



CASE STUDY

Northwestern Medicine's Procure-to-Pay Workstream Goes Digital with Big Payoff

WHAT | Digital procure-to-pay workstream

RESULTS | Transformed its account payable (AP) department from a cost center to a profit center

HOW | Leveraged GHX ePay to reduce paper checks, maximize rebate savings and optimize supplier relationships

Challenges

- » **Reliance on manual process** for supplier data management
- » **Lack of visibility** into procure-to-pay processes led to inconsistent communication with suppliers
- » **Late and missing payments** and other transactional issues strained supplier relations

Results



Fully digital procure-to-pay workflow turned the AP department into a profit center



98% of payments made through its digital workflow



Annual payment program rebates **increased 133%**



Supplier relationships have been strengthened



Increase in supplier communication and visibility



Health system **positioned for growth**

Situation

In 2016, Illinois-based Northwestern Medicine underwent an extensive integration, which nearly doubled the size of the health system. With **11 hospitals** transacting business with hundreds of medical/surgical product suppliers, **the health system's entire procure-to-pay workflow required optimization.**

PROCURE-TO-PAY INEFFICIENCIES ARE COSTLY AND STRAIN VENDOR RELATIONSHIPS

Upon examining existing operations, Program Director of Finance, Accounts Payable, Amy Platis realized that Northwestern Medicine's insufficient vendor master was one pain point causing issues both up- and downstream. Because suppliers could not directly and electronically share their account information, the burden of documenting and maintaining this data fell on Northwestern Medicine. Reliance on a manual process for supplier data management resulted in duplicative, missing and erroneous information, which impacted the health system's procurement, sourcing, contracting and AP teams.

Northwestern Medicine also lacked visibility into its procure-to-pay processes, including the status of invoices, payments and overall financial standing, and it lacked a consistent, reliable way to communicate with suppliers. The heavy volume of invoice payments made via paper checks added to the burden and complexity. Late and missing payments, PO/invoice discrepancies, and other transactional issues, as well as communication breakdowns, strained supplier relations.

Platis and her team explored ways to fully digitize Northwestern Medicine's procure-to-pay workflow. They wanted to automate previously manual processes and gain real-time visibility into the status of supplier transactions and, at the same time, facilitate more effective communication. The overarching goal was to maintain healthier relationships with suppliers and give them additional confidence in Northwestern Medicine as a reliable business partner.

Measure of Value Gained

Working with GHX, Northwestern Medicine has achieved:



Solution

As the foundation for its procure-to-pay workstream optimization, Northwestern Medicine developed and implemented a digital portal to serve as a proprietary, single hub for all suppliers to engage with the health system. Through the portal, which is integrated with Northwestern Medicine's enterprise resource planning (ERP) system, suppliers streamline the onboarding process by submitting their account details electronically. Once on-board, suppliers are directed to engage in an entirely digital procure-to-pay process through the portal, including e-invoices and e-payments.

"The solution had to be stable, standardized and fully scalable as we wanted to continue to grow as a health system and have more integration. It also had to support exceptional customer service for our suppliers. Because any gaps or breaks in the P2P workstream could impact patient care, it's extremely important that we maintain synergy and good working relationships with our strategic supply partners."

Amy Platis

Northwestern Medicine and its suppliers use the portal to gain visibility into the status of invoices and payments and communicate to resolve any questions or issues. The solution also facilitates dynamic discounting. Depending on business need, a supplier can directly modify its discount program on any invoice to accelerate payments and ensure timeliness.

To support its goal of eliminating paper check payments to suppliers, Northwestern Medicine

incorporated the GHX solution as a preferred payment method on the portal. GHX ePay is a cloud-based, payment automation platform that leverages healthcare’s largest supplier payment network with pre-established discount terms. The fully automated and electronic workflow eliminates paper checks, streamlining processes and minimizing the need for human intervention.

Both Northwestern Medicine and its suppliers gain value from their use of ePay in the form of operational efficiencies and financial rewards. ePay provides rebate capture for qualifying payments, which incentivizes Northwestern Medicine to pay invoices sooner. It is a win-win across the board—the health system benefits from greater payment accuracy and increased savings capture and its suppliers from lower days sales outstanding (DSO) and faster access to cash.

GHX continues to serve as a collaborative partner for Northwestern Medicine and its suppliers to help them maintain alignment as the health system and its business partners grow and change. Whenever Northwestern Medicine integrates with a new health system or a supplier undergoes a merger or acquisition, GHX helps both parties properly map changes (e.g., bill-to, sold-to and ship-to locations) in their respective systems to prevent errors moving forward.



A big selling point for GHX ePay was that it would deliver value to not just Northwestern Medicine but our suppliers as well. GHX was a huge help in achieving alignment. They worked with us and our suppliers to make sure data was ‘apples to apples’ on both sides in terms of contracts, pricing, unit of measure, quantities and minimum orders. When orders go out and invoices come in, they match and go straight through processing to greatly reduce end-to-end transaction time through to payments.”

AMY PLATIS

Transforming Workstreams to Digital



Develop and implement a digital portal



Gain visibility to invoice and payment status



Enable operational efficiencies with automated rebate capture and payments



Onboard suppliers and add account details

"We've eliminated manual intervention and the risk for transactions dropping up and down the workflow while optimizing and shortening the processing time for all of our orders. As a result, cost of business for our organization and our suppliers has gone down."

Amy Platis

Results

COVID-19 PREPAREDNESS

Northwestern Medicine's digital supplier portal and its integration with the GHX Exchange and ePay positioned the health system to successfully weather the operational challenges of the COVID-19 pandemic.

"Our scalable, agile and completely digital procure-to-pay environment became critical in March 2020 when we were faced with stay-at-home orders," Platis said. "During such a dynamic situation, where supplies and supplier relationships were critical, our purchasing and AP teams shifted seamlessly from working in the office to working from home with no supplier service interruption or delays to the supply chain procurement process."

OPTIMIZATION TRANSLATES TO NEW SAVINGS AND VENDOR SATISFACTION

GHX ePay has helped Northwestern Medicine transform its AP department through procure-to-pay automation and greater payment compliance with suppliers.



"Our accounts payable department is now a profit center," Platis said. "We generate more revenue than budget by reducing cost per transaction and optimizing our procure-to-pay workflow. At the same time, we've partnered with our suppliers to give them payment methods and discount programs that help them achieve their organizational goals. It has been a great success for all."

AMY PLATIS

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