

PARTNER CASE STUDY:

\$3B+ REGIONAL HEALTH SYSTEM

A customized solution to address non-clinical spend that is delivering over \$20MM in annual run rate savings across multiple, complex categories.

A leading regional health system was faced with decreasing margins as costs were outpacing revenues and growth. A changing healthcare landscape with inflationary pressures caused them to take a closer look at their total expenditures, with a focus on non-clinical.

While the spend was “inline” with healthcare trends, they challenged themselves to look outside their industry for best practices, pricing and additional savings opportunities. Enter LogicSource, one of the nation’s largest retail category spend management firms.

LogicSource provided solutions ranging from system and data quality improvements, reduction of risk, and contractual cost savings across Facilities, HR, IT, Logistics, Marketing, and Purchased Services resulting in \$20MM+ in non-clinical Supply Chain savings.

To better serve the health system, the client leveraged LogicSource’s proven cross-portfolio expertise from retail, financial services and manufacturing in order to significantly reduce their non-clinical spend.

REVENUE	\$3B+
EMPLOYEES	20,000+
NON-CLINICAL SPEND	\$408MM
ADDRESSABLE NON-CLINICAL	\$306MM
ORIGINAL SAVINGS ESTIMATE	\$18-21MM



ON-TRACK TO EXCEED THE INITIAL SAVINGS ESTIMATE OF \$20.8MM

HEALTHCARE SYSTEM PROCUREMENT CHALLENGES:

- Insufficient Sourcing and Category Management Capability**
 Supply chain team recognized as clinical-cost focused with limited indirect spend category expertise. Lack of sufficient resource support for \$400MM+ in non-clinical spend.
- Tactical/Reactive Approach to Sourcing**
 Contract administrators undertaking predominately tactical support work with limited execution of strategic initiatives.
- Lack of Should-Cost Analysis**
 Limited medical industry benchmarking for their non-clinical spending, and lacking in overall cross-industry market intelligence to drive best-in-class pricing.
- Suboptimal Procurement Technology**
 Multiple disparate tools and systems causing administrative inefficiencies and time-consuming workarounds.

LOGICSOURCE PROCUREMENT SOLUTION HIGHLIGHTS:

- + Corporate Services Record Retention Evaluation**
 Evaluation of long-term supplier in records retention led to discovery that client was not informed by supplier of new, lower contract costs. LSI moved client to the new contract opportunity, resulting in 40% savings.
- + IT Evaluation and Audit**
 Through partnership with the the client, LSI was able to optimize the ERP System-wide agreement, resulting in a \$2.4MM savings over the life of the contract.
- + Consolidation of Media Spend**
 Using proprietary market intelligence, LSI was able to yield an annualized \$300K savings through strong contract negotiations and reduce client risk by moving suppliers onto client legal contract paper.
- + Implementation of OneMarket Portfolio®**
 Use of project management solution centralized projects, statuses, forecast-to-realized savings, and provided client insight to all active and future LSI projects, improving client strategic operations and capital planning.