

WHY YOU NEED MORE THAN JUST BENCHMARKS FOR YOUR NON-CLINICAL SPEND

THE SITUATION

Non-clinical spending consumes upwards of 20% of a health system's annual revenue.

These include complex categories that health systems need to operate daily, such as corporate services, facilities management, IT, marketing, couriers, employee benefit programs and more.



Health systems traditionally rely on benchmarks from within healthcare or provided by Group Purchasing Organizations (GPOs) to establish pricing for these services, but that is no longer enough. GPOs are only able to address around 25% of a health system's total non-clinical spend. What's more, health systems are paying, on average, 7-12% more for the exact same goods and services compared to retail, consumer goods, and financial services organizations.

WHY INTERNAL HEALTHCARE TEAMS FAIL TO LOOK OUTSIDE OF THE HEALTHCARE INDUSTRY FOR SOURCING BENCHMARKS:



Resource Constraints:

Healthcare organizations often struggle with limited labor and financial resources. With their primary focus on clinical services and patient care, they have a reduced capacity to thoroughly research and understand external markets.



"It's Always Been Done This Way":

Due to limited resources and time, sticking to tried and tested methods may seem like an easier choice. Change management is complicated, as teams may resist change or innovation, preferring to follow established protocols even if they are not the most efficient.



Limited Data Access:

Without proper channels and networks, healthcare sourcing teams may lack insight into pricing and service quality in other industries, hindering their ability to make informed comparisons.



Over-reliance on GPOs:

While GPOs may still be adequate for clinical purchases, healthcare organizations that rely solely on GPOs for non-clinical benchmarking can become isolated from broader market trends and pricing dynamics. Depending on a confined data set means that the competitive pricing, innovative solutions, and best practices that are evolving outside the healthcare industry are overlooked.

It's time to shift from a best-in-industry to a best-in-class perspective.

GROWING BEYOND BENCHMARKS

Health systems must look outside of the "traditional" way of doing things to make real progress.



Leverage actual practitioner insights to understand the service that's provided and what's going on



Focus on execution, not just identification of a theoretical value to deliver results.



Specialization is needed – a skeleton team of generalists will not be able to handle negotiations across seven categories and 500 subcategories.

You need to be resourced effectively or have the right third-party partner to maximize the potential value and opportunities in non-clinical expenditures.

A WORLD-CLASS NON-CLINICAL PROCUREMENT PARTNER



At LogicSource, we take our experience working with clients outside of healthcare and bring that wealth of knowledge and market intelligence from retail and consumer brands into healthcare to drive greater value.



Our Center of Excellence includes 150 indirect category experts harnessing \$100B in pricing data and executing 20,000+ sourcing events annually, allowing our clients to tap into cross-industry expertise, scale, and leverage that would be cost-prohibitive to achieve on their own.

CLIENT SUCCESS STORY



LogicSource partnered with WellSpan Health, an eight-hospital system in central Pennsylvania to revolutionize its non-clinical purchasing approach. These are the results:



Immediate realized non-clinical savings of **\$6 MILLION** in the first year of the engagement



On track to drive more than **\$20 MILLION** in annual run-rate gross savings in partnership with LogicSource

Find out more about LogicSource and how our innovative combination of procurement expertise and technology generates significant savings for healthcare providers.

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