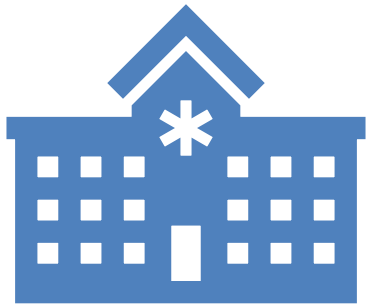
Operational Streamlining for Cost Optimization in the Hospital Supply Chain

- A Study conducted at Sahyadri Hospitals, Pune

- Presented By:
- Abhishek Rajabhau Hajare
- MBA in Pharmaceutical Management (2023–2025)
- IIHMR University, Jaipur

- Guided By:
- Dr. Ashok Peepliwal
- Professor, School of Pharmaceutical Management



P2P Process in Indian Hospital Supply Chain

What is P2P (Purchase-to-Payment)

- End-to-end process: from raising a requirement to paying the supplier.
- Core to hospital operations ensures timely availability of medicines, equipment & consumables.
- Supports cost control, regulatory compliance & seamless patient care.

Key Stages in P2P Cycle

- Requirement Identification – Indent raised by departments via ERP/HIS.
- Approval of Indent – Reviewed by department heads or management.
- Vendor Selection / RFQ – Quotations invited & evaluated (price, quality, delivery).
- Purchase Order (PO) Issuance – Contract terms defined and shared with vendor.
- Goods Receipt (GRN) – Items inspected and received by store personnel.
- Quality Check – Verified by pharmacists/technical staff.
- Invoice Matching – 3-way match (PO, GRN, Invoice) for verification.
- Payment Processing – Cleared by finance as per credit terms.
- Record Keeping – ERP-based documentation for audits and reporting.

Importance & Benefits of P2P in Hospitals

Operational Importance

- Ensures uninterrupted patient services.
- Maintains optimal stock levels.
- Reduces delays & procurement risks.

Financial & Compliance Benefits:

- Promotes cost optimization through competitive bidding.
- Ensures GST and regulatory compliance (NABH, audits).
- Enhances vendor accountability and contract management.

System & Strategy Alignment:

- Strengthens decision-making with real-time data.
- Facilitates audit trails and performance benchmarking.
- Enables transparent, efficient, and scalable supply chain workflows.

Research Questions

- What are the main factors that affect cost optimisation in hospital procurement?
- How do internal inefficiencies contribute to delays and increased costs?
- How does vendor non-cooperation impact procurement timelines?
- What process improvements and digital tools can enhance cost efficiency?

Objectives

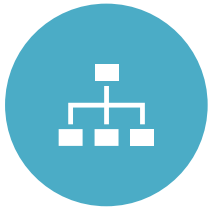
- Analyze current procurement practices.
- Map P2P cycle and identify pain points.
- Assess causes of vendor non-cooperation and delays.
- Propose practical, affordable process and tech interventions.
- Improve cost containment by aligning procurement strategy.

Background & Context

SAHYADRI HOSPITALS MANAGES PROCUREMENT FOR MULTIPLE UNITS.

HEAVY RELIANCE ON RFQS AND RATE CONTRACTS.

PERSISTENT CHALLENGES: VENDOR MISCOMMUNICATION, APPROVAL DELAYS.



MANUAL PROCESSES LEAD TO ERRORS AND INEFFICIENCIES.

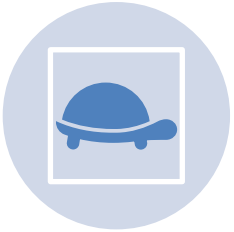
STUDY HIGHLIGHTS NEED FOR AGILITY, DIGITIZATION, AND STANDARDIZATION.

Purpose of the Study

1. Examine delays in RFQ and rate contract processes.
2. Identify execution gaps in internal and vendor-side processes.
3. Propose sustainable SOPs, digital systems, and vendor frameworks.
4. Offer insights for similar hospitals across India.

Problem Statement

Vendor contact errors lead to miscommunication.



Internal follow-up delays slow down approvals.

Non-standard quotation formats hinder analysis.

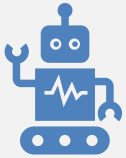
Results: Delayed procurement, higher costs, missed savings.

Aims & Objectives

Streamline	Primary Aim: Streamline procurement to improve cost optimisation.
Study	Objectives: Study RFQ and contract workflows.
Identify	Identify inefficiencies.
Evaluate	Evaluate internal and external delays.
Propose	Propose digital tools and SOPs.
Improve	Improve vendor compliance and process efficiency.

Key Findings from Literature Review

E-procurement reduces cycle time by 25–35%.



Indian hospitals use manual processes.

Quotation inconsistency and internal silos cause delays.

Observation

Column1	Count
Total Companies to whom RFQ Sent	166
Total companies to whom final proposed rates were sent	147
No. of companies from whom final rates are received	133
Final rates pending to be received	12
Final proposed rates to be sent	20

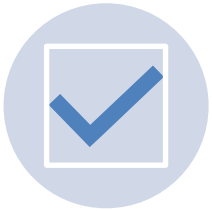
Discussion

Procurement is strategic, not just operational.

Lack of SOPs and escalation matrices.

Vendor issues tied to unclear expectations.

Staff reluctance limits tech adoption.



Communication gaps identified as key bottleneck.

Recommendations

01

Implement ERP-integrated e-RFQs.

02

Use standard quotation templates.

03

Build centralized vendor database.

04

Conduct vendor orientation programs.

05

Define internal TATs and escalation rules.

Conclusion

RFQ inefficiencies reflect deeper operational gaps.

Streamlining improves cost, transparency, and compliance.

Model includes vendor SOPs, tech tools, communication fixes.

Benefits: Faster decisions, better vendor engagement, lower cost.

Challenges Faced

- Vendor resistance to changes.
- Data scattered across formats.
- Short internship window.
- Cross-department coordination issues.
- Staff resistance to digitization.