



SUPPLY CHAIN TRANSFORMATION:  
HOW TO GAIN COMPLETE CONTROL  
WITH SELF-DISTRIBUTION



## Discover how Ryder helps transform healthcare supply chains from a distribution model to self-distribution with a fully integrated logistics solution.

Healthcare supply chains are under intense scrutiny. The pandemic exposed inefficiencies with inventory management, visibility, and delivery of essential patient care supplies. It showed the traditional model for managing the complex organization of inventory, people, activities, data, and resources that supply hospital systems, has fallen short and left many healthcare supply chains scrambling.

In today's healthcare supply chain management, there are two models most healthcare organizations fall into — a distribution model managed by a distributor or the self-distribution model.

Traditionally, in a distribution model, control of the supply chain starts at the hospital dock door. The healthcare organization doesn't manage the inventory or distribution to the hospital network. With self-distribution, the supply chain begins at the warehouse dock door, and includes full visibility and control of the end-to-end supply chain.

In addition to the visibility and control, organizations are lowering costs and improving patient care with more reliable service through self-distribution models. However, just like there are two models, companies that choose to do self-distribution have a choice of either doing it on their own or using a turnkey solution from a provider such as Ryder. By using a provider, companies can leverage expertise, scale, warehouse management, automation technology, transportation solutions, and labor including warehouse workers and drivers.

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In this report, you'll learn how Ryder customizes fully integrated supply chain and transportation solutions that allow healthcare companies to transition from a distribution model to a self-distribution model.

## Engineering the Solution

Building a solution from the ground up begins with listening to and understanding the needs of the healthcare organization. Ryder engineers and operators work with healthcare organizations to identify where to build a warehouse, what processes and technology to implement, how to optimize the transportation network, and how to continuously improve the operation.

In customizing a solution for an organization that serves 14 facilities and more than 3,200 beds, Ryder began by finding a centralized location for the warehouse to serve the entire network. The more than 400,000 square foot, ambient-temperature facility was designed from the ground up and includes 1.3 miles of conveyors, 44 dock doors, and houses 17,000 SKUs. The warehouse is a central supply center that includes medical devices, pharmaceuticals, and day-to-day supplies.

Ryder's fully integrated solution includes employees from logistics engineers and operators to warehouse workers hired, trained, and managed by Ryder. Ryder also manages outbound transportation through our Ryder Dedicated Transportation Solution. This includes customized vehicles ranging from tractor-trailers to box trucks, and drivers hired and trained by Ryder specifically for the healthcare organization.

The solution is designed around fully engineered sequenced loads that are powered by Ryder's warehouse management system (WMS). Orders are picked by low unit of measure (LUM) and put into totes that are destined to a par location—stock rooms within the hospital system. Through the WMS, each tote is labeled specifically where it is placed on a pallet, and where a pallet is placed on the truck.

For example, supplies needed for surgeries are on the top of a pallet located at the tail of the trailer. This allows workers who are unloading pallets at the hospital to place those more critical items on the carts for delivery first, instead of items that are not needed immediately.





## Technology and Automation

One of the biggest benefits healthcare organizations can realize through a self-distribution model, aside from lower operating costs, is improved visibility and data accuracy. By bringing inventory in-house, healthcare organizations need a solution that includes expert inventory management and a technology platform that tracks inventory on hand and in transit.

This is possible through RyderShare™ our proprietary digital platform that provides real-time visibility of inventory anywhere in your supply chain—inbound, outbound, and inside the warehouse. Along with complete visibility into inventory on-hand and in transit, RyderShare gives all stakeholders access to the same information at the same time. Whereas in a distributor model, companies do not have real-time visibility into inventory or what is being delivered to the hospitals, nor do the employees receiving shipments at the hospitals. With RyderShare, they can see what inventory is inside the warehouse and the status of deliveries. The hospital systems receiving the deliveries can also see when the truck will arrive and what inventory is being delivered. Therefore, from the warehouse to the point of delivery at the hospital, everyone knows what is in each tote, each delivery, unlike a distributor model where a hospital employee doesn't know what is in a tote until they open it.

The ability to see what's happening within the supply chain in real time is invaluable. If there's an issue with a specific load or order, stakeholders can message each other directly through the platform. Because both partners are looking at the same information, this process is fast and efficient, minimizing the chance of miscommunication.

Additionally, Ryder works with automation equipment and system manufacturers to implement the technology that makes the most sense for an operation. One of these technologies is AutoStore™, an automated storage and retrieval system. AutoStore gives supply chains speed and reliability while increasing storage capacity with an automated system that fulfills orders 24 hours a day.

Furthermore, AutoStore is an innovative goods-to-person storage solution that allows complete configurability and flexibility. Its unique design allows for easy and quick scalability through the addition of robots or bins, with no operational downtime. Bins are stacked vertically in a grid and retrieved by robots that travel on the top layer of the system. This makes it possible for the grid to be placed around columns, on mezzanines, and on multiple levels

Implementing technology such as RyderShare and AutoStore gives visibility to healthcare companies, improves fill rates, and maximizes efficiency throughout the operation—all factors that are not present through a distributor model.

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## Evaluate, Diagnose, Transform

Many healthcare organizations had been looking at their supply chains as places to cut costs and improve efficiencies. However, these same organizations thought they had more time to transform their operations. Instead, with challenges already at a fever pitch, the pandemic caused severe fluctuations in the supply and demand of medical supplies, equipment, and medicines.

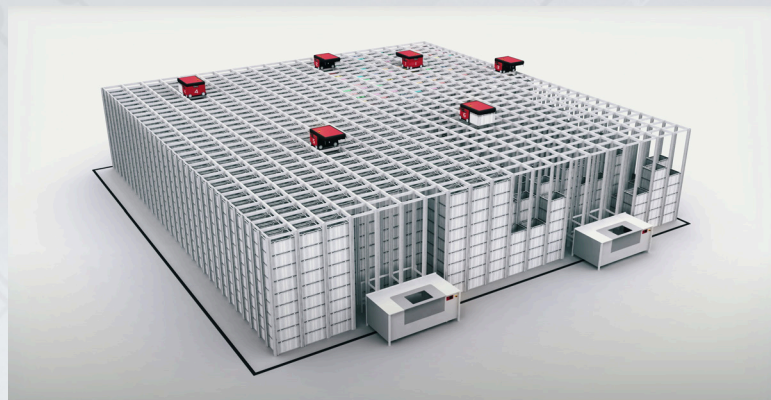
The pandemic isn't the first major supply chain disruption for the healthcare industry, nor will it be the last. With many healthcare organizations still vulnerable to disruption, the time to transform your supply chain and achieve future resilience is now.

How do you do this? Break down the issues contributing to the vulnerability of your supply chain to uncover the root causes. Ensure you have the support of top leaders of the organization. Partner with a reliable third-party logistics provider (3PL) like Ryder that can provide you with a fully integrated solution that includes expertise, technology, engineering & design, warehousing management, transportation solutions, labor, and continuous improvement.

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Through the solution outlined above, Ryder helped a healthcare organization improve fill rates from 90% to 98% within six months of startup. On-time delivery improved to 99%. Real-time visibility and control of inventory is at 100%. The solution has also helped improve patient care by ensuring critical medical supplies are available. And, operating and product costs have decreased significantly.

Discover how Ryder can make you *Ever better™* at [ryder.com](https://www.ryder.com).







## About Ryder

Ryder System, Inc. is a leading logistics and transportation company. It provides supply chain, dedicated transportation, and commercial fleet management solutions, including full service leasing, rental, and maintenance, used vehicle sales, professional drivers, transportation services, freight brokerage, warehousing and distribution, e-commerce fulfillment, and last mile delivery services, to some of the world's most-recognized brands. Ryder manages more than 239,000 commercial vehicles and operates more than 350 warehouses, encompassing approximately 80 million square feet. Ryder is regularly recognized for its industry leading practices in third-party logistics, technology-driven innovations, commercial vehicle maintenance, environmentally friendly solutions, corporate social responsibility, world-class safety and security programs, military veteran recruitment initiatives, and the hiring of a diverse workforce.

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