



E-Procurement Coverage for Leading Health Insurance Provider

Client Profile:

One of the nation's Top Managed Care providers, with over 3,000,000 members and 20 offices statewide.

Business Challenge:

To find and choose an e-procurement application that would provide the most cost-savings for the organization, and provide the flexibility needed to work within the business culture and methodologies of the company.

The Solution:

Puridiom 3.0 ASP Hosted Solution

Results:

Successfully streamlined all purchasing activities and procedures resulting in significant cost savings annually.

ROI: (achieved in less than 6 months after implementation and roll-out)

- Increased productivity by 50%
- Increased inventory forecasting for print suppliers by 75%
- Saved up to 70% on IT services
- Generated rebates of 3% of total spend within the first 3 months
- Reduced unnecessary and unauthorized purchases by 12%
- Lowered total cost of ownership
- Achieved up to \$500,000 cost savings

Future Outlook:

Future plans include application of purchasing and supplier enablement strategies to procurement of additional services within the organization, expansion of inventory and fulfillment processes as requirements dictate, and the rollout of a new process to streamline the IT purchases of hardware and software.

Client Profile:

A leading health insurance provider, Puridiom's client provides health insurance products and related services to more than 3 million members in their representative state. The not-for-profit organization's health insurance products include HMO, preferred provider organization (PPO), dental, and a Medicare supplemental plan. The client has over 4200 employees in 20 office locations and an annual revenue of 7.5 billion.

The Business Challenge:

As an insurance industry leader and health plan innovator, Puridiom's client was the first in the nation to offer catastrophic coverage, and provide coverage for a heart transplant. Recognizing the speed and accessibility of the internet, the company also became the first to offer online benefit and enrollment information, as well as offer an online enrollment system for agents. The client used the same foresight when it came to employing strategic procurement sourcing services. The goal was to find and choose an e-procurement application that would provide the most cost-savings for their organization, and provide the flexibility needed to work within the business culture and methodologies of the company. Specifically, the challenge for the managed health care provider was threefold: gain visibility and accountability with everyday purchasing, such as office supplies; establish best practices for the procurement of in-demand services, such as printing; and gain better control and visibility into inventory usage and availability. This needed to be accomplished with an efficient implementation that would allow for an easy transition for the entire user community and necessary support from upper-management.

The Solution:

Puridiom was selected as the e-Procurement application to solve the challenges and problems that the procurement operation was facing. Puridiom offered an On-Demand 100% web-accessible procurement solution that could streamline the company's purchasing activities and procedures while

instituting self-service procurement tools and strategies. The solution would not only take care of the challenges and problems that the procurement operation was facing on a daily basis, but also enable the client to find even more areas of opportunity to realize cost-savings with the Puridiom e-procurement application.

Strategy:

First and foremost, the client needed to get their everyday spending under control. In order to create the most effective system for their usage, Puridiom and members of procurement and management staff met to carefully outline the existing procedures and business rules and controls of the organization. Working closely with the procurement management team to gain in-depth knowledge of procedures, suppliers, contract types, and focusing on the client's goals, enabled Puridiom to customize the e-procurement solution to maximize the benefits for the organization. Close examination of suppliers and purchasing agreements led to cooperative purchasing offerings and resulted in the client being able to take advantage of discounts. In fact, discounts generated rebates of 3% of total spend within the first three months. The client not only was able to control what it was spending on office supplies, it virtually eliminated maverick buying situations and increased visibility to spend, with accountability. Unnecessary and unauthorized purchases were reduced by at least 12% within the first six months of implementation.

The same strategy was applied to the procurement of services. Puridiom and the client worked together to outline the business rules and controls for service procurement and they were able to negotiate better service contracts and significantly impact how those costs are managed.

Along with the buying strategies, Puridiom implemented an inventory module that gave the client visibility into inventory usage and availability. Monthly usage and forecasting provided visibility to future needs and gave the client a clear picture into the rate of consumption, avoiding back order and out-of-stock situations. The client has eliminated inventory outages and increased inventory forecasting for print suppliers by 75%.

Results:

Puridiom and the client successfully worked together to meet the procurement challenges and implement cost-effective strategies within the company. The client was able to leverage the buying power of its organization resulting in work practice changes within the company, resulting in savings of over \$500,000 in the first six months. Specifically, Puridiom eliminated manual processing and

redundancy, improved the accuracy and collaboration with print and office suppliers, increased controls and enforced compliance standards necessary for reducing maverick buying situations and SOX compliance. Immediate benefits were: increased savings and decreased costs, improved spend management and better visibility to spend, virtually eliminated inventory outages, and greatly reduced IT costs and support.

Successful results have prompted the client to utilize Puridiom and its services in other areas. Most recently, Puridiom took a labor-intensive Contract Management process and developed a solution to automate the process to encompass contracts, statements of work, amendments, addendums, and attachments in a secured and controlled environment. Tracking and monitoring of contract dates and events, along with the ability to create custom reports streamlined the process and satisfied specific business requirements and auditing guidelines.

Future Outlook:

A close working relationship with the client enables Puridiom to stay attuned to its clients' changing procurement needs. For example, Puridiom's supplier enablement strategies have helped the client to make the connection between buyer and supplier easier with the Puridiom supplier portal, enabling a supplier diversity program with the organization. Puridiom was also able to assist when a recent statewide referendum mandated the company's client forms be available in four languages to accommodate the state's population. Document management quadrupled, and form-fulfillment requirements dramatically increased. Puridiom was on-hand to assist, and

with the implementation of the Puridiom Fulfillment module the client was able to easily transition through the necessary change with a minimum amount of effort. This effort will continue in response to the changing needs of the industry. Additional future plans include streamlining IT purchases of hardware and software to continue the reduction of IT costs and support. As the industry changes, so must the company's response to its clients. With that in mind, Puridiom is on call to provide cost-efficient and effective procurement processes.

About Puridiom:

Puridiom is celebrating 25 years as a leading provider of cutting-edge Procure-to-Pay Spend Management solutions. Puridiom helps organizations achieve strategic objectives and accelerate bottom-line results with web-based procurement solutions, sourcing, payables, and fulfillment strategies.



"Implementation of Puridiom has resulted in new work practices saving the company \$500,000 annually, impacting how we order office supplies and manage our cell phone costs."
– Vice President and Controller