



SUPPLYCOPIA:

Optimizing Purchase Services Spend in Healthcare: A Data- Driven, AI-Powered Approach



Opportunities to Optimize Purchase Services Spend

Purchase services (PS) — often referred to as “indirect spend” in other industries — represent **15–25% of total supply chain expenditures** in many U.S. health systems. Unlike medical-surgical supplies or implants, purchase services include categories such as **waste management, IT/software, marketing, document storage, courier services, legal, facilities management, travel, and contingent labor.**

Studies estimate that hospitals overspend by **10–15% annually** in purchase services due to inefficiencies, lack of visibility, and outdated processes. This equates to **billions of dollars nationally** — a cost burden that directly impacts operating margins, already under pressure from inflation, labor shortages, and reimbursement constraints.

Optimizing purchase services spend offers opportunities to:

A. Capture immediate cost savings through contract compliance, supplier consolidation, and functional equivalency.

B. Strengthen supplier risk management, especially for services tied to compliance and regulatory exposure.

C. Redirect scarce staff resources from manual invoice entry to higher-value analytics and decision-making.

D. Lay a data foundation for AI-driven insights and predictive analytics across the enterprise.

Challenges in Achieving Savings

Despite the scale of opportunity, most health systems have historically underinvested in managing PS spend. Key challenges include:

A. Non-PO spend: Many purchase services are procured without purchase orders, leaving ERP systems blind to transactions.

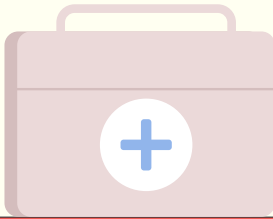
B. Poor data capture: Descriptions are incomplete or inconsistent, often buried in PDFs or misclassified at the GL level.

C. Supplier practices: Vendors frequently submit 50–60 page invoices, bundle unrelated services, or provide insufficient details — either due to lack of infrastructure or intentionally to avoid scrutiny.

D. Manual processes: Accounts payable teams manually key in invoice data, and with no ability for 3-way match, invoices are often paid automatically.

The result:

Opaque spending patterns, missed savings, and systemic leakage.



Category	Estimated Savings	Savings Levers
Blood Purchases	6–8%	Contract compliance, waste reduction, just-in-time practice
Office Supplies	3–5%	Supplier consolidation, functional equivalency, lower-cost substitutes
Document Storage & Destruction	Up to 50%	Digitization, print avoidance, cloud storage, pickup frequency optimization
Courier Services	5–7%	Service classification, standardized routes, supplier consolidation
Waste Management	7–9%	Proper waste classification, vendor consolidation
IT, Software & Support	10–12%	Hardware standardization, contract optimization, outsourcing analysis
Marketing	10–15%	Spend analysis, AI-assisted creative/content solutions
Legal Services	15–20%	Rate card standardization, document AI for contracts
Facility Management	3–6%	Maintenance contracts, MRO optimization
Travel & Entertainment	10–12%	Anomaly detection, policy enforcement, AI expense analysis
Contingent Labor & Staffing	3–5%	Rate cards, overtime compliance, role-based contract enforcement

These categories illustrate that savings are not marginal, but transformative — especially in high-volume service areas like IT, waste, and professional services.

SupplyCopia Methodology & Solution

SupplyCopia has created a proprietary, AI-powered framework to address the complexities of purchase services spend:

- 1. Invoice Data Extraction:** Capture invoice and rebate data directly from ERP and CMS systems.
- 2. Digitization with Document A:** Convert PDF invoices into structured data, extracting all relevant metadata.
- 3. UNSPSC Classification:** Standardize spend into categories and commodities for apples-to-apples comparisons.
- 4. Triangulation & Supplier Engagement:** Enrich incomplete data with supplier catalogs and direct clarification.
- 5. Integration into Data Lake:** Centralize cleansed, standardized data into the SupplyCopia data lake.
- 6. Spend Lever Analysis:** Apply proven cost levers (consolidation, compliance, equivalency) to identify savings.
- 7. AI-Powered Insights:** Deploy SupplyCopia's AI agent to surface anomalies, opportunities, and recommendations in real time.
- 8. Change Management & Execution:** Share insights with stakeholders, drive adoption, and monitor impact.

This process transforms PS spend from a black box into a transparent, manageable, and continuously optimized category.

SupplyCopia Differentiation: AI Agents Built on ChatGPT LLM

Unlike traditional analytics tools or consulting engagements, SupplyCopia embeds intelligence directly into the workflow through its AI agent, Ask the BEE.

Key differentiators:

CONVERSATIONAL AI: Stakeholders can simply ask questions (e.g., "Which courier vendor had the highest cost per mile last quarter?") and receive immediate answers with visualizations.

CONTINUOUS LEARNING: Built on ChatGPT's large language model (LLM), the agent learns from patterns in invoices, contracts, and operational data to refine insights.

SCALABLE AUTOMATION: Eliminates manual classification and accelerates invoice-to-insight turnaround.

TRANSPARENCY & TRUST: Every recommendation is backed by data lineage, giving clinicians, finance leaders, and supply chain executives confidence in decisions.

SYSTEM CONSOLIDATION: Retires costly legacy tools by combining PIM, Item Master, analytics, and AI guidance into a single integrated solution.

RESOURCE CONSTRAINTS: Health systems lack staff expertise and bandwidth to manage PS spend effectively.

Conclusion

Healthcare providers face mounting cost pressures, and purchase services remain one of **the last untapped frontiers of savings**. Traditional processes, opaque data, and underinvestment have left billions on the table.

SupplyCopia's **CQOR methodology and AI-powered platform** transforms this challenge into an opportunity. By digitizing, classifying, and analyzing purchase services spend - and empowering stakeholders with AI-driven insights - SupplyCopia enables health systems to:

1. Capture **10–15% savings annually** across categories.
2. Build a **resilient, scalable supply chain foundation**.
3. Unlock the potential of **AI-driven decision-making** for sustainable cost, quality, and outcome improvements.

SUPPLYCOPIA:

At SupplyCopia, we're transforming the healthcare supply chain for providers and suppliers. Our mission is to enable impactful, strategic changes through innovative technology, reducing costs for providers and creating new revenue opportunities for suppliers. Our hybrid control tower combines your data with our advanced software and the intelligent agent Ask the BEE, built on ChatGPT-4.0 infrastructure. This AI-first, cloud-based solution addresses key challenges like interoperability, data privacy, and security, while boosting healthcare efficiency and accessibility.