

From Expenditure to Value Capture: How Chartis Teamed with Franciscan Alliance to Convert Costs into Savings and Improved Performance Through Optimized Contract Management



The Client Challenge

Faced with the financial pressures of the pandemic, Indiana-based Franciscan Alliance needed to find untapped savings in nonclinical areas. As with most health systems, IT contracts were a material expense category for the 14-hospital health system. Franciscan Alliance sought to uncover savings opportunities and improve their decentralized, manual IT contract management process. Building a more financially sustainable future required a more holistic approach to improved contract life cycle management that included supporting tools and alignment with operational objectives.

Navigating to Next: The Solution

The Chartis Group partnered with Franciscan Alliance to conduct a structured review of contracts by spend to identify, quantify, and prioritize savings opportunities. The team analyzed more than 40 contracts for redundancies, overpayments, and discounts, as well as opportunities for consolidation and ways to better capture performance and value.

The team then formulated a comprehensive contract management strategy that included contract consolidation and renegotiation of contract terms, costs, and payments. To foster long-term results, the team defined performance standards and established tools and processes to drive active management throughout the contract life cycle — from intake and review through administration. This optimization encompassed tracking, escalation terms management, renewal, termination, and service controls.

OPPORTUNITIES TO REALIZE SAVINGS

- Stronger contract terms
- Higher service quality
- Contracted discounts
- Greater performance accountability
- Maximized negotiating windows

NAVIGATING TO NEXT: KEY COMPONENTS



Structured Approach

Review contracts to identify, quantify, and prioritize savings opportunities



Alignment

Develop and implement a strategy aligned with business objectives



Value Capture

Obtain cost savings through consolidation, renegotiation, and improved performance



Contract Life Cycle Management

Develop tools and processes covering intake through administration



Long-Term Positioning

Establish strategies for future negotiations

Client Impact

Taking a comprehensive approach to contract management allowed Franciscan Alliance to realize immediate savings. The health system has forecasted multi-million-dollar cost savings over the next 5 years as a result of consolidated contracts, renegotiated terms, overpayment elimination, discounts, and performance metric utilization.

This structured contract management process provides additional long-term benefits. Franciscan Alliance is equipped to safeguard the quality of vendor services through improved management tools and processes. The proven framework also lays a solid foundation for future negotiations and provides ongoing opportunities for strong, sustained financial performance.



How We Are Making Healthcare Better

Chartis' accelerated IT contract review process not only identified savings; it helped us realize multi-million-dollar savings. They also put us on the right path forward with ongoing standards, organizational design, tools, and processes for contract life cycle management.

—Charles Wagner, Senior Vice President and Chief Information Officer, Franciscan Alliance

Unlocking Savings and Value
Improved financial performance positioned the health system for long-term financial health:

\$2.1M

In annual contract savings identified in the first month

\$3.2M

Savings realized in a 6-month period

\$26.3M

Total forecasted savings over a 5-year period

NEXT INTELLIGENCE:

Health systems can uncover cost savings through:

A structured, holistic approach to **improving contract management**

Consolidation and renegotiation of terms, costs, and payments

Tools and processes for **ongoing, optimized performance**

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