



MARKET REPORT

Funding the Future for **Healthcare Suppliers**

Redefining how business process optimization can
help drive growth and supply chain resilience



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Executive Summary

Healthcare suppliers are at a tipping point. While product and service innovation and competition have surged, business process optimization has not kept pace creating inefficiencies that impact scalability and financial health.

Many suppliers still rely on manual processes in order management, invoicing, payment collections, and vendor credentialing documentation—introducing operational friction that drives up costs, increases Days Sales Outstanding (DSO), and deteriorates both customer and workforce experience. This can not only impact growth but also hinder resilience in an increasingly competitive landscape.

To sustain competitive advantage, healthcare suppliers must embrace transformative process automation strategies. Modernizing critical workflows can unlock new levels of efficiency, improve cash flow, and enhance both customer and employee satisfaction.

In a new survey of 55 healthcare leaders, representing a range of supplier types and organization sizes, an overwhelming majority reported still using manual processes across sales, order management and fulfillment, and invoicing and payment processing.

Respondents were asked to weigh in on key obstacles and opportunities in four strategic areas, including:

- Commercial Execution
- Operational Efficiencies
- Customer Experience
- Cash Flow Optimization

To explore the high impact of business process inefficiencies in healthcare, Global Healthcare Exchange (GHX) commissioned healthcare consultancy Sage Growth Partners to conduct this survey in September 2024. The survey yielded responses from a variety of leadership roles, representing diverse organization sizes and supplier specialty.

This report summarizes those key survey findings.

Key Findings

Top Priorities

STRATEGY

74% View technology adoption as very/extremely important

INVESTMENT

62% Cite new product development as the most important use of investment funds

GROWTH

82% Rank retaining and expanding sales with their current customer base as their top commercial priority

Top Challenges

- **89%** of the market uses some form of manual process for managing order automation
- **Only 2%** of respondents believe they are excelling in order automation, and only 2% believe they are excelling in their invoice and payment processes
- **69%** of respondents experience occasional or frequent delays or disruptions due to vendor credentialing issues
- **Nearly half** of respondents believe that efficiency in order-to-cash processes is crucial to sales success, yet only 8% believe their processes today meet their company's needs to sell

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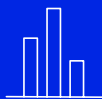
Unlocking the Power of Productivity

The global hospital supplies market size was valued at \$42.5B USD in 2023, and is predicted to reach \$125.9B USD by 2033.

An increasingly competitive landscape is one of the reasons **customer retention, expansion in current markets, and investment in and successful launch of new products or services** were overwhelmingly cited by suppliers as the top priorities to drive revenue growth.

There is a new FDA rule that suggests timing may be reduced for medical devices approved for use in the U.S. This is one of the factors considered in predictions for growth in both volume and variety of devices to be developed and distributed in the next 10 years.

56% of respondents identified commercial execution to drive topline growth as their organization's most important strategic priority



What are your organization's most important commercial execution strategies to drive revenue growth?

MOST IMPORTANT	
Retaining and expanding sales with current customer base	82%
Acquiring new customers in current markets served	76%
Successfully launch new products and services	73%
Maintaining competitive pricing	42%
Expanding into new geographical markets in North America	38%
Obtaining better contract compliance to extract value modeled	38%
Consistent customer access for your commercial teams	38%
Successfully selling into alternative points of care such as ambulatory surgery centers	38%
Expanding into new geographical markets outside North America	27%
Delivering hospital at home care	OTHER
Expanding margin within customer base	OTHER

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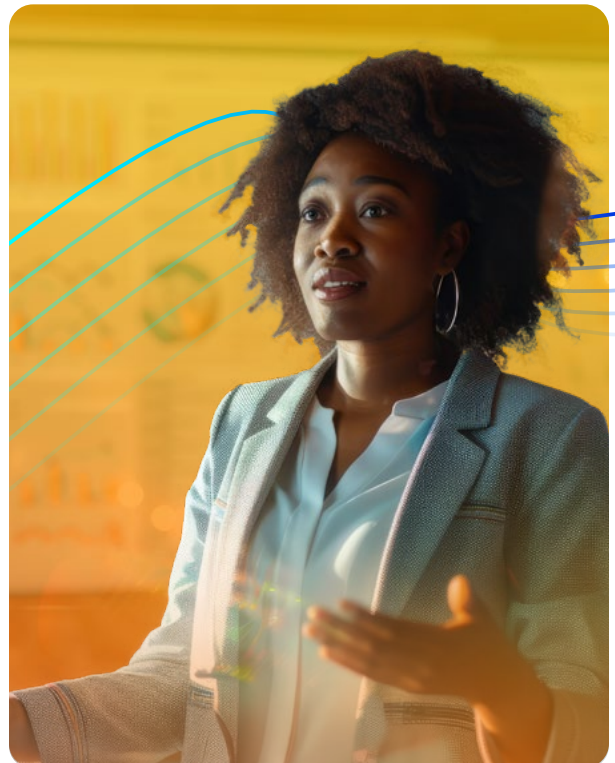
As it turns out, the top challenges—customer retention, current market expansion and investment and successful launch of new products—are also reported as top priorities to drive revenue growth.

What are the biggest challenges your organization faces in driving topline growth?

BIGGEST CHALLENGES	
Acquiring new customers in current markets served	51%
Retaining and expanding sales with current customer base	44%
Launching new products and services successfully	42%
Obtaining better contract compliance to extract value modeled	35%
Maintaining competitive pricing	35%
Expanding into new geographical markets in North America	27%
Providing consistent customer access for commercial teams	27%
Expanding into new geographical markets outside North America	24%
Selling successfully into alternate points of care such as ambulatory surgery centers	20%

These challenges make holistic changes imperative. As labor costs continue to rise, supplier organizations need to do more with less. For many years, health system clinicians have been challenged with the ability to operate at the top of their license, spending far too much time on manual tasks and resolving errors as a result. The argument can be made that the same holds true for any organization, including healthcare suppliers.

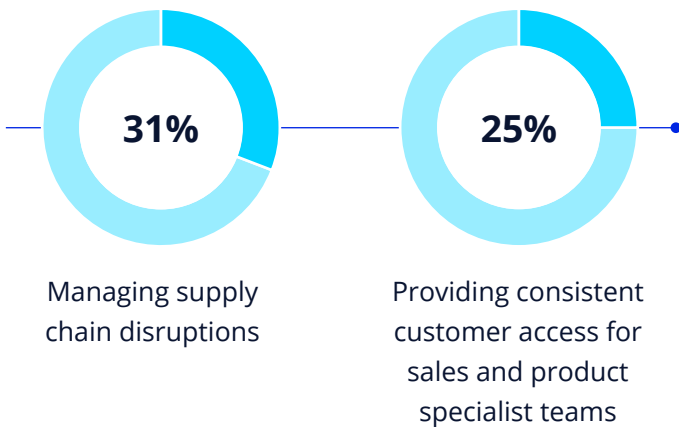
Regardless of where in the healthcare ecosystem a job function may reside, manual and repetitive processes can impact job satisfaction and lead to data inaccuracies due to human error. Each point where there is a gap in automation presents the potential for errors impacting key customer events, such as product delivery, invoicing and payment. These pain points can be reflected in customer experience and cash flow, both of which are closely tied to future growth.



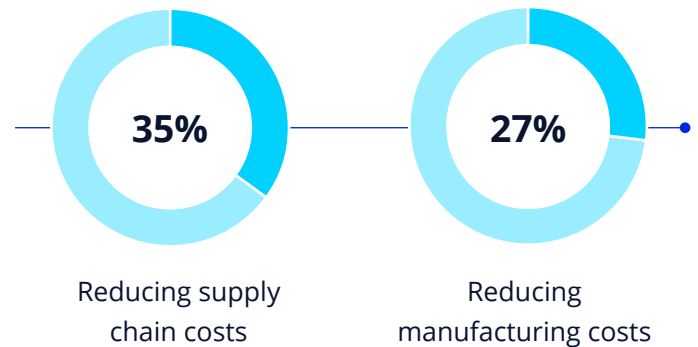
Reducing Sales Administrative Burden

The majority of respondents cited reducing supply chain costs and manufacturing costs as their top operational priorities, followed closely by reducing non-selling administrative tasks for their sales teams. The key difference between the first two priorities and the latter is that supply chain and manufacturing costs are heavily influenced by external market forces. In contrast, improving a supplier's sales team productivity is much more manageable and can be addressed with existing technology solutions.

When considering the priority of customer experience to retain and grow customer base, respondents cited the following as most important



Considering the priority of operational efficiencies to drive down costs, respondents cited the following as most important



24% reducing sales team non-selling administrative tasks

15% reducing sales team non-selling administrative tasks

Considering the priority of cash flow optimization to reinvest, respondents cited the following as most important:

40% inefficiencies of manual invoicing and accounts receivable processes



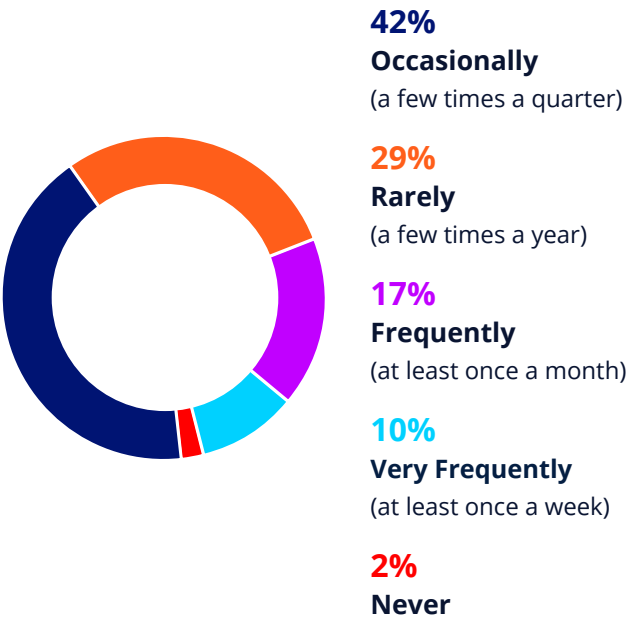
20% limited internal resources



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With the increasing complexity of health system vendor credentialing requirements, the time and effort needed to achieve and maintain compliance continues to grow. These customer requirements are diverse and frequently change, even across facilities within the same health system. This complexity demands more time and effort to maintain compliance, adding administrative burdens that can detract from sales productivity.

How frequently does your company experience delays or disruptions due to vendor credentialing issues?



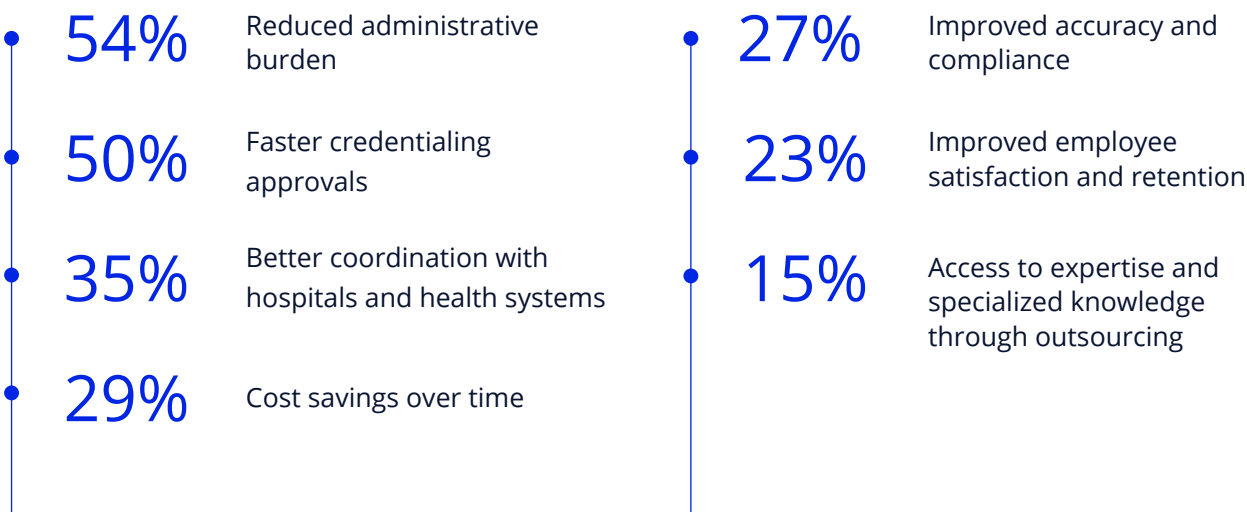
More than two-thirds, **69%** of respondents, reported occasional or frequent delays due to vendor credentialing challenges citing varying requirements and manual processes as the top challenges. **Despite these difficulties, only 8% have chosen to outsource their credentialing processes**, while **60%** believe that centralizing credentialing documentation and tracking through technology would provide the most improvement.

In which areas of vendor credentialing do you believe technology solutions or outsourcing processes could provide the most improvement?

COULD PROVIDE THE MOST IMPROVEMENT	
Centralizing credentialing documentation and tracking	60%
Reducing the time associated with credentialing	60%
Automating the submission and renewal of credentials	42%
Integrating credentialing processes information with other supply chain systems	33%
Providing real-time updates on the status of credentialing applications	31%
Enhancing compliance monitoring and reporting	27%
Outsourcing credentialing management to specialized service providers	4%

Streamlining vendor credentialing processes—through technology and outsourcing—can help reduce the volume of manual compliance tasks, which often lead to delays, added costs, and administrative inefficiencies. Removing much of the administrative burden enables sales teams to focus on sales activities for sustained business growth while allowing organizations to adapt more swiftly to evolving demands.

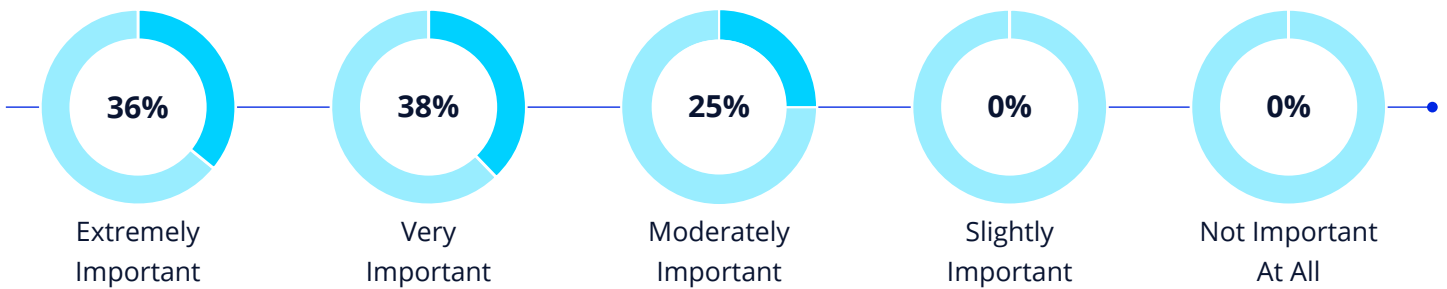
What benefits do you think your company would gain from implementing technology solutions or outsourcing processes for vendor credentialing?



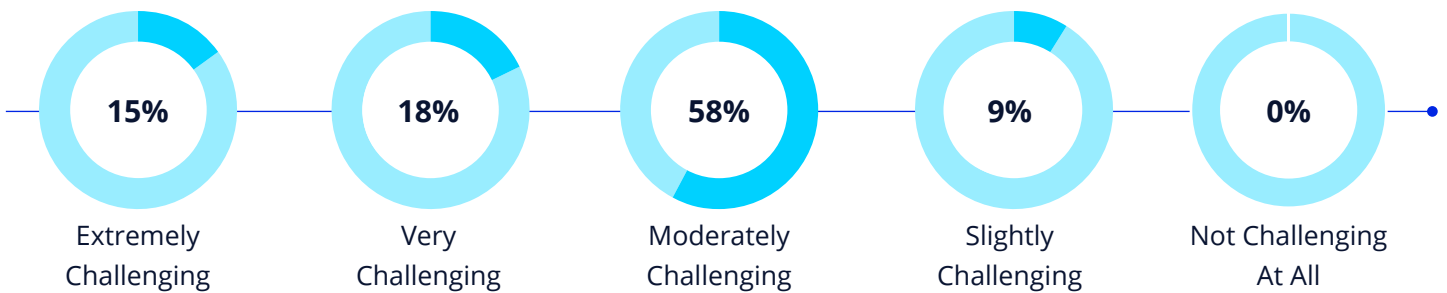
The High Cost of Order-to-Cash Inefficiencies

Credentialing isn't the only area of the healthcare supply chain that's burdened by evolving requirements. Varying levels of digital transformation by health systems create challenges for healthcare suppliers when it comes to automating transactions—and transaction automation can have direct impacts on fiscal performance and customer experience. Barriers to maximizing transaction automation are likely one reason that **74% of suppliers view new technology adoption as very or extremely important to achieving their strategic goals.**

How important is adopting new technology solutions to achieving your company's strategic goals?

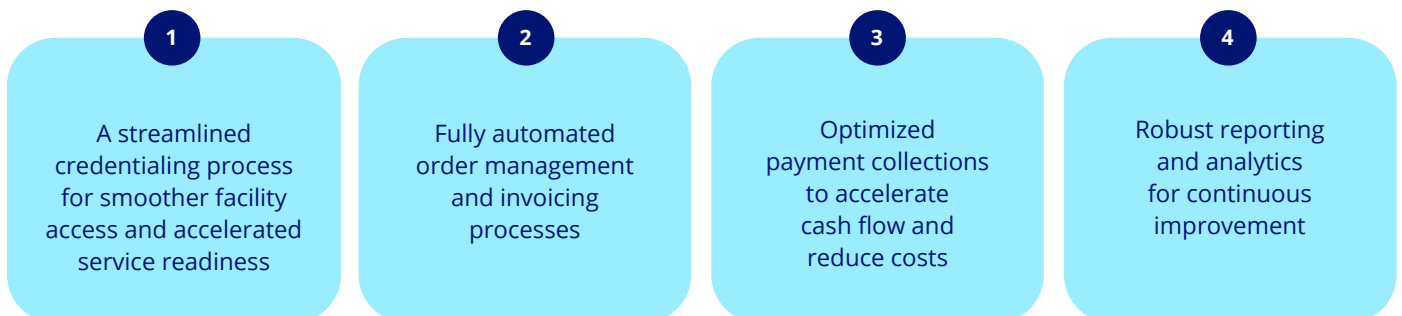


How challenging is it for your company to keep up with the evolving technology requirements of hospitals and health systems for automated transactions?



EVOLVING FROM TRANSACTIONAL TO TRANSFORMATIONAL

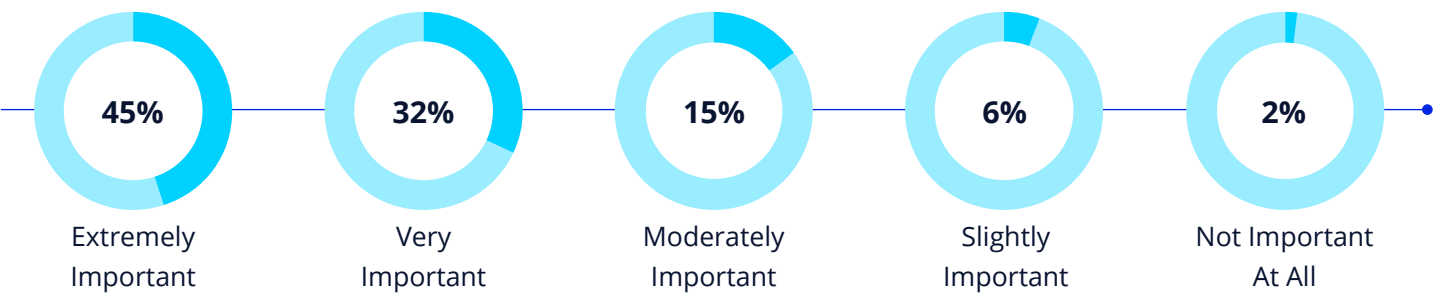
A seamless order-to-cash journey aligns sales, finance and operations. Vital cornerstones are:



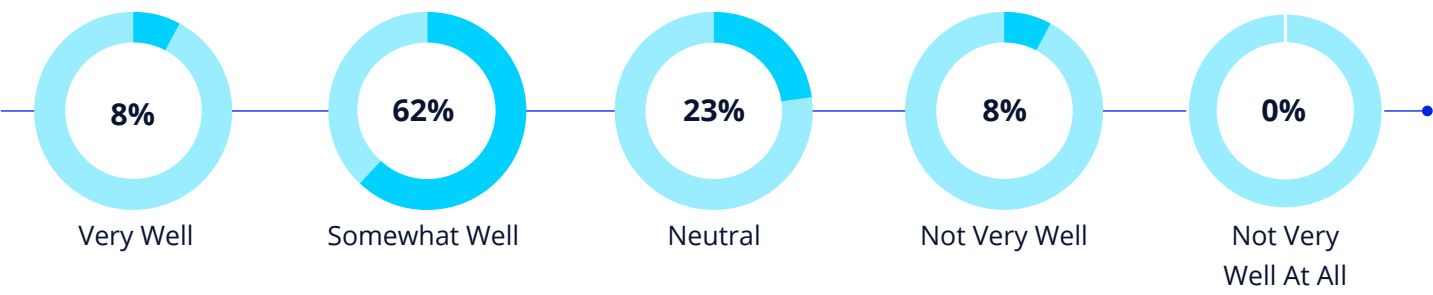
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Nearly half of respondents believe efficiency in their order-to-cash processes is crucial to sales success, yet only **8%** believe their current processes meet their needs. An overwhelming majority of respondents experience frequent delays and errors in the order-to-cash processes.

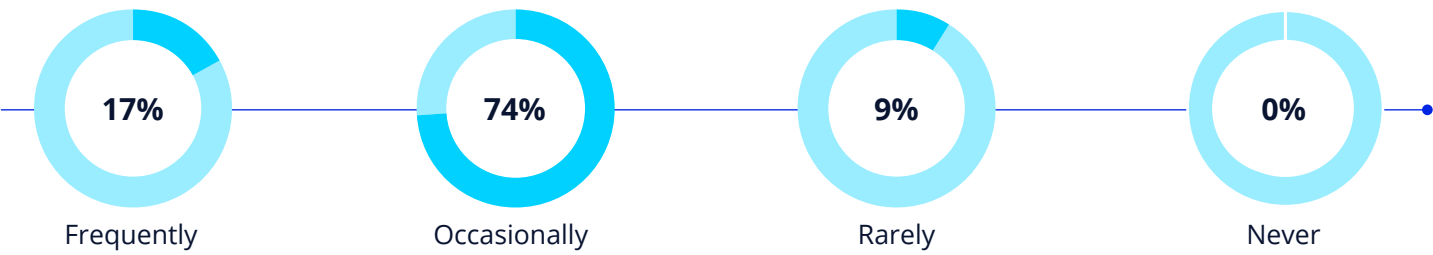
How important is it for your company to have efficient order-to-cash processes when selling to hospitals and health systems?



How well does your current order-to-cash process meet your company's needs when selling to hospitals and health systems?



How frequently does your company experience delays or errors in the order-to-cash process when dealing with hospitals and health systems?



More than one-third of respondents believe improving order-to-cash processes will have a significant impact on their company's performance, largely through accelerating collections and reducing operational costs.

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Automation is Still Highly Manual

The lack of standardized processes across hospital and health system operations causes roadblocks to streamlining order automation. The complexity of certain orders, like bill-only and consignment implant orders, increases the likelihood of operational errors. The resulting downstream issues in these high-spend product categories can have a bigger impact on a supplier's cash flow. Given the market is predicting an increase in the volume of FDA-approved devices, we can expect an increase in SKUs and more complex orders to manage.

Only **2%** of respondents say they are excelling in order automation. Given that low percentage, it is no surprise that most of the market (**89%**) admits to using at least one manual process for order automation, pointing to gaps where advanced technology can make significant improvements.

Key Facts

Over 40,000 new line items are introduced to provider organizations every 6 months.¹

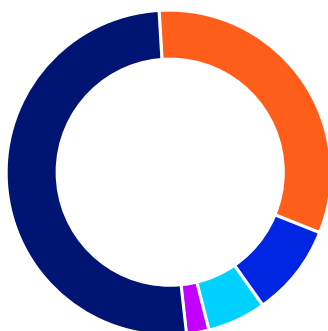
The average mid-sized health system has about 1.7M product SKUs to manage.²

Source: ¹Healthcare Supply Chains: Six Priorities of High-Reliability Organizations ²Maximizing Your Cloud ERP Investment

"A significant number of configurations and SKUs—as everything is complex and custom—is the biggest challenge my company faces with order automation."

SURVEY RESPONSE

How well do you think your company is currently performing in order automation?



51%

We are performing well, with room for improvement

32%

We are managing—just adequately

9%

We are struggling with order automation and face significant challenges

6%

We are not using order automation effectively at all

2%

We are excelling in this area

Which of the following best describes your company's approach to managing order automation?



74%

We use a combination of automated systems and manual processes

13%

We primarily rely on manual processes with minimal automation

11%

We have a fully automated order management system

2%

We currently manage all orders manually

0%

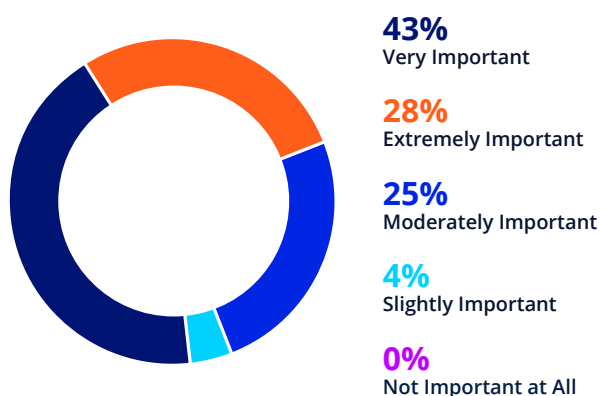
We outsource our order management processes to third-party providers

While automation for typical orders can run as high as 90%, when including order types such as bill-only and rush orders, rates can fall to 15%.

Key Insight

Nearly three-quarters (71%) of respondents view order automation as very or extremely important to the success of selling to hospitals and health systems.

How important is order automation to your company's overall success when selling to hospitals and health systems?



The First Steps in Order-to-Cash Processes are Critical

Healthcare supplier responses indicate that order automation is a crucial first step in the order-to-cash processes, with transformative impacts when achieved. Those improvements span all parts of a supplier's business, from sales to accounts receivable, ultimately, yielding results that enhance the customer experience.

Within the order automation process, respondents ranked two efficiencies as those that would benefit healthcare suppliers the most: automated order entry and processing; and real-time visibility into order, invoice and payment status. Forty-five percent of respondents believe technology can improve order fulfillment processing. In comments, respondents shared the belief that technology can reduce

complexity in healthcare supplier orders, notably by simplifying product structure and standards and by streamlining consignment/serial number order submission management.

Top areas where technology advancements could provide the most improvement in the order automation process

COULD PROVIDE THE MOST IMPROVEMENT

Automating order entry and processing	47%
Enhancing real-time visibility into order, invoice and payment status	47%
Reducing manual errors in order fulfillment processing	45%

What benefits do you think your company would gain from implementing technology solutions for order automation?

BENEFITS

Reduced manual errors and increased accuracy	62%
Cost savings over time through increased efficiency	62%
Improved communication and coordination with hospitals and health systems	53%
Enhanced visibility and tracking of orders in real-time	53%
Faster order processing and fulfillment	45%
Increased customer satisfaction due to faster and more reliable service	42%
Improved employee satisfaction	32%

Enhancing Process Means Enhancing Profitability

Invoicing and payment processes are significantly vulnerable to breakdowns without automation on the front end of the ordering process. Gaps in automation can also impact cash flow optimization. Currently, invoicing and payment processes are largely manual for many suppliers, with only **11%** of respondents indicating they are fully automated in this area. Only **2%** indicate excellent performance for invoice and payment processes today.



Which of the following best describes your company's approach to managing invoice and payment processes?

COMPANY'S APPROACH	
We have fully automated invoice and payment processes	11%
We use a combination of automated systems and manual processes	67%
We primarily rely on manual processes with minimal automation	18%
We outsource our invoice and payment processes to a third-party provider	2%
We do not currently use automation in our invoice and payment processes	2%

How well do you think your company is currently performing in managing invoice and payment processes?

STATUS	
We are excelling in this area	2%
We are performing well, with room for improvement	58%
We are managing adequately but face significant challenges	31%
We are struggling with invoice and payment processes	7%
We are not using automation effectively in this area	2%

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Similar to order automation, respondents believe the top areas of improvement for invoice and payment processes are reducing the risk of errors and driving operational efficiency cost savings; **62%** of respondents also believe that implementing new technology would result in reduced DSO and faster payment collection.

Addressing inefficiencies of manual accounts receivable processes was overwhelmingly cited as the main priority when it comes to optimizing cash flow for reinvestment.

Considering the priority of cash flow optimization for reinvestment, respondents cited the following as most important

40%

indicated inefficiencies of manual invoicing and accounts receivable processes



20%

indicated limited internal resources




Intelligent automation from order-to-cash is a strategic move for sustainable financial health and improving operational efficiency.

In which areas of your invoice and payment processes do you believe technology advancements or outsourcing could provide the most improvement?

55%

indicated reducing errors and disputes in invoicing



Slower payments, resulting in high DSO for suppliers, are costly and mean there is less capital to reinvest in the business and innovative new products. That directly impacts growth potential.

What benefits do you think your company would gain from implementing technology solutions or outsourcing for invoice and payment processes?

BENEFITS	
Cost savings over time through increased efficiency	64%
Faster payment collection/reduced DSO	62%
Reduced manual errors and increased accuracy	62%
Enhanced visibility and tracking of payments in real-time	51%
Improved communication and coordination with hospitals and health systems	49%
Increased customer satisfaction due to streamlined invoicing process	36%

Key Insight

The average DSO for healthcare suppliers is 47 days.²

Source: [B2B Payments Innovation Readiness Feb 2021](#)

Managing errors and disputes in invoicing was cited as the biggest challenge healthcare suppliers face with invoice and payment processes when working with hospitals and health systems.

Ultimately, the cost of not digitizing invoice and payment processes can be seen in several ways. There is the time and cost of resolving invoice errors and researching invoice status by customer service and sales teams, detracting from work on more strategic business growth activities. At the same time, this can also become a source of friction with customers, creating a negative environment for future sales opportunities. In a competitive landscape where suppliers are regularly reviewed against their competition, this could become another reason to consider other suppliers.

Automation can reduce reliance on manual processes that can cause delays, add expense and negatively impact customer relationships. Automation also provides better visibility into processes, which can improve cash flow predictability and reduce status inquiries, giving staff more time for strategic work.

58% of respondents identified managing errors and disputes in invoicing as the biggest challenge their company faces in their invoice and payment processes when working with hospitals and health systems.



Key Facts

On average, 30 minutes is spent on each healthcare supply order price exception.

Source: Based on GHX internal statistics, industry information, and assumptions based on industry information.

Up to 40% of a buyer's time can be spent on order processing and exception management (such as pricing).

Source: Based on GHX internal statistics, industry information, and assumptions based on industry information.



The Path to Resiliency is Paved in Proactive Strategies

Streamlining vendor credentialing compliance is essential to commercial execution. It's a strategic imperative that helps ensure smoother facility access, accelerates service readiness, and in coordination with order-to-cash automation, supports consistent cash flow.

At the same time, the value of process automation across the healthcare supply chain is exponential, with quantitative and qualitative impacts that don't stop with suppliers. Ordering and billing inaccuracies and delays caused by manual processes or gaps in automation can lead to a poor customer experience that may influence future buying decisions. Complete order-to-cash automation speeds up payments, giving suppliers more cash on hand to invest in strategic growth initiatives and innovative products to improve patient outcomes.

Methodology

Fifty-five healthcare supply chain leaders working at laboratory supply, capital equipment, medical device, and consumable medical supply companies were surveyed. The leaders' roles spanned functional areas including sales and marketing; supply chain and e-commerce; operations; finance; customer support and customer service; and customer experience. All research was conducted in Q3 2024 and was double-blinded and conducted independently.

ORGANIZATION TYPE

71%	13%	11%	4%
Medical Devices	Capital Equipment	Consumable Medical Supplies	Laboratory Supplies

Others: Pharmaceuticals, radiation protection garments and other ancillary products

These opportunities reveal the importance of proactive strategies around optimization in driving healthcare supply chain resiliency. Although survey respondents acknowledged recognition of the substantial financial and operational impacts from technological investments, progress remains slow.

This research shows there's broad recognition in existing missed opportunities and a propensity to invest in innovation. It's turning that recognition into action that will propel healthcare suppliers to scale and fund their future in an increasingly competitive, dynamic marketplace.

FUNCTION

- 42% Sales/Marketing
- 16% Supply Chain/E-Commerce
- 16% Operations
- 15% Finance
- 7% Customer Support/Customer Service
- 2% Customer Experience
- 0% IT/Technology

TITLE

- 9 VP, Sales
- 7 Manager/Director of Sales/Marketing
- 6 Directors/Sr. Directors
- 5 VP, Sales and Marketing
- 5 Finance Director/VP/SVP
- 5 Director/VP of Supply Chain
- 4 Director/VP of Operations
- 3 Director of Accounts/BD
- 2 CEO/COO

Others: Director of Customer Success, Senior Manager Strategic Business Operations, Senior Director Process Excellence, VP, Finance Transformation



About GHX

Building on decades of collaboration among providers, manufacturers, distributors and other industry stakeholders, Global Healthcare Exchange, LLC (GHX) is leading the charge in helping organizations run the new business of healthcare. By automating key business processes and translating evidence-based analytics and data into meaningful action, GHX is helping the healthcare ecosystem move faster, operate more intelligently and achieve greater outcomes. With the support of GHX, healthcare organizations have removed billions of dollars of wasteful healthcare spend.

»» For more information on GHX's suite of cloud-based supply chain solutions, visit ghx.com and [The Healthcare Hub](#).

ABOUT SAGE GROWTH PARTNERS

Sage Growth Partners is a healthcare advisory firm with deep expertise in market research, strategy and communications. Founded in 2005, the company's extensive domain experience ensures that healthcare organizations thrive amid the complexities of a rapidly changing marketplace. Sage Growth Partners serves clients across the full healthcare spectrum, including Ingenious Med, GE Healthcare, Medecision, and Best Buy Health.

For more information, visit sage-growth.com.

