



### Business challenge

This regional health agency in Europe faces the challenge of caring for an aging population with increasingly complex needs within lean annual budgets. How could the agency achieve its goal?

### Transformation

By moving to integrated workflows on SAP S/4HANA® running on IBM® Power® E870C servers and IBM FlashSystem® 5030 storage implemented by IBM Services™, the health agency projects substantial improvements in operational efficiency.

#### Business benefits:

**USD 1m**

annual cost-savings predicted by enhancing the planning process

**USD 5m**

savings projected per year by optimizing the logistics function

**USD 6m**

in savings predicted through improved supplier management and renegotiation of supplier contracts

## Regional health agency Unlocking cost-savings to enhance care experiences for one million citizens

This regional healthcare agency is responsible for providing services to millions of citizens. Owning and operating several health trusts, hospitals and pharmacies, the organization employs more than 30,000 people and has an annual budget equivalent to approximately USD 3.3 billion.

*“By integrating every aspect of our operations using SAP S/4HANA on IBM Power Systems servers and IBM FlashSystem 5030 storage, we are positioned to achieve USD 12 million in annual cost-savings.”*

Manager

Regional health agency



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## Targeting digital transformation

Dealing with the challenges of lean healthcare budgets and the growing care needs of an aging population makes innovation essential for healthcare providers. New treatments and personalized medicine can help to improve clinical outcomes, especially for elderly patients. However, innovative techniques and extended services can come at a significant cost, straining already tight budgets.

This healthcare agency's hospitals and pharmacies relied on multiple different systems and processes to drive their day-to-day operations. Without global oversight of operations, economies of scale and efficiency were beyond the organization's reach.

A manager at the healthcare agency explains a typical challenge, "Procurement is one of our biggest cost centers, and we were confident that improvements would yield significant savings that we could re-invest in front-line care services. For example, we relied heavily on manual, spreadsheet-based approaches to procurement, which made it extremely difficult to gain a single, accurate view of our supplier base. As a result, we were unable to drive savings through strategic purchasing."



The manager continues, "Enabling doctors to examine patients and surgeons to perform operations all starts with the right equipment being in place at the right time. To keep hospitals running smoothly, we must deliver the materials they request in a timely manner—no simple task. Because a growing number of citizens have complex care needs, the volume of hospital admissions is rising steadily year-on-year. Healthcare budgets are not rising nearly as quickly, and to maintain high-quality care delivery without sending costs soaring, operational efficiency is vital."

## Selecting an expert partner

After a thorough vendor evaluation process, the organization selected [IBM Services \(Global Business Services®\)](#) to deploy [SAP S/4HANA](#) as the foundation for a data-driven way of working. The far-reaching transformation project replaces manual processes and systems with a single, integrated business suite.

"We knew from the beginning that we wanted a single-vendor solution," comments the manager. "The aim was

*"IBM Services is walking side-by-side with us on our digital transformation journey. By replacing manual business process with integrated digital workflows in SAP S/4HANA, we are on track to achieve efficiencies that will ultimately support improved care for patients."*

[Manager, regional health agency](#)

to find a partner that we could grow with on our transformation journey, and that is exactly the kind of partnership we have with IBM."

The manager explains, "The IBM team really impressed us with the depth and breadth of their proposed methodology, and working with IBM Services continues to be a positive experience. IBM has the global resources to enable a follow-the-sun approach, combined with a local presence that we can always call on for support and guidance when we need it."

To maximize the value of its investment in the in-memory SAP S/4HANA data platform, the agency knew it needed high performance from its servers and storage alike. By architecting a solution based on [IBM Power E870C](#) servers and [IBM FlashSystem 5030](#) all-flash storage, the agency gains the low-latency performance and seamless scalability it needs to drive its transformation.

## Implementing the new solution

IBM Services deployed SAP S/4HANA on the [SUSE Linux Enterprise Server for SAP Applications](#) operating system, virtualized with [IBM PowerVM](#)<sup>®</sup>. To ensure that critical clinical systems are always available, the organization uses [IBM PowerHA](#)<sup>®</sup> to enable fast switchover to a disaster-recovery site in the event of an unplanned outage, facilitating 24/7 uptime.

“We wanted to consolidate budgeting, forecasting, procurement and logistics processes for our healthcare network,” says the manager.

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Manager, regional health agency

“This would start our journey toward integrated operations, with a global business overview to inform our decisions. The SAP S/4HANA solutions met all our key requirements, and we were particularly impressed with its logistics capabilities.”

The manager continues, “As well as enabling us to consolidate our subsidiaries’ accounts more quickly, integrating our processes in SAP S/4HANA will allow us to transition to a pull-based approach to logistics. In the future, we aim to configure SAP S/4HANA to automatically schedule deliveries to ensure our inventory is always within the levels we set.”

The IBM Power Systems servers deliver high performance in a compact footprint, offering low end-user application response times, cost-effectively. With all-flash storage, the agency gains the low latency needed to drive real-time analytics.

## Striding ahead

The healthcare service provider is currently working side-by-side with IBM Services to roll out SAP S/4HANA, starting with seven hospitals. At the time of writing, the finance solution is live across all the healthcare provider’s subsidiary units, and one hospital is using SAP S/4HANA to manage its logistics and procurement operations.

“Of the 5,200 users we have on SAP S/4HANA right now, more than half rely on the solution to drive their day-to-day work,” comments the manager.

“Ultimately, SAP S/4HANA will support around 20,000 healthcare employees. Although we are still in deployment, we are already starting to experience the benefits of the IBM and SAP solutions. In the last year, we’ve dispatched 63,000 orders to our subsidiaries via the SAP platform. Around 72 percent of orders are processed digitally—a figure that we expect to increase as our digital transformation continues.”





# Ensuring smooth-running care

By orchestrating its logistics and procurement requirements using tightly integrated digital workflows in SAP S/4HANA, this healthcare agency anticipates multi-million-dollar annual cost-savings in the coming years.

“We expect our integrated approach to help us refine our approach to logistics and procurement,” says the manager. “Medical products of many types have strict shelf-lives, and by managing integrated purchasing and logistics data in SAP we’ll be able to optimize purchases in volume and timing, reducing waste. A single view of suppliers will also help us to negotiate lower prices, and redirect savings towards investment in patient care.”

“By integrating every aspect of our operations using SAP S/4HANA on IBM Power Systems servers and IBM FlashSystem 5030 storage, we are positioned to achieve USD 12 million in annual cost-savings—enabling greater investment to meet future care needs,” concludes the manager.

“IBM is walking side-by-side with us on our digital transformation journey. By replacing manual business process with integrated digital workflows in SAP S/4HANA, we are on track to achieve efficiencies that will ultimately support improved care for patients.”

## Solution components

- IBM® FlashSystem® 5030
- IBM Power® E870C
- IBM PowerHA®
- IBM PowerVM®
- IBM Services™ (Global Business Services®)
- SAP S/4HANA®
- SUSE Linux Enterprise Server for SAP Applications

## Take the next step

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