



SSM HEALTH CARE

DELIVERING EXCEPTIONAL CARE WITH AWARD-WINNING EFFICIENCY

QUICK FACTS

Industry

Healthcare

Revenue

US\$2.5 billion

Employees

24,000

Headquarters

St. Louis

Web Site

www.ssmhc.com

SAP® Solutions and Services

SAP® R/3® software (functionality now available in the SAP ERP application); SAP NetWeaver® Business Intelligence component

Implementation Partner

BearingPoint Inc.

Sponsored by the Franciscan Sisters of Mary, SSM Health Care operates 20 acute-care hospitals and 2 nursing homes located in Wisconsin, Illinois, Missouri, and Oklahoma. To help manage these widespread operations efficiently, this not-for-profit healthcare company chose SAP® R/3® software (functionality now available in the SAP ERP application). As a result, SSM Health Care has streamlined its financial processes and driven new efficiencies in its supply chain operations.

Key Challenges

- Implement an integrated business solution
- Manage a complex consolidation structure
- Retire legacy systems that were customized or end-of-life
- Eliminate general-ledger downtime
- Consolidate independent materials-management systems and databases
- Improve visibility across the enterprise

Implementation Best Practices

- Phased hospital rollouts on a regional basis
- Used ASAP methodology and BearingPoint templates
- Established a change management team
- Conducted extensive in-hospital training sessions using custom materials

Financial and Strategic Benefits

- Greater online access to business information
- Regionalized accounts payable operations
- More than \$11.5 million in contract savings for the St. Louis region since 2005
- Robust consolidation system that is easier to support
- Faster, more flexible reporting
- Centralized data management
- Single item file and vendor master

Why SAP Was Selected

- Fully integrated, best-of-suite solution
- Superior financial functionality for handling complex consolidations
- Ability to accommodate broad organizational structures

Low Total Cost of Ownership

- Delivered on-time, within-budget implementation
- Retired multiple legacy systems
- Eliminated some extended maintenance expenses
- Consolidated 15 databases

Operational Benefits

- More efficient general-ledger processing
- Automated 3-way matching of invoices, purchase orders, and goods received
- Better tracking of contract payments
- Nonmaster-item spending reduced 70% (from 41% to 12% of total spend)
- Ability to consolidate payments to vendors on regional basis
- Lower invoice error rate



“A key advantage of the SAP software is that by giving us tighter control over transactional processes, it lets us spend more time working with our physicians and suppliers on strategic initiatives to better serve our patients.”

Anthony Trupiano, Network Vice President, Supply Chain Management, SSM Health Care

Heritage of Healing

In 1872 a small group of religious sisters traveled to St. Louis on a mission: to serve people in need. Their legacy is SSM Health Care – an award-winning network of health service facilities located in the heartland of the United States.

Today SSM includes 20 acute-care hospitals and serves over a million patients a year. Because operating efficiency is vital, both on the hospital floors and in the business offices, the company decided to replace its aging legacy systems – such as a general ledger brought down every night for batch processing. SSM wanted integrated enterprise resource planning (ERP) software. And it was critical that the system could handle the complex financials of this broad organization. As IT manager Carol Smith explains, “SSM has over 80 operating entities, each with its own company code and separate financial statement.”

Regional Rollouts

SSM looked at several vendors, but ultimately selected SAP® R/3® software (functionality now available in the SAP ERP application). The fully integrated business software was just what the doctor ordered – particularly its ability to manage financial consolidations.

Working with partner BearingPoint Inc., the SSM project team implemented financial and materials-management func-

tionality in a phased rollout across the company’s multiple regions. Bolstered by extensive in-hospital training, the effort was completed on time and within budget.

Benefits Checkup

Today, SSM is streamlining operations through greater integration and automated processes. The company has consolidated once-independent databases and vendor master files. Functions such as accounts payable have been centralized on a regional basis. As a result, for example, SSM can now process a single check for a vendor serving multiple hospitals.

Processes such as automated three-way checking of invoices, purchase orders, and goods received are also delivering measurable cost savings. External audits show an overspend error rate of just 0.3% of payable transactions. Moreover, the company is now processing its general ledger and critical financial consolidations with systems that are reliable, available, and easier to support.

With more efficient transactional processes, administrators can focus on strategic initiatives. For example, SSM managers conducted a thorough exam of the top six surgical implant products used at their facilities. By analyzing their business with various vendors, SSM has renegotiated and optimized purchasing contracts. Because of such initiatives, SSM reduced nonmaster-item spending by 70%. And the company has realized over

\$11.5 million in total contract savings for the St. Louis region. It is not surprising that *Healthcare Purchasing News* recently named SSM “Supply Chain Management Department of the Year.”

The company also has better visibility into its widespread health network. SSM uses business intelligence software to gather hospital-specific performance and quality indicators that enable the company to evaluate operations at each facility. Further, Smith notes, “We consolidate financial information at many levels. And we can report on any combination, whether it be the entire system, a campus, or just the hospital operating entities.”

Long-Term Care

SSM Health Care’s mission to provide exceptional healthcare is ongoing. Process improvements continue, too. SSM has broadened its SAP software footprint with recent implementations of HR and payroll software. Moreover, managers plan to enhance their use of business intelligence and reporting functionality. The company’s commitment to excellence has not gone unnoticed. SSM became the first healthcare winner of the prestigious Malcolm Baldrige National Quality Award. The legacy of the religious sisters has been well cared for.

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