



Suppliers' real-time homologation and
risk monitoring in the Healthcare industry:

FRESENIUS Medical Care



Engagement Case

Fresenius is a global healthcare group that offers dialysis products and services for hospitals, as well as in-home medical care to patients. Fresenius is the global leader in products and services related to kidney conditions and dialysis.

Fresenius manufactures a complete range of healthcare products and services that serves over 3.900 hospitals/ clinics and more than 330.000 patients located in over 50 countries. Fresenius Medical care has at its core the objective of improving the everyday life of its patients, and is fully committed to build a worth-living future for the humanity.

Considering the sensitive nature of Fresenius products and services, potential supply chain disruptions could cause significant material impact to Fresenius, both financially and reputationally.

Objective

The main objective of Fresenius Medical Care Spain & Fresenius Medical Care Portugal was to implement a system for homologation and classification of suppliers that would go beyond the Procurement function to be adopted by all internal stakeholders involved in the homologation process. This overarching objective included other strategic objectives:

- ◆ Establish a robust and “ex ante” homologation process for suppliers that would support internal criteria
- ◆ Gain visibility of novel risks, as well as broader and deeper knowledge of Fresenius supply chain
- ◆ Get comprehensive and real-time risk information and alerts that would empower Fresenius to manage financial, quality and ESG risks in a consistent and coordinated manner

Challenges

The solution FMC Spain/Portugal was looking for should had to address specific challenges, such as:

- ◆ Support the creation of a standard and robust homologation process at Fresenius. This transformation entailed a significant number of internal changes
- ◆ Provide a response to the needs of various departments within FMC Spain/Portugal.
- ◆ Break internal silos and enable those departments to work in a collaboratively model
- ◆ Create a unique, centralized platform that would integrate all homologation criteria
- ◆ Ensure that third parties would be compliant with the requirements defined by the corporate team
- ◆ Generate a risk-based segmentation of Fresenius panel of suppliers
- ◆ Control the decision-making process related to third parties, both existing and new

Solution Implemented

Within GoSupply modular platform, FMC Spain/Portugal chose to incorporate the following ones:

a Hybrid, semi-automated supplier homologation. This would include:

- Parts of the homologation process resolved automatically by the platform
- Communication workflows between the areas involved in suppliers' homologation, such as Quality, and H&S
- Resolution of suppliers' homologation by FMC homologation teams, including the records and documents supportive of suppliers' homologation

c Supply Chain Risk Management

- Supplier Risk Scoring in 3 categories: financial, operational and geopolitical
- Real time risk alerts: 50 parameterized risk alert types
- Deep-dive risk analysis and monitoring in financial and operational

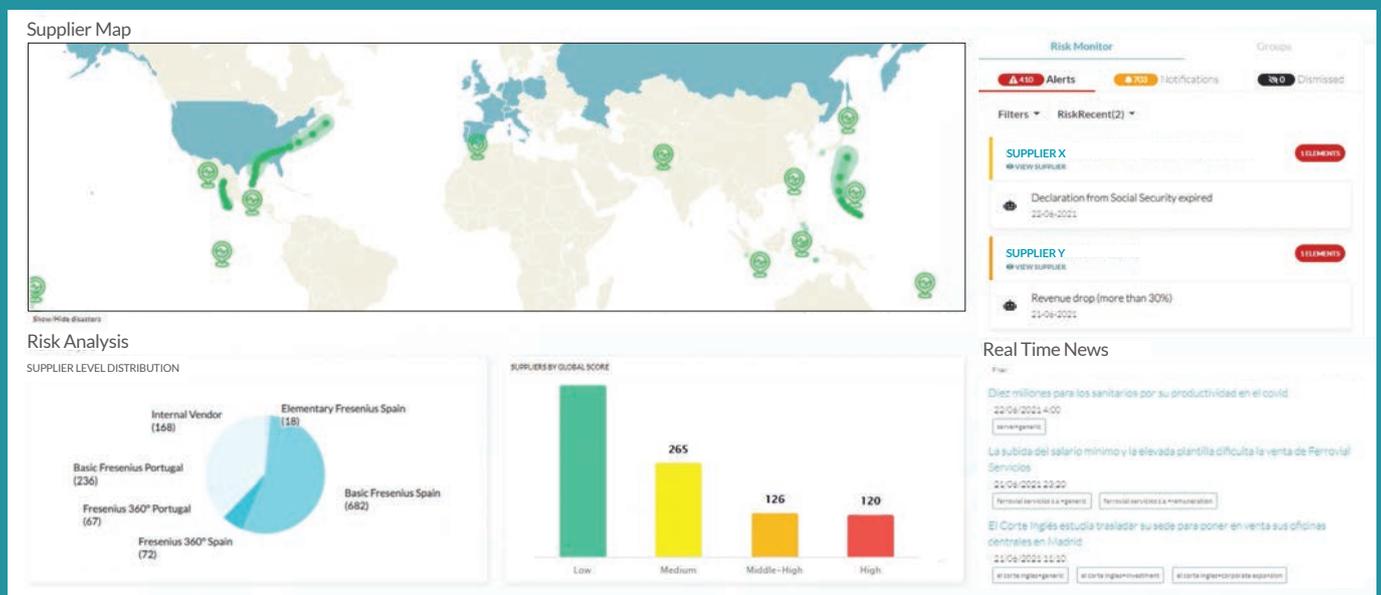
b Suppliers' real-time risk monitoring and targeted alerts, including 12 risk categories and over 200 data points

- Collection and Validation of additional information and documentation from suppliers
- Risk scoring and monitoring

d Global dashboard

Global dashboard, to create risk-adjusted insights and intelligence display both intuitively. Some of the widgets included in the platform were Portfolio overview, Geolocation, Advanced Search, Reporting, Homologation Status, Adverse News, Alerts and Scoring

FRESENIUS GLOBAL DASHBOARD



Solution Implemented continued...

The implementation process of GoSupply platform worked on two main areas in parallel: internally, with the involvement of various teams affected by the transformation program, and externally, through the engagement with Fresenius suppliers.

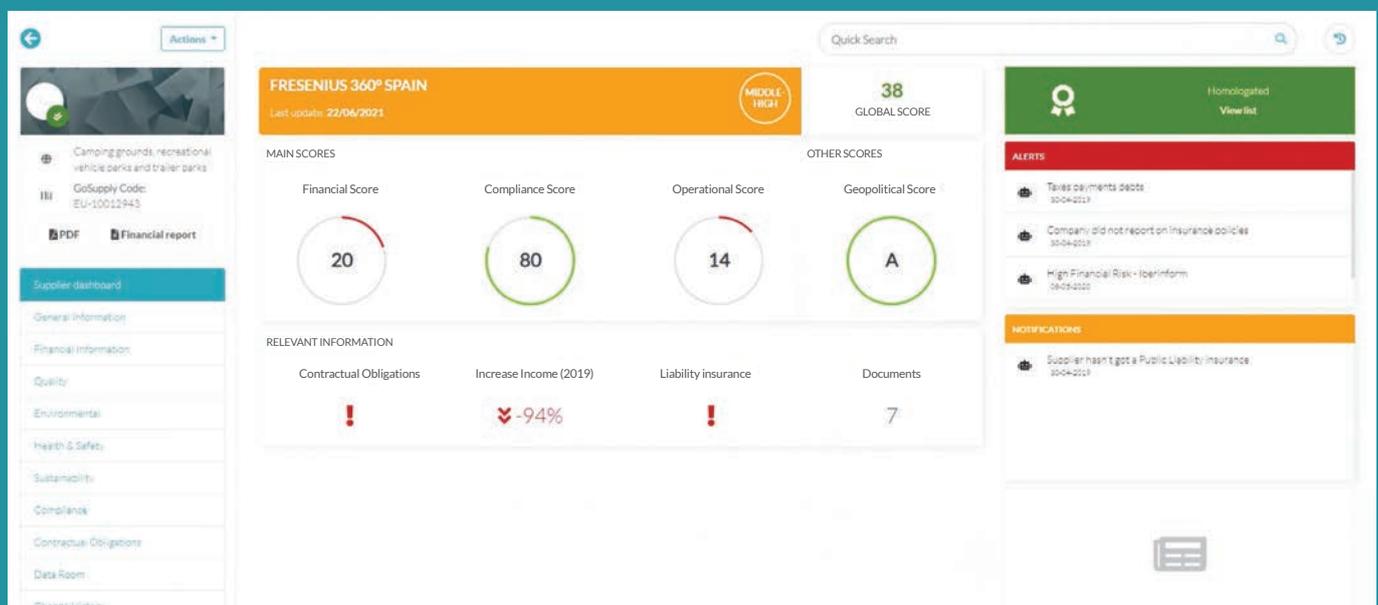
The internal implementation was led by Procurement and affected other areas as quality and operational right from the outset. The objective was to develop the framework that would support homologation requirements, information requested to suppliers, and the communication workflows between GoSupply platform and the different agents involved.

“ The implementation of GoSupply in FMC Spain & FMC Portugal has meant a change in our organizational model, as well as in processes and procedures. From the data quality coming from suppliers -which was rather low in our ERP at the time- to the tangibility of the degree of suppliers’ compliance to Fresenius standards, GoSupply platform has empowered us to both improve and channel our relationships with third parties. At the same time, GoSupply has allowed us to integrate in a single solution a broad range of existing controls from different departments, and unify all of them into a simple, binary outcome: Homologated/ Not Homologated

From this point, the management of our relationships with suppliers becomes much simpler, as the process is transparent, traceable, and easily configurable to meet new requirements and needs, both internal and external.”

Ignacio Lopez
Regional Procurement Manager META & WEI countries. Fresenius Medical Care EMEA

FRESENIUS SUPPLIER DASHBOARD



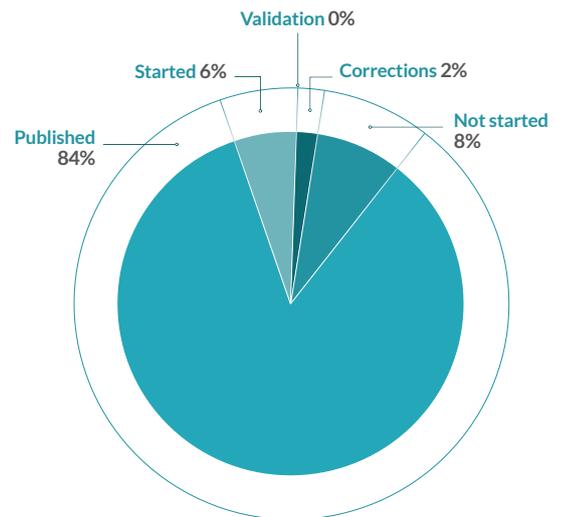
Results so far

FMC conceived this program to cover its suppliers in Southern Europe, following a country-by-country implementation subject to results. After an initial successful implementation in Spain, the program was rolled out in Portugal. Following a continued success, additional countries will be added this year, such as Italy, France or Turkey.

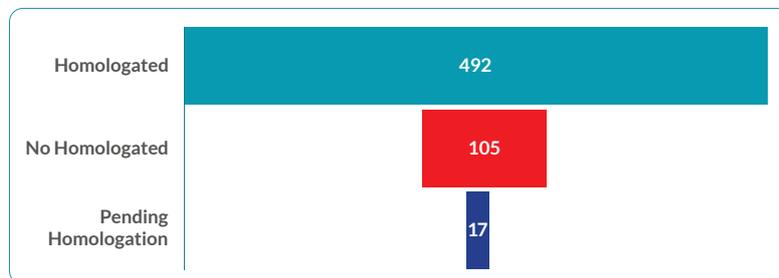
So far, the program has delivered specific quantifiable results to FMC

- ◆ 100% of suppliers are correctly and uniquely identified.
- ◆ 90% of suppliers have gone through the homologation process.
- ◆ 85% of suppliers have complete information on all risk categories covered.

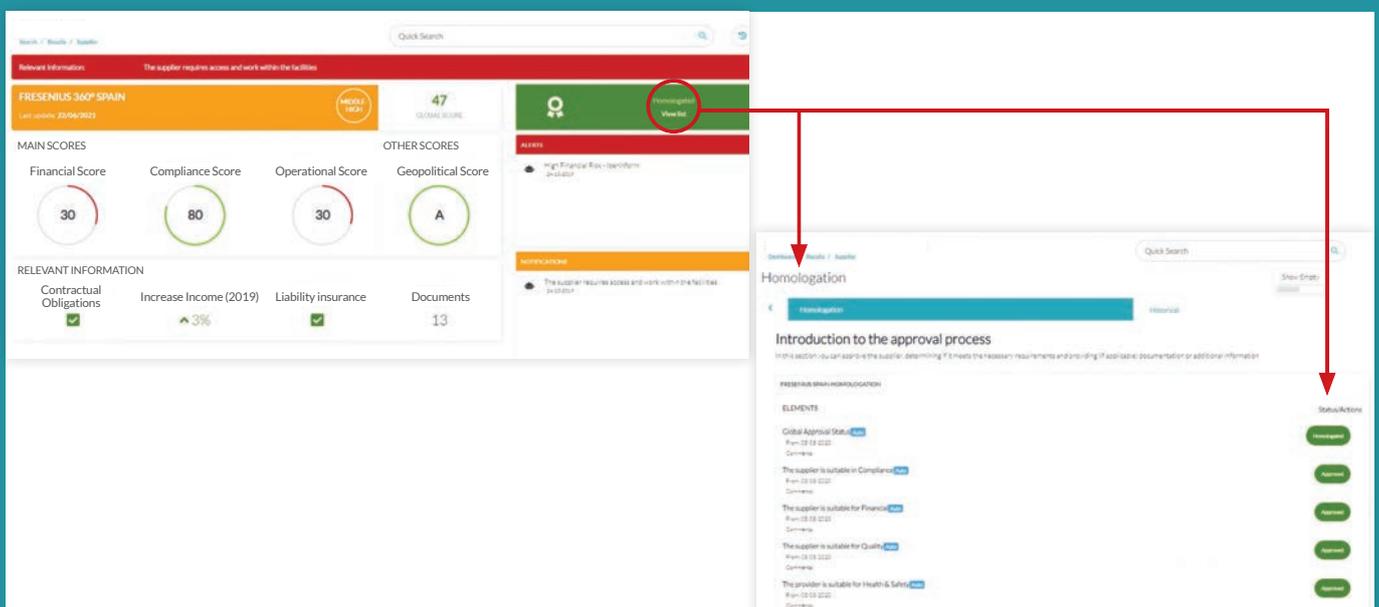
TOTAL FMC ES



HOMOLOGATIONS FMC ES



SUPPLIERS' HOMOLOGATION MODULE



Supplier Profile: FRESENIUS 360° SPAIN

Overall Score: 47

MAIN SCORES: Financial Score (30), Compliance Score (80), Operational Score (30), Geopolitical Score (A)

OTHER SCORES: High Financial Risk: beneficiary (indicator)

RELEVANT INFORMATION: Contractual Obligations (checked), Increase Income (2019) (+3%), Liability insurance (checked), Documents (13)

Homologation Process:

Introduction to the approval process

ELEMENTS:

- Global Approval Status: Pending (18/08/2022)
- The supplier is suitable for Compliance: Pending (18/08/2022)
- The supplier is suitable for Financial: Pending (18/08/2022)
- The supplier is suitable for Quality: Pending (18/08/2022)
- The provider is suitable for Health & Safety: Pending (18/08/2022)

Status/Actions: [Buttons for each element]

Benefits realized

The FMC program just started its second year of implementation. During this time, numerous benefits across multiple areas have been realized, and some more are on their way.

We have summarized some of the key ones below:

- ◆ Create a unique, centralized source of truth to homologate suppliers.
- ◆ Increase capabilities to assess, manage, mitigate, improve, report and take action on risks and compliance levels.
- ◆ Reduce uncertainty and gain visibility of risks derived from FMC supply chain.
- ◆ Standardization of suppliers' homologation criteria across geographies, reaching almost 1.000 suppliers to date.

The success of the program is confirmed by the successive roll-out of GoSupply in new countries and the additional modules and functionalities that will be released during this year, such as:

- ◆ Module of incidences
- ◆ Suppliers' performance evaluation
- ◆ Integration of GoSupply with Suppliers' master datafile

“**The program is fully implemented, and the benefits are substantial. From the outset, we had visibility of our panel of suppliers in a unique platform and gained capabilities to identify risks that were unknown to us before.**

Besides, we have achieved the unification of internal criteria to homologate suppliers, bringing transparency to our organization.”

Ignacio López Fernández.

Regional Procurement Manager META & WEI countries. Fresenius Medical Care EMEA.