

“We chose Enterprise Gateway because it does everything we need in one package. Data translation, file management, a single communication module and the any-to-any mapper. Plus we liked the direction GXS is taking with the platform.”

— TOM KRUEGER,
GROUP MANAGER OF EC &
EDI TECHNOLOGY AT CARDINAL HEALTH



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HEALTH'S MEDICAL PRODUCTS
AND SERVICES GROUP

Cardinal Health Increases Customer Satisfaction in Healthcare Industry

GXS Integration Broker Saves Major Healthcare Company \$2.4 million and Boosts Order Turnaround by 35 Percent

Corporate Profile

Healthcare Products and Services Provider

Formerly known as Allegiance Healthcare, the Medical Products and Services Group of Cardinal Health is the US's leading provider of healthcare products and cost-management services to hospitals and laboratories. Based in McGaw Park, Illinois, it supplies a broad range of products including stainless steel surgical instruments, patient-prep and skin-care products.

The Group also provides a range of integrated services such as clinical and productivity consulting, procedure-based supply packaging, just-in-time delivery and other services that help medical professionals control costs and improve quality in patient care.

In February 1999, Allegiance merged with Cardinal Health, Inc. (NYSE: CAH), forming a US\$21 billion healthcare products and services company with more than 36,000 employees and over 100 facilities worldwide. Today, Cardinal employs more than 44,000 people and generates annual revenues of more than US\$44 billion.

The Business Challenge

Providing Real-Time Trading Information

Cardinal Health's Medical Products and Services Group owns and operates the Responsive Electronic Data Interchange system (REDI), which processes over 100,000 transactions per day and provides extensive professional services to more than 3,000 global trading partners, including customers, Group Purchasing Organizations, dealers, banks, suppliers and carriers. Today, over 90 percent of its supplier and customer orders are handled in this way.

With a rapidly expanding trading partner community, and therefore greater transaction volume, Cardinal's Medical Products and Services Group needed to find a way to provide one communication gateway through which it could connect all of its business partners and avoid creating strain on the system.

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nate errors and reduce cycle times through the supply chain," said Tom Krueger, Group Manager of EC & EDI Technology at Cardinal Health's Medical Products and Services Group.

The Solution

Messaging Backbone for B2B Document Exchange

Cardinal selected GXS' Enterprise Gateway to handle messaging between the company, its global trading partners and internal applications.

Enterprise Gateway is a complete integration broker, allowing trading partners, whichever platform and file formats they use, to access information via REDI. It provides translation for purchase order confirmations, invoices, ship notices and sales catalogs that are sent to the Medical Products and Services Group in XML, ANSI Clear, EDIFACT and other formats.

The solution supports two important business initiatives for Cardinal Health. Tom Krueger explains:

"We use Enterprise Gateway to integrate external parties and our internal systems. It provides the messaging backbone for business-to-business (B2B) document exchange and serves as the supply chain integration engine for our customers and suppliers."

The solution provides business document process flow, near real-time message routing, data transformation, compression, and provides a communication gateway between the company and its trading partners. Customers can connect to the Medical Products and Services Group using any of the commercially available electronic commerce software solutions; suppliers can integrate with the company using their legacy systems and ERP systems.

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The Results

\$2.4 Million Savings and Greater Customer Satisfaction

The Medical Products and Services Group processes approximately 3.9 million customer purchase order line items per month. With Enterprise Gateway, it has saved approximately US\$2.4 million through automating order entry and replacing manual systems. Other key results include:

- Improvement of purchase order to purchase order turnaround time by 35 percent, leading to greater customer satisfaction;
- 88 percent of customer purchase order line items and 93 percent of supplier purchase orders, invoices and ship notices are now electronic; and
- The solution has been able to handle a 25 percent transaction volume increase over the last year.



Cardinal Health and GXS earned a Top 3 ranking for Best B2B Integration Solution in the 2002 Business Integration Journal Awards

“We process nearly 4 million order lines a month, so cycle times are key. We saw PO-to-PO turnaround time increase by 35 percent,” says Krueger.

The Group is now looking at using the solution to introduce new transaction sets that will integrate with its planning applications. The company also plans to expand its supplier network to process more contract and catalog information.

Healthy Results:

- \$2.4 million savings
- 35 percent improvement in purchase order to purchase order turnaround
- 93 percent supplier purchase orders, invoice orders, ship notices online
- 88 percent PO line items online
- 25 percent increase in transaction volume

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About GXS

GXS is a leading global provider of B2B e-commerce solutions that simplify and enhance business process integration, synchronization and collaboration among trading partners. Organizations worldwide, including 75 percent of the Fortune 500, leverage the GXS's Trading Grid™ to extend supply networks, optimize product launches, automate warehouse receiving, manage electronic payments and gain supply chain visibility. With an unmatched global presence, proven trading partner management and B2B outsourcing services, GXS's on-demand solutions maximize the benefits of integration for businesses. Based in Gaithersburg, MD, GXS's extensive global network serves customers throughout the Americas, Europe, the Middle East and Africa and Asia Pacific regions. GXS can be found on the Web at www.gxs.com.