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## **FOR IMMEDIATE RELEASE**

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# **Coalition for Healthcare eStandards Establishes Healthcare Industry's First Open Standard for Classifying Products and Services**

**Ann Arbor, Mich., June 3, 2002** - The Coalition for Healthcare eStandards, Inc. (CHeS), founded by the leading group purchasing organizations and e-commerce companies serving the healthcare market, has developed the industry's first open standard product taxonomy. The results have been published as Segments 41 and 42 of the United Nations Standard Products and Services Code (UNSPSC™). Over the coming months, CHeS will spearhead the taxonomy's adoption in the healthcare industry.

This taxonomy is a hierarchical classification system that transforms e-commerce from a purchasing channel into an analytical tool. Hospitals that use this new taxonomy will be able to source products faster, and can better analyze their purchasing patterns. With more accurate hospital purchasing records, group purchasing organizations will have an additional tool that provides improvement in their ability to negotiate pricing. The new taxonomy will allow suppliers to simplify publishing their electronic sales catalogs to multiple channels, as well as to enable suppliers and buyers to communicate about purchases in a universally understood language.

After investigating several options, CHeS decided to endorse the UNSPSC. The UNSPSC enables members of the healthcare supply chain to consistently classify the products and services they buy and sell. The UNSPSC is the first product taxonomy available to the healthcare industry that is not a part of a proprietary, commercial product or service. It is available free of charge to anyone who wants to use it.

"A global taxonomy is a critical step to helping hospitals and suppliers manage their supply chains. Today, people are not calling the same product the same thing, which causes substantial inefficiencies and costs for all healthcare constituents. The UNSPSC creates a framework for standardization identification which fixes that problem and reduces costs as a result," says Mark McDougall, executive director of CHeS. "There is more work to do in developing a comprehensive set of electronic purchasing standards, and this endorsement helps set the foundation for that effort."

Development of this taxonomy has been an industry-wide collaboration. CHeS recruited subject matter experts from 25 organizations, including suppliers, healthcare providers, group purchasing organizations, e-commerce companies, and other third parties to add and refine the standard's category codes to cover all healthcare products. More than a year of labor-intensive research resulted

in a complete rewrite of the UNSPSC Segment 42 “Medical Equipment and Accessories and Supplies,” which was approved by the UNSPSC membership and published on March 1, 2002. A major update to the UNSPSC Segment 41 “Laboratory and Measuring and Observing and Testing Equipment” was approved and published on April 15, 2002.

The United Nations Development Programme (UNDP) and Dunn & Bradstreet (D&B) jointly created the UNSPSC in 1998 through the merger of the U. N. Common Coding System and D&B's Standard Products and Services Classification. By agreement of the code's co-creators, UNDP holds all intellectual property rights in UNSPSC.

The UNSPSC is housed at [www.unspsc.com](http://www.unspsc.com). Those interested in participating in further updates to the UNSPSC can do so by registering at this Web site.

#### **About The Coalition for Healthcare eStandards**

The Coalition for Healthcare eStandards is a group of leading healthcare purchasers, manufacturers, distributors and e-commerce companies advocating for the adoption of uniform industry standards for supply chain transactions over the Internet. Formed in June 2000, members of the Coalition include AmeriNet, Consorta, Global Healthcare Exchange, LLC, MedCenterDirect, Medibuy, Neoforma, Novation, Premier and the U.S. Department of Defense – Defense Supply Center Philadelphia. This group represents participants from all across the healthcare supply chain. Visit [www.CHeStandards.org](http://www.CHeStandards.org) for more information about the Coalition.

#### **About the United Nations Development Programme**

UNDP is the UN's principal provider of development advice, advocacy and grant support. With more than 130 country offices, its focus is on providing developing countries with knowledge-based consulting services and building national, regional and global coalitions for change. UNDP has specialized expertise in the areas of democratic governance, poverty reduction, energy and environment, crisis prevention and recovery, HIV/AIDS, and information and communications technology.