



REVOLUTIONIZING COST MANAGEMENT: WHY NEW STRATEGIC PARTNERSHIPS IN HEALTHCARE MATTER

Many health systems rely on their Group Purchasing Organization (GPO) for supplier contracting and benchmarking support of their procurement efforts. While effective for direct patient care items like PPE, surgical equipment, and medical supplies, this approach falls short of the mark when dealing with non-clinical goods and services, such as information technology, professional services, and facilities.



WHY GPOS FALL SHORT FOR NON-CLINICAL PROCUREMENT:

- ### 1. Not Everything Fits in a Box.

Many indirect services do not lend themselves to SKU-based line-item pricing. Service commitments, qualifications and experience, qualitative deliverables and myriad other factors render straight unit price comparisons meaningless.
- ### 2. Local Needs with National Blindspots.

National contracts aren't applicable to locally managed and delivered services (think: landscaping, snow plowing or design and construction services).
- ### 3. Lack of Communication around a Unified Bigger Picture.

Business owners in marketing, IT, HR, etc., are wary of ceding control of their preferred relationships to procurement generalists.
- ### 4. No Visibility into Broader Market Benchmarks.

Health systems don't solely compete with other systems for the best prices and contracts for these services - they also compete with retail, manufacturing, consumer products and other companies for these same services and from the same vendors. Ignoring these when benchmarking and contracting surely results in sub-optimal contracts.



Beware of: consultants who offer advice devoid of execution. A true strategic partner can execute initiatives and ensure that a non-clinical approach is sustainable long-term, delivering on the proposed value today and into the future.



FIVE WAYS A STRATEGIC PARTNERSHIP FOCUSED ON NON-CLINICAL GOODS AND SERVICES CAN REDUCE COSTS FOR HEALTH SYSTEMS:

- ### 1. Leverage benchmarks from outside of healthcare.

A partner who can look at benchmarks across industries for the same non-clinical categories can ensure that a health system receives the best pricing and contract terms.
- ### 2. Engage subject matter experts to negotiate local contracts.

Subject matter experts (SMEs) with deep category knowledge and cross-industry expertise can ensure procurement contracts serve organizational needs with rates and terms that are not just the best within healthcare but the best for that service.
- ### 3. Gain complete transparency into non-clinical spending.

A true partner can provide technology that offers real-time insights into spend data, benchmarks against cross-industry data, and access to a diverse and proven supplier network.
- ### 4. Execute and ensure maximum value realization.

A partner should secure the best possible pricing and ensure that agreed-upon rates and contract standards are met.
- ### 5. Ensure ongoing engagement with the marketplace.

Effective non-clinical spend management requires more than one-time projects or set-and-forget pricing. The right partner works continually to make sure pricing and service are optimal and that the partnership is delivering to the fullest.



During stressful times, establishing a robust and strategic partnership can be instrumental in enabling health systems to achieve cost savings in non-clinical areas, enhance supply chain resilience, and effectively execute initiatives to meet savings objectives. By implementing this operational plan, resources can be allocated efficiently, prioritizing high-impact initiatives focused on delivering optimal care.

LogicSource brings a Center of Excellence to all our partnerships consisting of 150 indirect category experts harnessing \$100B in pricing data. We execute 20,000+ sourcing events annually, a scale and leverage with a level of expertise that would be cost-prohibitive for most health systems to achieve independently.

Ready to elevate your financial performance? Our first step in every strategic partnership is an in-depth non-clinical spend analysis and solution recommendation. This Mutual Value Assessment (MVA) is the culmination of hundreds of hours of work from LogicSource's non-clinical category experts to analyze spend, suppliers, systems and processes, and benchmark current rates against other sectors purchasing the same products and services. Get a clear, actionable roadmap to achieve substantial long-term value for your organization.

Reduce costs without compromising care. Learn more about LogicSource's healthcare expertise [here](#).

To see non-clinical spend optimization in action, read about how WellSpan Health, an eight-hospital health system in central Pennsylvania, **reengineered their non-clinical purchasing process** to realize significant ROI, saving \$6MM in year-1, with the organization on track to save more than \$20MM throughout the life of WellSpan's multi-year agreement with LogicSource.



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