly as possible.

This strategy makes sense from a provider’s perspective, but it isn’t always the most cost-effective or efficient. More often than not, the result is a fragmented system where different departments are using different carriers (and couriers) to address different needs, all in disparate workflows.



These various shipping scenarios may appear much different on the surface and therefore explain the need for a multitude of carriers and couriers. And while it is true that shipping specialty medications to patients’ homes is a much different process than transporting medical supplies from a storage location to an ASC—there are several inefficiencies lurking within this approach.

Implications of today's approach to courier networks

One of the most notable inefficiencies with unmanaged courier programs is redundant routes. Health systems operating with a set of multiple disparate carriers and couriers often find that their delivery routes are overlapping each other day in and day out.

This leads not only to operational inefficiencies, with couriers running more routes more frequently than what is actually needed, but also to excessive and often out-of-control shipping spend. The result of this is diminished confidence in the shipping program overall.

According to McGlade, "Many health systems are already asking, 'How do we take control of this redundancy?' What the industry needs is a simple, on-demand way to initiate shipping and ultimately the peace of mind of knowing where that product is and ensuring it will get where it needs to be."

Not to mention, with the current approach to outbound delivery, each department within the health system must also be in charge of vetting, credentialing, training, and managing their relationships with these different couriers. Care teams can spend a significant amount of time simply managing these courier relationships, giving them less time to focus on their patients.

Lastly, even as shipping volumes grow larger and larger each year, health systems are unable to take advantage of volume discounts with suppliers given that almost all their shipping is managed on disparate programs. All together, these redundancies provoke an important question

**How managed
are your outbound
logistics?**

Given the complexities of outbound shipping across health systems today, it's important to consider just how managed these delivery networks truly are. Whereas most health systems have a firm grasp on their inbound freight management, outbound management is still largely out of reach.

Logistics management is the part of supply chain management that plans, implements, and controls the efficient, effective flow and storage of goods, services, and related information between the point of origin and the point of consumption to meet customers' requirements. In other words, this means maintaining the efficient and continuous flow of shipments between different care delivery locations, including patient's homes.

Likewise, whereas an unmanaged outbound program consists of siloed, department-level decision-making, redundant routes, and excessive spend, **a true, managed outbound logistics program** consists of the following:

- **Unified intercompany logistics**, meaning that shipping processes and information across each department within the health system are consolidated under one program. This includes visibility into shipping status and location for care teams.
- **Scheduled routes based on predicted demand**, which takes a more proactive approach to shipping rather than just a reactive response. In addition, this fosters more strategic carrier and courier partnerships.
- **Intelligent use of data** to unlock full visibility into shipping spend. These insights can help address non-labor indirect spend and purchased services to optimize cost efficiency.

In our market research, we've found that many health systems recognize the inefficiencies resulting from their unmanaged courier networks. In addition, the problems that arise from these inefficiencies are a significant pain point.

Health systems are eager to consolidate their couriers to increase visibility, capture cost savings, build resiliency, and maintain brand reputation. However, due to their complex and fragmented nature, many are at a loss on how to achieve this goal. In the next section, we discuss how VPL can help health organizations overcome these obstacles.

Modernizing health system courier networks with VPL

With our four-step approach to modernizing courier networks, we help health systems better understand their needs and goals, design and implement a customized strategy to optimize shipping operations, and continuously monitor this program for improvement.

1

First, we start by assessing the unique needs of your health system, inclusive of carriers and couriers. This process involves asking all the relevant questions including what, where, when, and why you're shipping each item within and beyond your system. This assessment also includes identifying the overarching goals of your organization's outbound shipping program.

2

Next, we help you architect a solution for your outbound delivery network that's tailored to your unique needs and goals. This approach varies for each organization, but can include consolidating carriers and couriers, tech-enabling existing couriers, and/or evaluating and recommending alternative options for carriers and couriers.

3

Third, we implement your tailored outbound delivery network by plugging all your carriers and couriers into a single software platform. By consolidating all your shipping data in this way, we help you unlock visibility and insights in a simplified, intuitive workflow.

4

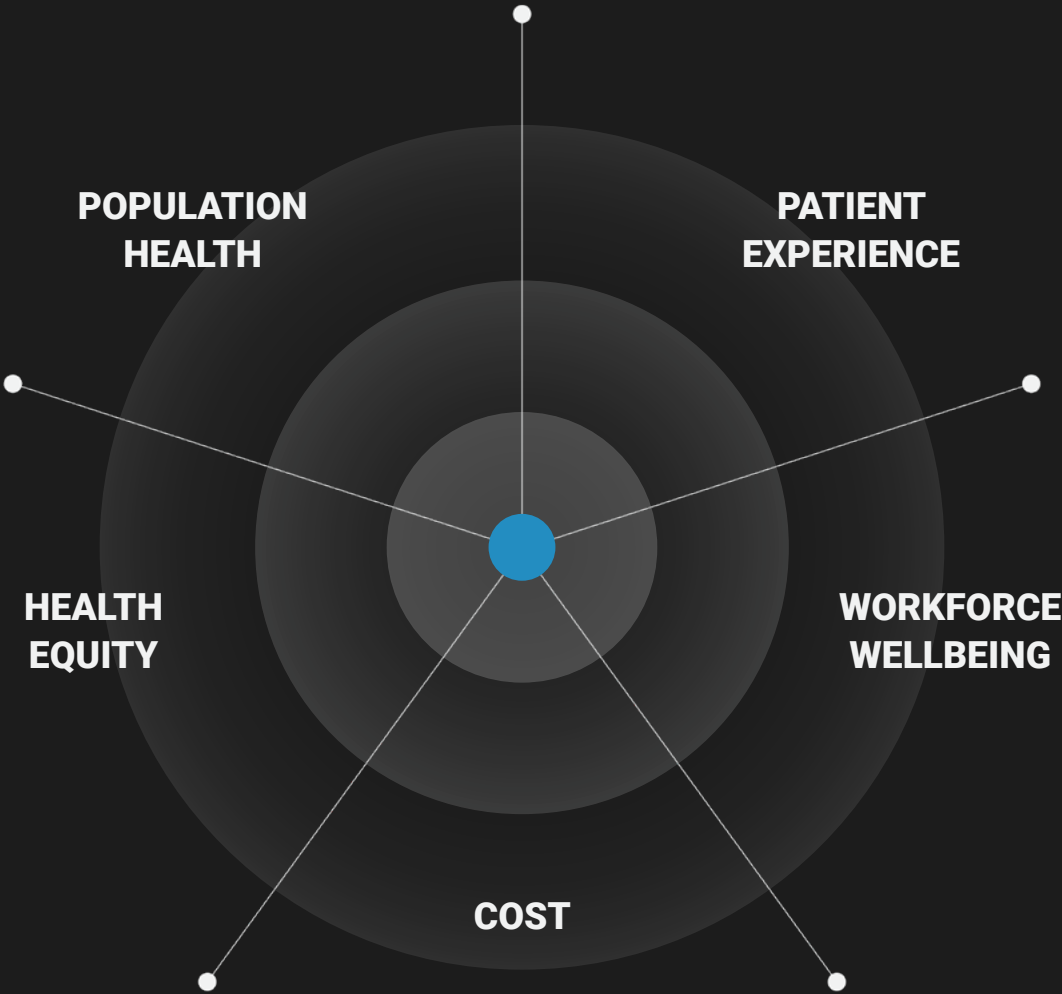
Finally, our expert account managers will leverage this data to monitor your program's performance and offer tailored recommendations to help you continuously improve the efficiency and effectiveness of your outbound program.

Connecting managed outbound logistics to the quintuple aim

As we mentioned previously, we've found that supply chain leaders are keen to take a more managed approach to their outbound logistics. However, another challenge with bringing this vision to life is aligning internal stakeholders on this goal.

LeAnn Born advocates for using the quintuple aim approach to unite stakeholders on this shared mission. The quintuple aim is a comprehensive framework that addresses the different ways that health systems pursue their strategic goals.

According to Born, "The quintuple aim is a great tool to support courier opportunities. As a framework, it can also lend support to anyone within a health organization as they're making decisions across the healthcare delivery system."



As you may have guessed, the quintuple aim framework includes five key areas of focus for health systems: **population health, patient experience, health equity, cost, and workforce wellbeing.**

Using this framework, supply chain leaders can demonstrate direct cause-and-effect relationships between a managed outbound strategy and each of these five aims, helping prove the value of the initiative to all stakeholders within the organization.

For example, for clinical stakeholders who prioritize population health, supply chain leaders can gain buy-in by demonstrating the relationship between efficient, effective courier networks and patient outcomes.

This includes, for example, minimized disruptions, delays, and delivery errors, which ensure that care teams have the resources they need to support the best possible patient outcomes. This also lends to the aim of patient experience, ensuring that patients' medications are delivered in a safe and timely manner.

Regarding health equity, a managed courier network helps support more equitable healthcare by optimizing deliveries to rural, hard-to-reach areas. This ensures that all populations receive the care they need to enhance their health.

Fast, efficient, and easy-to-use workflows support the aim of workforce well-being by reducing manual, repetitive tasks for care teams. A more efficient shipping program also means more time for providers to spend with their patients.

Lastly, cost is a critical consideration for economic stakeholders within a health organization. Supply chain leaders can align on cost savings with these stakeholders by demonstrating the financial value of consolidating and optimizing courier networks as well as leveraging collective outbound volumes.

With effective strategies for outbound delivery logistics in place, health systems can begin to prepare for and support future innovations. For example, it can enable dedicated data logistics and analytics roles as well as smooth implementation of emerging technologies and predictive analytics.

Conclusion

Today, the inefficiencies and risks of unmanaged courier networks have grown too apparent to ignore. Health systems recognize that they can no longer afford to rely on fragmented, department-level shipping strategies that fuel redundancy, inflate costs, and strain resources.

As outbound delivery volumes continue to rise, the need for a unified, strategic approach is critical both for cost savings and to promote patient outcomes. With a managed outbound logistics program, health systems can optimize their shipping networks to drive cost savings, improve visibility, and enhance patient outcomes.

VPL's comprehensive, data-driven approach offers a solution tailored to the unique needs of each organization, ensuring more efficient operations, greater cost savings, reliable deliveries, regulatory compliance, and brand protection.

Furthermore, LeAnn's quintuple aim framework further underscores the strategic value of a managed outbound strategy, demonstrating its alignment with key healthcare priorities. With this collaborative, forward-thinking approach, supply chain leaders can drive meaningful improvements that support both their operational goals and broader healthcare missions.

Ultimately, modernizing courier networks with VPL not only positions health organizations for immediate gains in efficiency and savings but also prepares them and their data for the future of healthcare delivery, allowing them to readily invest in opportunities for predictive data analytics and other technological advancements. To learn more about what our solution would look like for your health organization, visit getvpl.com/demo

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