

Strategic Sourcing in Healthcare: Responding to Crisis

From hospitals to care homes to healthcare support networks, the healthcare industry provides critical wellness and lifesaving care to patients around the world. Healthcare is among the industries hardest hit by the pandemic and is spearheading efforts to protect public health and safety. With upwards of 60 percent of hospital and ICU beds across the U.S. occupied, nurses, doctors, and other health professionals have been working around the clock to care for patients in need.¹

Innovative Procurement teams of healthcare companies are leveraging software solutions to respond to the current crisis and align with the business for a stronger recovery. With collaborative tools to manage suppliers

and provide real-time information to business partners, Procurement and Sourcing have the agility to weather current uncertainties, protect patients and caregivers, and help prepare for a new normal.

Top Priorities for Healthcare

Sourcing and procurement professionals in the healthcare industry have found creative solutions to support their patients and their hospitals through crisis. The following initiatives are top of mind for these procurement leaders:

- Pivoting operations to virtual and telehealth
- Preserving cash reserves by rethinking business models
- Protecting a diverse, scalable supply chain

Pivoting Operations to Virtual and Telehealth

As patients forgo nonemergency visits to their doctors' offices, many healthcare institutions have implemented telemedicine in order to provide necessary care. With patients spread across geographies and many healthcare professionals now working remotely, collaboration technology like videoconferencing and instant messaging becomes critical not just for patient communication, but for supplier networks as well.

Procurement teams with digital collaboration capabilities are able to update stakeholders, communicate with suppliers, and [discuss RFX events](#)—all in real time. These collaboration tools also help eliminate disparate email threads and centralize supplier and contract data for a single source of truth.



Globally, crisis response efforts are in full swing. Healthcare systems are doing everything in their power to increase capacity of beds, supplies, and trained workers. Related organizations are assisting with the consumer, technology, financing, and policy elements of the response.

[McKinsey & Co.](#)²

Preserve Cash Reserves by Rethinking Business Models

Revenue losses from postponed procedures combined with increased staffing and PPE costs have put a significant financial strain on healthcare institutions. To recoup these losses, procurement professionals in healthcare are looking to make virtual health a permanent fixture of the industry.³

Successful sourcing leaders in healthcare are also partnering with key suppliers to drive strategic cost savings. Those with complete [visibility](#) into their vendor relationships and mechanisms for [supplier evaluations and feedback](#) can closely collaborate with strategic suppliers to achieve mutually beneficial solutions like renegotiated minimums or extended payment terms.

Protect a Diverse, Scalable Supply Chain

Ongoing disruptions to the healthcare supply chain have required strategic sourcing leaders to monitor suppliers beyond tier 1. Sourcing leaders in healthcare are diversifying their supply base, opting to partner with smaller suppliers to fortify their supply chain.

Additionally, healthcare procurement leaders are using technology to dig deeper into their [project funnels](#), timelines, and resources for future quarters. When Finance, stakeholders, and Procurement have real-time visibility into their projected spend and contractual obligations, they are empowered to drive enterprise-wide impact and achieve better business outcomes.

74% of healthcare executives anticipate that investments in virtual health will increase by 25% or more over the next decade.

[Deloitte](#)³

65% of procurement leaders have limited or no visibility beyond their Tier 1 Suppliers.

[Deloitte](#)⁴

Cost of essential PPE products has risen up to **10x** since March 2020.

[American Hospital Association](#)⁵

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Today, nearly 90 percent of all RFx's are run through the Workday Strategic Sourcing platform, leading to increased transparency, adherence to the sourcing process, and improved business outcomes.



Manager
Procurement in Healthcare Industry⁶

For Finance Leaders

- Gain real-time visibility into procurement spend with Workday Strategic Sourcing to proactively manage cash flow
- Assess financial risk within the supply base and develop strategies to optimize relationships or transact with alternative suppliers
- Streamline reporting and analytics across the business for actionable insights into resource allotment

For IT Leaders:

- Tap into Workday Strategic Sourcing to focus on driving down infrastructure-related costs
- Meet compliance targets and mitigate risk by managing obligations in one searchable platform
- Reduce costs associated with auto-renewals by maintaining all supplier and contract data in one collaborative location

From renegotiating with strategic suppliers, to driving enterprise-wide cost savings, to supporting remote learning, Procurement teams in healthcare are mission-critical to the success of their institutions. With technology behind them, procurement leaders like you have risen to the challenge and have helped their companies emerge stronger, smarter, and more agile.

Want to know how you can achieve better business outcomes? Find out how Workday Strategic Sourcing can help you [streamline your procurement processes](#), [track your projects](#), and [manage your suppliers](#) on a single, intuitive platform.

Workday Strategic Sourcing offers a sourcing and supplier engagement platform trusted by Procurement teams. To learn how our strategic sourcing platform can help your organization streamline processes, manage a unified pipeline of projects, and collaborate with stakeholders and suppliers to achieve greater business impact, please reach out to: Sales at [workday.com/contact](mailto:sales@workday.com) or +1-877-967-5329.

1. CDC, "COVID-19 Module Data Dashboard"

2. McKinsey, "From 'Wartime' to 'Peacetime': Five Stages for Healthcare Institutions in the Battle Against COVID-19"

3. Deloitte, "The Future of Virtual Health"

4. Deloitte, "Leadership: Driving Innovation and Delivering Impact"

5. American Hospital Association, "Hospitals and Health Systems Face Unprecedented Financial Pressures Due to COVID-19"

6. Gartner Peer Insights, "Easy Implementation, Great UI, Awesome Customer Services and Product Enhancements"



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