



Sourcing and Global Distribution of Medical Supplies

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The Department of Defense provides medical care to service members all over the world and must ensure that health care providers have the proper quantity and quality of medical materiel. RAND investigated opportunities to gain efficiencies in the logistics enterprise without sacrificing capability, notably through minimizing intermediate materiel handling, seeking greater value from commercial freight, and streamlining warehouse operations.



RESEARCH QUESTIONS

- Can efficiencies be gained in the global military medical logistics enterprise?
- How much efficiency can be gained through purchasing power?
- How much efficiency can be gained through improved information technology?
- Can efficiencies be identified in warehousing and distribution?



KEY FINDINGS

Efficiencies Can Be Attained Throughout the Supply Process

- Restricting materiel used by deployed units to clinically necessary items and reducing the variety of substitutable items could achieve supply-chain efficiencies.
- Pooling usage projections across all end users might allow streamlined orders, maintain a fairly smooth aggregate rate of demand, and compel vendors to deliver materiel faster under contracted standards.
- Direct delivery of material rather than through an intermediate warehouse eliminates processing and shipping costs. Decreasing such operations in Southwest Asia alone could save \$6 million to \$11 million annually.

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- The greatest barrier to further consolidating medical item distribution is the lack of a warehouse management software system that downloads item information based on commercial stock numbers.



RECOMMENDATIONS

- Do not consolidate medical distribution with other DLA distribution activities.
- Close the U.S. Army Medical Materiel Center in Southwest Asia as a distribution point.
- Consolidate local procurement capabilities in such a way as to maintain a sufficient local presence to meet with local suppliers while gaining efficiency through economies of scale.
- Reduce the variety of items available for end users to purchase to only those that are clinically necessary, in cases where they rely upon intermediate distribution support.
- Use commercial shippers to ship items directly to end-users when possible.
- Locate medical materiel distribution warehouses near to MTFs or other military logistics facilities if efficiencies can be gained in transportation or infrastructure.

