CUSTOMER CASE STUDY

HEALTHCARE CLIENT OVERVIEW

Community Medical Centers is a locally owned, not-for-profit, public-benefit organization. Based in Fresno, California, Community is the region's largest health care provider and private employer with more than 6,000 employees. They operate three acute care hospitals – Community Regional Medical Center, Clovis Community Medical Center and Fresno Heart & Surgical Hospital – several long-term care, outpatient, other health care facilities and a physician residency program in conjunction with the University of California, San Francisco. Community serves as the area's "safety-net" provider, and in fiscal year 2010-2011, provided nearly $134 million in "community benefits" – which includes charity care and uncompensated services to the medically underserved. They are also home to the region's only Level 1 trauma center between Los Angeles and Sacramento.

> When Community Medical Centers was overwhelmed with manually updating the pricing catalog files the healthcare facility receives weekly from Owens & Minor featuring more than 3,000 items - it turned to Ascend Software and its SmartTouch ItemGuru™ to eliminate purchase order price discrepancies, ensure timely receipt of supplies, and save significant time in both Materials Management and Accounts Payable.

THE CHALLENGE

Community Medical Centers receives on a weekly basis from Owens & Minor an 832 EDI file containing their pricing catalog containing between 2,000 and 3,000 items which presented the following problems:

- Lawson does not have an automated means of reconciling these files in order to update the contracts.
- The manual effort was overwhelming – it would take 6-7 months to tackle pricing from this 832 file by manually comparing and correction price changes.
- Database savvy personnel were required in order to update the contracts when Community Medical Centers extracted the item data out of Lawson – compared and corrected the prices in error – and then load them back for all the contracts.
- Pricing had to be corrected manually line-by-line, which resulted in data entry errors.
- When the PO didn't match the invoice price, the contract co-ordinate would research the problem and it was impossible to catch up with correcting the pricing error on the contracts when notified by the vendor. A great deal of staff time was wasted trying to correct pricing discrepancies created from the PO not matching the AP invoices.
- Payments to Owens & Minor were taking up to 180 days and there were numerous phone calls to Owens & Minor customer service department.

Ascend Software, Inc. 500 S. Kraemer Blvd., Suite 350, Brea, CA 92821-6797 Phone: 888-353-7058 Fax: 888-353-7060 Sales@AscendSoftware.com

Page 1

THE CHALLENGE – CONTINUED

- Not having the correct price in the item contract causes the wrong amount to be issued to every department that uses that particular item. In order to correct this problem, Community Medical Centers had to become "Journal Entry happy" to correct the overbilling allocation to the department.

> *"After implementing SmartTouch ItemGuru™ more than 700 pricing errors were corrected and we saw a return on investment in less than two months. Ascend's SmartTouch ItemGuru™ automation is great – Lawson doesn't have an automated process that reconciles this file."*
> *- Ryan Sing, Material Manager I.S. Manager at Community Medical Centers*

THE SOLUTION: **Ascend's SmartTouch ItemGuru™**

- Ascend's SmartTouch ItemGuru™ automated the processing of Community Medical Centers' complex pricing catalog updates received weekly in a 832 EDI file from Owens & Minor.
- Owens & Minor has experienced the following benefits from Community Medical Centers' use of SmartTouch ItemGuru™:
  - O&M now receives payments from Community in **half** the time.
  - Phone calls to Owens & Minor's customer service department have been reduced.
  - The O&M price discrepancy report sent to Community Medical Centers is now more manageable for staff making updates.
- A return on investment was seen by Community Medical Centers in less than two months. **Instead of working with an error report, the healthcare facilities are able to prevent errors.**
- Community Medical Centers is now able to identify and research the price discrepancies which fall outside their ItemGuru variances which automatically corrects the contract prices based on the vendor catalog. ItemGuru gives each company the option to set variance/tolerances which indicate what contract prices in the Inventory Control System should be automatically corrected and what prices discrepancies should be reviewed by the buyer.
- Accounts Payable has seen a significant reduction in price discrepancies between the AP invoice and purchase order – a much improved matching rate between PO and invoice – saving a great deal of time.
- Community Medical Centers is now pro-active instead of re-active with more than 700 pricing errors corrected automatically and no need for manual line-by-line corrections.

Ascend Software, Inc. 500 S. Kraemer Blvd., Suite 350, Brea, CA 92821-6797   Phone: 888-353-7058   Fax: 888-353-7060   Sales@AscendSoftware.com

Page 2

- Community Medical Centers benefits by having the correct price on the item contract going to each department – therefore eliminating the constant need for journal entries to correct the overbilling allocation to the department – again saving staff time.

Community Medical Centers is in the process of expanding the use of ItemGuru™ to process other vendors.

> *"The buyers are happier – SmartTouch ItemGuru™ saves a lot of time because they are not trying to correct pricing discrepancies after the fact, those that result from PO and AP matching discrepancies. We are now <u>pro-active</u> and not <u>re-active</u>. For the Buyer, contract co-ordinate and AP Processors – ItemGuru reduces their daily effort to perform their job – they are all happier."*
>
> *- Ryan Sing, Material Manager I.S. Manager at Community Medical Centers*

About Community Medical Centers

Community Medical Centers is a locally owned, not-for-profit, public-benefit organization. Based in Fresno, California, Community is the region's largest health care provider and private employer with more than 6,000 employees. They operate three acute care hospitals – Community Regional Medical Center, Clovis Community Medical Center and Fresno Heart & Surgical Hospital – several long-term care, outpatient, other health care facilities and a physician residency program in conjunction with the University of California, San Francisco. Community serves as the area's "safety-net" provider, and in fiscal year 2010-2011, provided nearly $134 million in "community benefits" – which includes charity care and uncompensated services to the medically underserved. They are also home to the region's only Level 1 trauma center between Los Angeles and Sacramento. Visit http://www.communitymedical.org for more information.

About Ascend Software

Since 1997, Ascend Software has developed business process management solutions which provide greater cost savings automation and faster implementation. Ascend's enterprise content management solution was designed from the ground up to archive all types of information (i.e., documents, reports, images and all file types) and in their native format. Additionally, Ascend developed their advanced business automation platform that provides greater automation and is the foundation for their SmartTouch Solutions. Ascend's advanced automation overcomes challenges typically found in workflow solutions and is the reason for their implementation success. Ascend's solutions are implemented in all industries and distributed in fourteen countries. Offices are in California, Nevada, Tennessee, Oregon, Florida and Indiana. Visit http://www.ascendsoftware.com for more information.

Ascend Software, Inc. 500 S. Kraemer Blvd., Suite 350, Brea, CA 92821-6797 Phone: 888-353-7058 Fax: 888-353-7060 Sales@AscendSoftware.com

Page 3