

CASE STUDY

MUSC's Journey to a **Best-in-Class Digital Supply Chain** with GHX and Cloud ERP

Transformation from cost center to revenue generator supports growth, scalability and adaptability



Highlights



\$1.7M

Estimated
future savings



\$500k

New potential
sources of rebate
revenue



78%

Drop in contract
price exceptions
in 6 months



In 2023, MUSC standardized its ERP system, consolidated four disparate item master files into one, transitioned its group purchasing anchor and achieved incredible results increasing efficiencies. From automating invoice processing to streamlining contract management promoting price accuracy, MUSC and GHX have revolutionized the organization's approach to supply chain, boosted productivity and transparency, and returned value to the bottom line."

Austin Zoeller

Associate Chief Supply Chain Officer
(ACSCO), MUSC Health

CHALLENGES

- Time-consuming, labor-intensive and error-prone manual order processing
- Data integrity issues that contributed to high order exceptions due to wrong price and late supplier invoice payments
- Extensive supply chain and Accounts Payable (AP) team hours on non-value-added tasks

SOLUTION

- Cloud-based integration of Workday ERP system with GHX digital solutions increased order-to-payment automation with supplier partners
- Manage contract price updates seamlessly from GHX to Workday for automated contract compliance
- Tighter integration of AP in supply chain through team culture transformation and process technology to breakthrough silos
- Digital invoice processing with automated exception handling helps reduce exceptions for faster payments

RESULTS

- **98%** supplier connectivity for order automation via GHX Exchange
- **99%** invoices processed digitally, surpassing MUSC's goal of 90%
- **78%** decline in contract price exception rate in 6 months, from **12% down to 2%**, achieving MUSC's goal of sub-2%
- Ability to scale supply chain and AP to support MUSC's growth without adding headcount
- Employee engagement scores issued by Press Ganey soared from Tier 3 to Tier 1 in one year

Client

MEDICAL UNIVERSITY OF SOUTH CAROLINA

Founded in 1824 in Charleston, the Medical University of South Carolina (MUSC) is the state's only comprehensive academic health system, with a unique mission to preserve and optimize human life in South Carolina through education, research and patient care. Patient care is provided at 16 hospitals, with approximately 2,700 beds and five additional hospital locations in development, more than 350 telehealth sites and nearly 750 care locations situated in all regions of South Carolina.

Challenges

As a rapidly growing health system, expanding through the integration of new hospitals and other facilities, MUSC needed scalability in its supply chain and accounts payable (AP) operations to efficiently and cost-effectively support onboarded care sites.

However, these teams were burdened with time-consuming, labor-intensive and error-prone manual order processing. Data integrity issues contributed to an overwhelming number of price exceptions, necessitating rework and delaying supplier invoice payments.

With supply chain and AP team members spending extensive hours on non-value-added tasks, scaling their work to support MUSC's continued growth without adding headcount seemed improbable if not impossible.

MUSC had transitioned to the Workday cloud enterprise resource planning (ERP) system to serve as a single platform across its network. The supply chain team determined that it needed a strategic technology partner to support digital transformation through solutions that integrated seamlessly with this system.

Their goal was to transform supply chain and AP operations from a resource intensive cost center to a streamlined and robust revenue generator that could support MUSC's mission to deliver high-quality, affordable care for an expanding patient population.



Our teams' vision is to revolutionize patient care delivery by pioneering transformation in the healthcare supply chain. To achieve this, we are shifting from very time-consuming manual processes to a digital and automated model where we are more efficient and more cost-effective. From that, we're reducing the bottom line."

Brandon Droz

Associate Vice President (AVP)
Supply Chain, MUSC Health

LEADING THE EFFORTS

Austin Zoeller

Associate Chief Supply Chain
Officer (ACSCO), MUSC Health

Brandon Droz

Associate Vice President (AVP)
Supply Chain, MUSC Health

Solution

Austin Zoeller, Brandon Droz and their teams view GHX as that strategic partner because of the company's breadth of interoperative digital solutions and joint innovations with Workday.



"GHX is uniquely positioned to help revolutionize our back-office functions and transform supply chain into a dynamic engine for efficiency and growth, not just for the supply chain team, but disarming administrative burdens from nurses and caregivers, returning their time back to license."

Austin Zoeller

Because MUSC already had the foundational elements of the GHX platform in place, Zoeller, Droz and their teams decided to optimize these existing solutions while extending automation and integration through the implementation of GHX's advanced technologies and services.

MUSC and GHX established a relationship built on trust, collaboration, and a mutual commitment to supply chain advancement and excellence. The GHX team provided extensive education and training to MUSC supply chain and AP staff members so they could generate the greatest value for the health system in a short period of time.

"GHX not only provided transformative technology solutions but helped us transform our culture too. Together, we set the expectation among supply chain and AP team members that their work was fundamental to driving us toward best-in-class performance."

Brandon Droz

GHX: A SINGLE PARTNER WITH A UNIFIED APPROACH TO OPTIMIZATION



Order Trust



eInvoicing



Data Connect for Cloud



**Price Sync
Managed Service**

Increase digital automation for supplier alignment and speed to value

GHX facilitates improved supplier communication and collaboration by providing a single, digital channel and experience through which MUSC and its trading partners can automate transactions and drive continuous improvement.

GHX and MUSC worked collaboratively to identify suppliers with which the health system was transacting manually and transition them to automated, digital transactions through the GHX Exchange – from issuing purchase orders (PO) through processing supplier invoices.

As a result, MUSC began automating order transactions with 300+ additional suppliers compared to the prior year.

This drive to expand digital P2P process automation continues as Droz and team are now automating the transmission of bill-only orders via EDI through GHX and Workday configurations and expanding digital processing to non-PO invoices.

“We’ve enhanced performance by removing manual touchpoints, time and costs from our procure-to-pay cycle.”

Brandon Droz

CONTRACT MANAGEMENT, ENRICHING ORDER DATA, AND REDUCING ERRORS

- › Price management automation
- › Identify price discrepancies
- › Resolve price differences directly with suppliers
- › Accurate and continuously monitored contract pricing data



We quickly pressure tested the system, launching Price Workbench in parallel with major system changes, incorporating new hospitals, and navigating a GPO transition. The results were remarkable, and we were incredibly pleased to improve price accuracy concurrently with these changes.”

Austin Zoeller

Contract management to minimize price exceptions and errors

With a higher volume of digital orders flowing through a single channel, MUSC and GHX teams turned their attention to cleansing and enriching the data in those orders, including item attributes and price. Because contract pricing is so complex in healthcare, the MUSC team took a multi-pronged approach to address the challenge.

By using GHX’s CCXpert as the price engine for MUSC, they were set up to take advantage of price management automation for Workday. Automating regular reviews of all MUSC’s local and group purchasing organization (GPO) contracts, GHX Data Connect’s Price Workbench for Workday has provided the MUSC team the ability to identify price discrepancies and keep prices up to date in their Workday ERP system on the front-end.

Through GHX Price Sync Managed Service, they can also resolve price differences directly with suppliers – address pricing issues at the source and synchronize updates to Workday.

These process optimizations have significantly reduced the number of match exceptions and rework to resolve them. At the same time, they have established a foundation of accurate and continuously monitored contract pricing data.

AP and supply chain integration to minimize cycle times and leverage prompt pay discounts

MUSC's digital P2P environment has supported transformative change in the operations and culture of the health system's procurement and AP teams. Using integrated technology and solutions, MUSC has broken down department, process and data silos to establish a unified Procure to Pay team.

Aligning procurement and AP team members has facilitated an outstanding culture of communication and collaboration, which in turn has reduced invoice processing times.

GHX uses smart PO-invoice matching to convert match invoices, drastically reducing the number of exceptions that require manual intervention. This automation of invoice processing enables MUSC to make faster payments and capitalize on supplier rebates.



"The process improvements weren't just for internal efficiencies; but laid the foundation for increasing newfound trust with our supplier partners, unlocking a willingness to explore more creative ways to both measure performance and drive value."

Austin Zoeller

Results

99%

Electronic invoicing, surpassing MUSC's goal of 90%

98%

Supplier connectivity for order automation

93%

Invoices matched through smart PO-Invoice process

The connected value of strategic partnerships and transformative solutions from GHX and Workday has helped accelerate MUSC's journey to a best-in-class supply chain.

The digital transformation of supply chain and AP operations from cost center to revenue generator through process automation, contract pricing accuracy, and greater rebate capture has positioned this now unified Procure to Pay team for scalability to support MUSC's expansion of patient care.

Efficiency and labor savings

In partnership with GHX, MUSC has eliminated hours of manual line matching and back-and-forth work between supply chain and AP. The health system has optimized operations to the point where these teams can now extend their services to new facilities without adding head count.

Case in point: MUSC had a retiring full-time employee (FTE) who manually handled bill-only orders. Because these orders are now being automated through GHX, the health system does not need to hire a replacement for this.

“We have five facilities in our strategic growth plan right now and no anticipation that we will need to add additional resources to support them from a procurement or AP perspective. Automation and enablement from GHX are allowing us to do more with the same staff we have in place today. When we talk about driving down costs – the ability to support growth without adding people is a huge cost savings.”

Brandon Droz

Price accuracy and revenue generation

The MUSC Procure to Pay team's efforts with GHX and Workday to improve data integrity in their ERP system and in their digital transactions with suppliers have significantly reduced match exceptions and labor allocated toward rework.

By maintaining accurate and updated contract pricing, AP staff members are no longer burdened with thousands of contract price exceptions. In fact, MUSC cut its contract price exception rate by **78%** in only 6 months, from **12.32% down to 2%**. As a result, they have streamlined invoice processing to pay suppliers faster. Timely supplier invoice payments have the potential to earn more

than \$500K in rebate revenue for MUSC if GHX's automated payment solution is used.

Price accuracy has also driven greater savings and revenue generation for MUSC. The GHX team helped MUSC proactively identify and resolve nearly 12,000 contract price differences due to contract misalignment, positioning the health system to achieve an estimated \$1.7M in future savings on these contracted items.

Financial reporting and strategic planning

With real-time visibility to invoice and payment status through GHX, the MUSC Procure to Pay team has improved the accuracy of its financial reporting by aligning expenses to the correct reporting periods.

As MUSC continues to expand its portfolio of GHX solutions integrated with its Workday ERP system, the Procure to Pay team has greater access to data and reporting to inform strategic decisions around suppliers, products and contracting.

Staff and supplier satisfaction

MUSC supply chain and AP staff members, no longer burdened by monotonous, low-value tasks, can now take on higher-level, engaging work. This has resulted in greater staff satisfaction and professional growth development. At the same time, creating more capacity to dedicate efforts aimed at improved operational and financial performance benefiting the health system, its clinicians and patients.



Improvements

MUSC supply chain improvement metrics at a glance:

- **98%** Supplier connectivity for order automation via GHX Exchange
- **99%** Invoices processed digitally, surpassing MUSC's goal of 90%
- **78%** Decrease in contract price exceptions in 6 months, from 12.32% down to 2%
- **\$500K** Identified as a potential annual new source of rebate revenue if GHX's automated payment solution is leveraged
- **80%** Medical/surgical supply spend transacted digitally through the GHX Exchange in 2024
- **\$1.7M** Estimated future savings by proactively identifying and resolving 12,000 contract price differences

Prior to GHX, the AP team got a sense of accomplishment from clearing out match exceptions because they understood the importance of it, but it's not fulfilling or rewarding work. They are far more talented and capable of strategic endeavors, including collaborative efforts with other business units and clinical customers. With greater process automation, their performance has been elevated, providing more opportunities for advancement."

Brandon Droz

Through interactions with category managers, clinical integration managers and suppliers, MUSC Procure to Pay team members are gaining knowledge that can be applied to strategic sourcing and contracting initiatives.

MUSC's digital transformation, driving touchless transactions and speed to invoice payment, has improved supplier satisfaction with the health system as well.

»» [Learn more at ghx.com](https://ghx.com)

"With GHX's support, we can align our teams across the entire Source-to-Pay spectrum backed by information transparency throughout the entire contract lifecycle and uniting our teams around a common goal: operational excellence. This partnership has enabled smoother communication, better data management, and the agility to adapt quickly to challenges and opportunities alike."

Austin Zoeller