

# MEASURING THE SUCCESS OF P2P COMPLIANCE IN A COMPLEX IDN



The call to reshape and reimagine healthcare supply chain has never been louder. Now more

than ever, health systems' C-suites are looking at supply chain to address multiple competing priorities:

1. Increasing service levels while containing costs
2. Building resiliency and adaptability while increasing compliance and control
3. Focusing on growth while also ensuring sustainability and diversity across their supply chain footprint

As pressure mounts from financial challenges and the rapid transformation of care delivery, supply chain leaders are focused on building more adaptable, nimble, and responsive supply channels that improve customer experience and reduce cost of care. Central to their modernization efforts are technologies

that enable automation and promote compliance through the Procure to Pay [P2P] lifecycle.

In a recent [Prodigo Solutions webinar](#), Kelly Coxon, Senior Director, Procure to Pay at UPMC in Pittsburgh, PA, shared how UPMC has been able to respond to healthcare's cost, quality, and outcomes [CQO] movement within a complex and growing enterprise footprint. She highlighted that "affordable healthcare is our measure of success. It's the shared goal of our entire enterprise. At UPMC, transformation begins with a results-oriented culture where all our service delivery teams are focused on delivering sustainable value."

UPMC has 42 hospitals with over 600 service locations. As a result of this complexity, UPMC's supply chain adopted three strategic approaches to drive P2P transformation:

1. Simplification – ensuring a single, self-service portal to access supply chain

managed content and contracts; specialized around centers of focus on clinical and non-clinical spend and services.

2. Standardization – the buy/pay process is well defined for every role and purchase workstream in the organization.
3. Automation – technology enables all business processes. This includes accurate item and price information, a touchless process from beginning to end of the P2P cycle, EDI connectivity with trading partners, and full invoice automation which includes smoothing rules to eliminate non-essential exceptions.

## MODERNIZATION AT SCALE; EDI'S ROLE IN A MODERN DIGITAL SUPPLY CHAIN.



EDI delivers operational efficiencies that translate to lower costs for both vendors and buyers. Strong business

partnerships with all suppliers enables UPMC to work closer with trading partners to eliminate waste and overhead costs. Supply chain modernization translates into speed which results in scale – for UPMC this means more throughput with over 65,000 POs and 115,000 invoices processed per month and over \$1B in annual transaction value. The EDI PO is auto dispatched to the supplier immediate on approval, suppliers issue invoices immediate on shipment, and are paid immediate on terms. As a result, UPMC gains efficiencies and suppliers reduce their days sales outstanding.

## MEASURING SUCCESS FOR A LARGE IDN; DELIVERING CLINICAL, OPERATIONAL, AND FINANCIAL COMPLIANCE.



Within large, complex organizations the inability to drive compliance into every purchasing decision

quickly erodes the value of standardization and automation. Coxon cautions, “change is the result of an inclusive approach that engages every resource in our improvements. With one way to do business we are able to get it right at the front end of the P2P process;

eliminating exceptions downstream in the workflow. Don't let preference be the reason that you have exceptions, at UPMC, we fight hard for standardization so that exceptions are easier to manage.”

In a supply chain context, we impact the entire P2P workstream. Systems do the work while people drive the strategy. Sourcing, Procurement, and Accounts Payable [AP] alignment creates synergies for all stakeholders across P2P spectrum. Sourcing resources can focus on moving the total book of business to the preferred [most favorable] contract. Procurement resources are managing POs for compliance not placing orders. AP resources are managing supplier accounts to take advantage of early pay discounts not resolving discrepancies.

The operational impact is obvious:

1. 100% electronic invoice coverage [63% EDI invoice, 37% AP automation]
2. +90% touchless POs [lights-out]
3. Fewer exceptions – only 1.4% of invoices require manual intervention with a 91.6% First Time Match Rate [FTMR]

While overall performance continues to improve, Coxon also highlighted some ongoing COVID-19 related supply challenges that are still being felt. “Product shortages continue to have a negative impact on backorders, item substitution, and price adjustments. 67% of our PO line exceptions are backorder related delays due to supply disruption on imported goods.”

Digital transformation looks different across each organization. However, there

are common tenants that continue to underpin modernization efforts. These include alignment on the mission, engagement of your stakeholders and a strong commitment to partnering with trading partners to achieve mutual benefits. Coxon stated, “At UPMC, we are invested in our communities, so it is our job to help everyone get enabled to participate regardless of their technical capabilities.” Overcoming healthcare supply chain challenges to lower the cost of care is everyone's responsibility and we all realize the benefits in terms of quality of care and improved outcomes.

Watch Measuring  
Success &  
Ensuring Vendor  
Compliance  
Within Your  
P2P Strategy –  
A UPMC Story  
to hear the  
full Procure to  
Pay discussion  
with Kelly Coxon.

WATCH NOW



## ABOUT PRODIGO SOLUTIONS

Prodigio Solutions is a healthcare technology company that improves provider's financial control and reduces supply chain cost. Prodigio Solutions' savings technology has been developed by healthcare supply chain experts to deliver tangible results across a continuum of care. Customers who use our systems purchase more than \$17 billion annually for the more than 600 hospitals they operate.

For details please contact:

Ashby McGarry  
Marketing + Communications

1-724-741-1907  
amcgarry@prodigosolutions.com