

Healthcare Provider Realizes \$800,000 in Annual Cost Savings through IT Contract Management Optimization



CASE STUDY HIGHLIGHTS:

About the Client

A member of the nation's largest not-for-profit and Catholic Healthcare System, our client is its state's largest healthcare employer, with 17 health ministries serving 45 counties.

Challenge

- Ensure that existing IT contracts were delivering on their intended value
- Need to identify potential cost savings and efficiency improvements

Solution

- Zanett's Contract Management Optimization Program

Results

- \$800,000 in annual cost savings after six weeks of work
- Future savings of \$2.5 million per year for new contract negotiations
- Future savings of \$3 million per year to reconcile with three replacement system rollouts

To learn more about Zanett:

Call 866.611.3282 or
Visit www.zanett.com

The Challenge

Like many organizations, this large hospital was focused on controlling spending and improving operational performance. The client understood that one way to reach this objective was to ensure that existing IT contracts were delivering on their intended value. The healthcare provider engaged Zanett to identify cost savings and efficiency improvement opportunities within its IT vendor contract terms and accounts payable.

The Solution

Through its Contract Management Optimization program, Zanett aimed to achieve meaningful, sustainable cost reduction by optimizing the Healthcare provider's IT contracts. By reviewing twelve enterprise application maintenance contracts across the organization's five ministries, Zanett created specific action plans to stop payment on shelved software as well as worked with the corporate office to consolidate/renege vendor contracts.

Specifically, Zanett optimized the organization's maintenance contracts through the following approach:

Contract Payment Reconciliation (CPR)

Reviewed invoices to contract payment language and determined if multiple contracts for same support existed across multiple facilities or business area.

Service Level Agreements

Determined if the service levels were fair, measurable, and enforceable.

Terms and Conditions

Determined if the terms and conditions, like exit clauses, were favorable to the payer, and if any potentially important clauses were missing, such as change of ownership clauses.

Desktop Asset Rationalization

Reduced number of unnecessary printers, faxes, scanners, copying machines

Contract Renegotiation

Removed unused/installed product modules and user base licenses. Consolidated multiple agreements into enterprise agreement.

Operationalize

Developed and implemented improved processes for vendor/contract management.

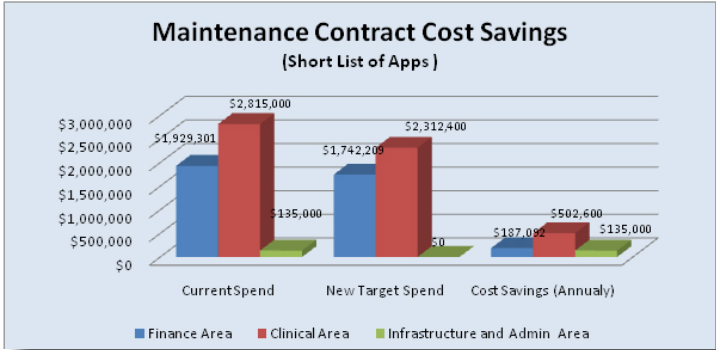
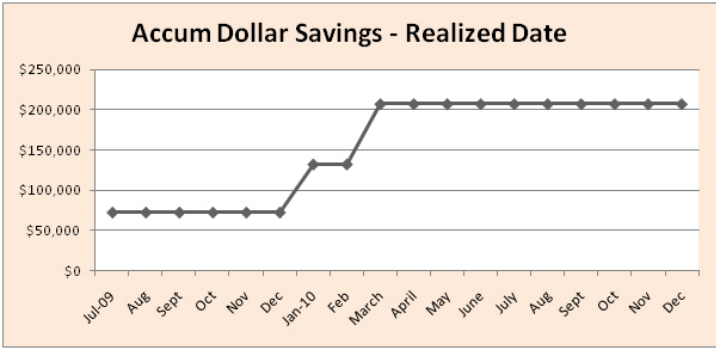
The Results

Zanett identified \$800,000 in annual cost savings after 6 weeks of work through the following key accomplishments:

- Reduced annual license and maintenance support cost by consolidating multiple contracts, eliminating unused license resources, and redeploy freed up IT assets.
- Reduced number of contracts, number of account payables, and number of IT resources to maintain multiple instances and license upgrades.
- Consolidation of the number of applications to result in a reduction in number of interfaces to maintain backup and recovery assets, disaster recovery assets and IT hardware (Servers and disk storage)

Future Savings Identified:

- \$2.5 Million per year for new contract negotiations
- \$3 Million per year to reconcile with three replacement system rollouts



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