

Major Inventory Management Gaps are Holding HME/ DME Providers Back

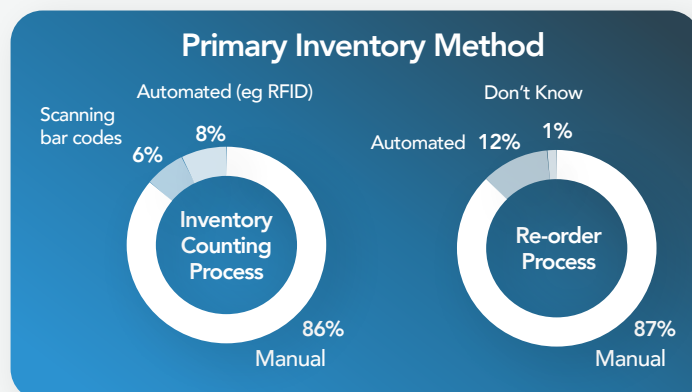
Suboptimal inventory practices are quietly costing the industry over \$4B every year.

In the home medical equipment (HME) / durable medical equipment (DME) industry, inventory isn't just a behind-the-scenes function; it's a critical factor that directly impacts revenue, operations, and employee satisfaction.

A recent survey by In90group Research, an independent research firm focused on healthcare industry dynamics, revealed a clear and urgent message: inventory management across HME / DME is outdated, inefficient, and costing providers more than they realize. For most, the approach to managing inventory remains a time-consuming, manual task that leads to higher costs, frustrated staff, and lost business opportunities.

The Problem: Manual Processes Drive Up Costs and Leave Revenue on the Table

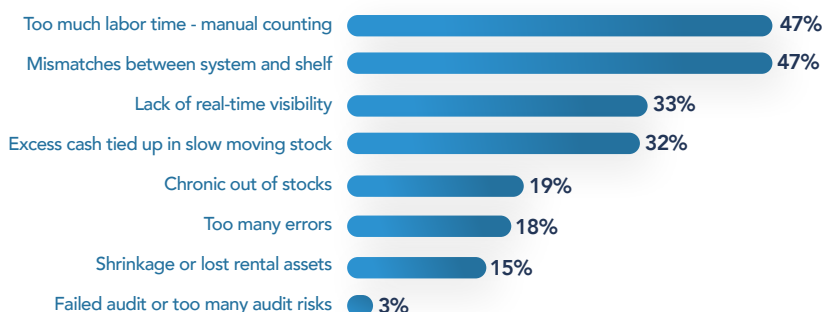
Despite advances in technology, the vast majority of HME providers still track inventory manually. Staff are pulled away from higher-value tasks to count supplies manually, reorder based on guesswork, and double-check inventory levels through phone calls, all while managing multiple warehouses, trucks, and consignment closets.



Only 10% of HME leaders believe their inventory systems are fully optimized.

Today's suboptimal approach to inventory management isn't just inefficient; it is frustrating and costly. HME leaders say they are frustrated with excessive time spent counting inventory, mismatches between what's in the billing system and what's on the shelf, and a lack of visibility across locations. In addition, too much cash is tied up in slow-moving stock, due to over-ordering or incorrect inventory counts that are symptomatic of limited real-time visibility into each location and product state.

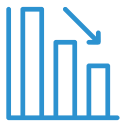
Top Inventory Management Frustrations



At a time when HME providers need to be more efficient, inventory challenges are draining productivity and highlighting how wasteful the current approach is in terms of labor resources.

The Impact: Financial Strain and Staff Burnout

Inventory can be the most significant expense for an HME organization. When it's not managed effectively, the impact can be suffocating and margin draining, as evidenced by the top three negative business impacts leaders experience from suboptimal inventory management:



- 1 Lost revenue due to missing inventory or inventory not being in the right place at the right time.

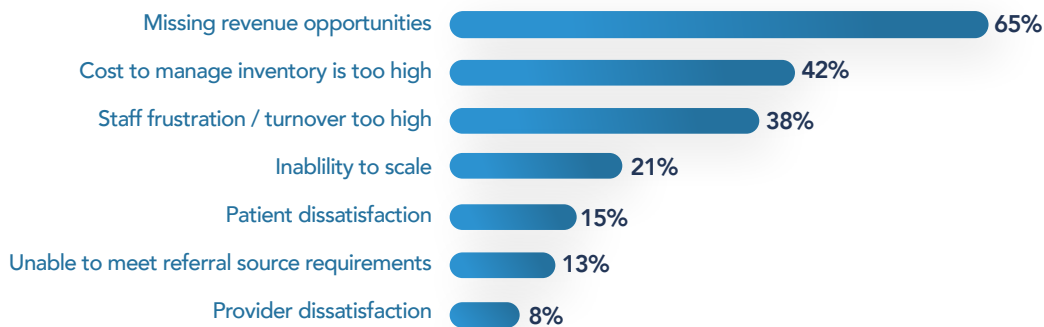


- 2 Excessive labor costs associated with manual tracking and counts, and correcting human errors.



- 3 Increasing staff stress and dissatisfaction from being pulled into monthly inventory counts, resulting in turnover.

Negative Impact of Suboptimal Inventory Management



As one executive said, "Tracking inventory is a guessing game - teams are constantly counting, calling, and searching for equipment; meanwhile, we are missing opportunities. All this is killing our bottom line." And the road ahead looks even more challenging for HME providers. **Half** of the surveyed leaders expect continued supply chain volatility and product shortages, which will magnify inventory problems if left unaddressed.

The Hidden Cost: Billions Lost Industry-Wide

The inefficiencies uncovered in this research – manual tracking, over-ordering, shrinkage, and missed revenue – represent billions in lost value across the HME industry every year. Based on industry benchmarks and customer interviews, In90group estimates that the annual financial impact of suboptimal inventory practices may be **over \$4 billion annually**, including:

- \$840M in excess inventory and over-ordering due to lack of real-time visibility.
- \$800M in lost or unaccounted-for equipment and assets.
- \$1.5B in missed revenue opportunities when inventory isn't in the right place at the right time.
- \$900M in wasted labor hours tied to manual inventory tasks and workarounds.

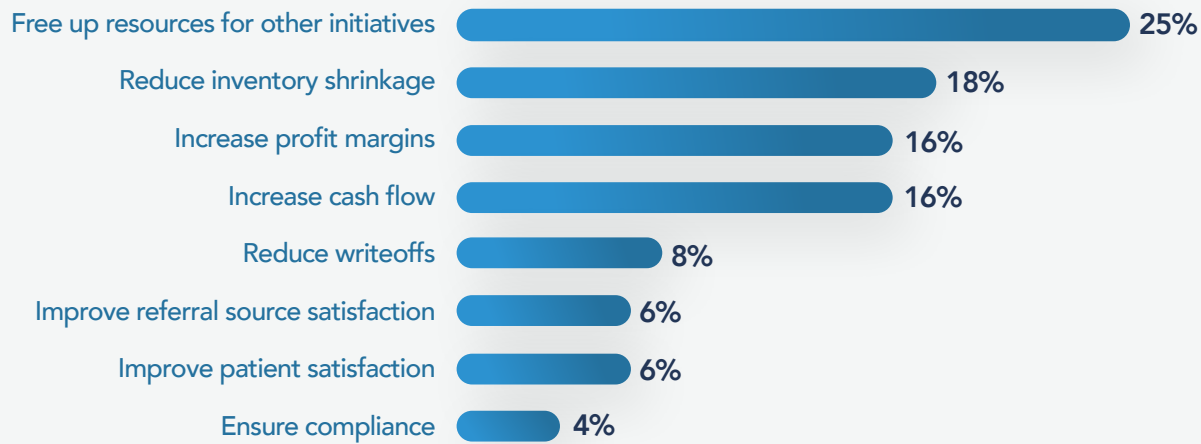
These numbers are staggering, but they're also preventable. Providers that take control of their inventory can free up cash, recover lost revenue, and reduce operating costs, all without adding more staff or facilities.

\$4 Billion+
the cost of suboptimal
inventory management in HME

The Opportunity: Transition from Inventory Management to Inventory Optimization

Forward-looking HME leaders are moving to specialized inventory optimization solutions to free up staff time, reduce inventory shrinkage, improve profit margins, and increase cash flow. They are going beyond merely tracking products to build more efficient, more profitable operations, which allow them to do more with the resources they already have, while reducing waste and improving control.

Top Business Benefits of Specialized Inventory Optimization Solutions



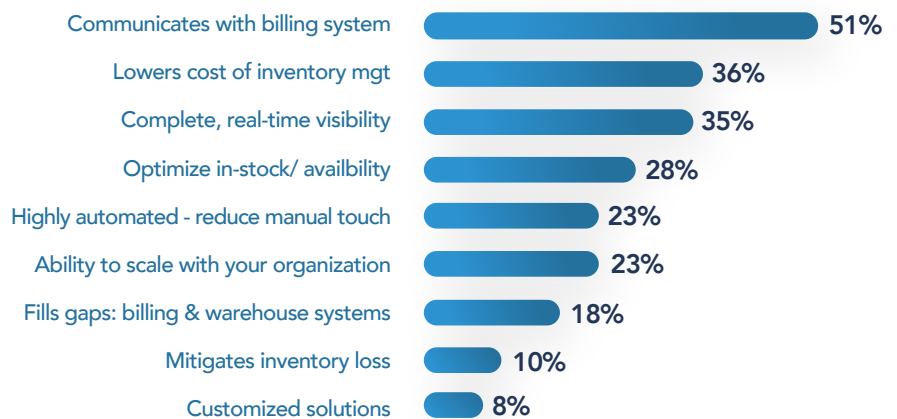
In fact, forward-thinking HME leaders are embracing the idea that the HME/ DME industry needs to adopt technologies and processes that are commonly used in other inventory-intensive industries like retail. In these industries, bar codes and radio frequency identification (RFID) technologies streamline operations by cutting down on manual counting, lower cost by matching inventory to demand, and provide complete visibility into inventory levels at each location to ensure counts are accurate.

HME leaders who are moving to these inventory optimization solutions also highlight critical “must haves” for the solutions they evaluate.

According to HME leaders surveyed, the top three must-haves for modern inventory optimization solutions are:

- Communication with existing billing systems.
- Lower overall cost of managing inventory.
- Real-time visibility across locations and product types.

Inventory Management Software Solution: Organizational Needs



Leaders also stated that it is important to work with solution vendors who understand the specific complexities of HME, not generic software companies that require endless customization. As the Director of Operations for a large regional HME provider explained, “We looked at several inventory management systems, but none of them worked for HME, because the HME business is so unique. We need a software solution that actually works the way HME works.”

TRACKING THE RIGHT KPIs MATTERS.

2/3 of respondents believe that accuracy-related KPIs such as cycle counts, shrinkage, and obsolescence matter most. Inventory systems must deliver reliable data because getting it wrong has ripple effects across care, cash flow, and compliance.



Practical Guidance for HME Providers: Fix Inventory, and Everything Else Improves

The data is clear: inventory in HME is messy. It is typically scattered across locations, poorly tracked, and painfully manual.

That kind of chaos slows down teams, eats into margins, and makes it harder to grow. It is no longer good enough to simply “manage” inventory; HME leaders must optimize inventory levels in each location to thrive and overcome the intense margin pressure they continue to face.

Here are five things you can do now to reduce costs, free up staff, and drive more revenue, all while lowering staff frustration and improving patient service:

1 AUTOMATE MANUAL INVENTORY TASKS.

Manual counts and reorder processes waste staff time and lead to errors. Implement automation technologies such as barcode scanning or RFID technology to automate inventory counts and triggers for reordering.

2 CENTRALIZE AND STANDARDIZE INVENTORY DATA ACROSS ALL LOCATIONS

Inventory is often scattered across warehouses, consignment closets, trucks, and remote branches, making it hard to know what's in stock and in which product state. Use a purpose-built inventory optimization solution that consolidates all inventory data into a single view, giving you accurate, real-time insight across every location and product state.

3 SET AND ENFORCE PAR LEVELS

Without clear thresholds, teams tend to over-order or understock, tying up cash or risking delays. Establish minimum/maximum stock levels (par levels) by location and automate notifications or reorders when thresholds are met.

4 STOP RELYING SOLELY ON YOUR BILLING SYSTEM FOR INVENTORY

Billing systems were not designed for real-time, multi-location inventory tracking. Instead, implement a specialized inventory optimization platform that complements your billing system and provides the visibility, control, and automation required for modern operations.

5 TRACK THE MOST IMPACTFUL KPIs

Track and hold your team and systems accountable for KPIs like inventory accuracy, days-on-hand, shrinkage rate, and inventory-to-revenue ratio. These metrics will reveal where optimization efforts are working, and where they're not.

The Inventory Optimization Solution to Quiet the Chaos

HME360 was built to solve the chaos. Created by HME experts, it's a modern, cloud-based inventory optimization software solution that works alongside any billing system to bring order, automation, and insight to your inventory.

At its core, HME360 helps providers:

- ✓ Free up cash flow by reducing excess or expired stock and freeing staff from manual cycles, so you can focus your team on growing your business.
- ✓ Know exactly what assets you have, where they are, and what product state they are in, so assets are aligned with demand, nothing slips through the cracks and every opportunity is captured.
- ✓ Make inventory management your strategic advantage so you can consistently deliver for patients, build your reputation, and expand partnerships, referral sources, and market opportunities.



"HME360 is going to save you money because it streamlines processes; knowing exactly what you have and where it is enables you to skip so many manual steps and frees up time."

Director of Operations
Multi-state HME supplier

To learn more about how HME360 helps you quiet the chaos, take control of your inventory, and unlock the growth you've been missing, visit [HME360.com](https://hme360.com) or email us at info@hme360.com to request a demo.

Research methodology

In June 2025, HME360 commissioned In90group Research, an independent research firm focused on healthcare industry dynamics, to conduct an online survey of 80 home medical equipment (HME) / durable medical equipment (DME) CEOs, CFOs, operations leaders, and inventory managers, across the spectrum of revenue size, product lines and lines of business served. The goal of the research was to uncover the greatest challenges these leaders face related to inventory and asset management, the impact of these challenges on the HME / DME industry, and what these leaders want when it comes to better inventory solutions. For a copy of the full results, contact norbert@in90group.com.

Quiet the chaos. Control your inventory. Unlock your growth.

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