eBOOK

BEYOND COST SAVINGS Healthcare supply chain's new era

Insights and Tips from Supply Chain Leaders for 2025

2025 State of Healthcare Supply Chain Survey

symplr

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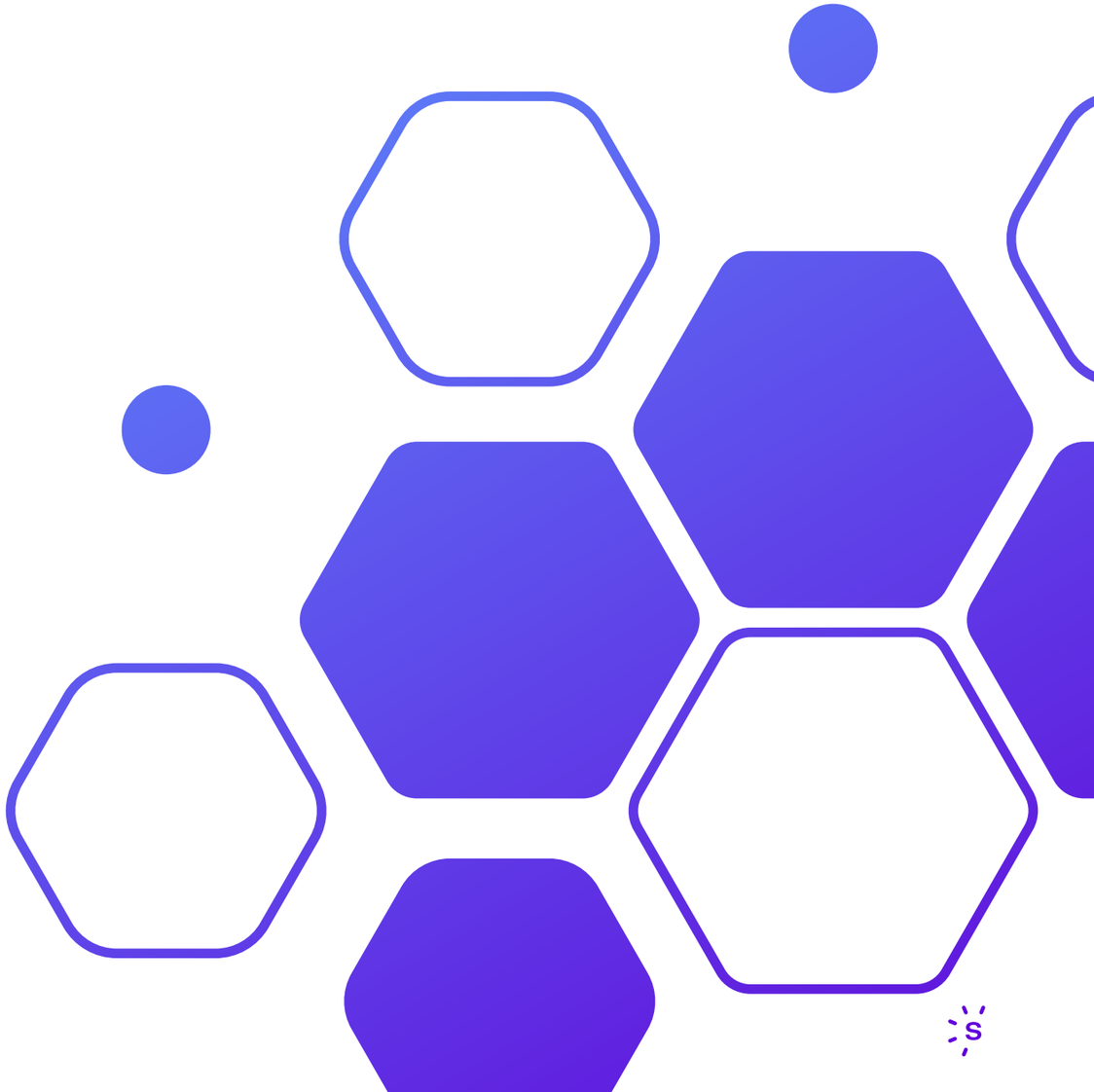


Foreword

The healthcare supply chain landscape is undergoing a fundamental transformation. While cost management remains and will always remain essential, supply chain teams are fighting extreme disruptions while simultaneously being called upon to show their impact on driving better patient outcomes.

The reality is stark: leaders must navigate an increasingly complex environment of supply chain disruptions, inflation pressures, and product shortages. More than ever, success requires a strategic approach that balances financial stewardship with clinical excellence.
To understand the evolving challenges and priorities of healthcare supply chain leaders, we conducted our annual State of Healthcare Supply Chain Survey with nearly 100 supply chain leaders across U.S. health systems and hospitals. The results revealed a shifting landscape where:

- Supply chain disruptions have emerged as the dominant challenge, surpassing traditional cost concerns
- Patient outcomes are just as crucial as cutting costs
- Process standardization is seen as an important lever to cut costs
- The demand for new skill sets and strategic thinking has reached a critical point
- Technology and data analytics capabilities have become critical success factors

Continue reading to learn about the key challenges, priorities, and recommendations from supply chain experts for navigating this new era.

DEE DONATELLI, RN, BSN, MBA
Senior Director, Spend Management
symplr

AHRMM's 2023 George R. Gossett Leadership Award recipient

AHVAP's 2022 Brooke Berson Founder's Award recipient

Key survey findings

Nearly 100 healthcare supply chain leaders are sounding the alarm on the biggest problems and opportunities in the field.

TOP CHALLENGES FACING SUPPLY CHAINS

1. Supply chain disruptions
2. Cost savings pressures

TOP PRIORITIES FOR SUPPLY CHAINS

TIED 1st — Improving Patient Outcomes & Standardizing Processes

2nd — Cost Savings

85% say that technology has helped improve supply chain operational efficiency

56% say their cost savings goals will be higher in 2025 compared to 2024

ONLY **20%** strongly agree their physicians and clinicians are supportive of supply chain activitie

69% believe that supply chain challenges will stay consistent or worsen in 2025

ONLY **28%** are confident supply chain professionals can tackle challenges effectively

ONLY **33%** strongly agree they can accurately track supply chain cost savings

ONLY **22%** strongly agree their executive leadership understands the challenges the supply chain team faces

Supply chain under pressure

Current Disruptions and the Unknown of Tomorrow

Contrary to widespread expectations that supply chain disruptions would ease in the post-COVID era, these challenges have actually intensified, catching many off guard. As supply chains have become more global, geopolitical conflicts, polarized politics, natural disasters, and port strikes have put tremendous pressure on hospital supply chains in recent years. Additionally, with a new administration, there remains uncertainty surrounding new tariff policies and subsequent supply chain impacts.

Medtech Financial Pressures Trickle Down

More than **14,000 employees** in the medical device industry have been laid off between Jan 2023 and July 2024 as the Medtech industry grapples with macroeconomic pressures, including profitability strains and M&A dynamics. As a result, leaner support for healthcare supply chains = additional strain, including difficulties in communication, product availability updates, and overall customer support, with some vendors struggling to maintain the level of service quality and responsiveness that customers had come to expect pre-pandemic.

Technology Migrations Consume Energy and Resources

Over the past several years, mammoth technology migrations, particularly with ERP and EHR software, have been taking place at health systems, demanding high levels of resources, energy, and focus across functions, including supply chain teams.With conversions to new ERP systems, many organizations are undergoing changes in process as well. By relying more heavily on technology, supply chain may have the opportunity to spend more time on implementing changes via increased clinical interactions.

"I believe supply chain disruptions will continue to be a problem. Organizations and manufacturers are dealing with reduced margins on their end, and they are having to make concessions to their business model, which often affects their resiliency. So, whenever they feel disrupted, we are going to feel it as well."

PHILIP HAMPTON
Chief Supply Chain Officer, Presbyterian Healthcare Services

CHAPTER 1

Disruptions take center stage

Supply chain leaders ranked disruptions in the supply chain as their most significant challenge of 2024. Marking a decisive shift from previous years where cost savings dominated concerns, 36% of supply chain leaders identify supply chain disruptions as their most significant challenge. For example, when Baxter's plant that provided critical IV fluids to hospitals across the country flooded from Hurricane Helene, shortages left health systems scrambling to sustain operations without negatively impacting patient care.

Beyond patient care, disruptions like these always have an impact on revenue and profitability. Whatever organizations are able to source as an alternative tends to be at a higher cost.

Supply chain leaders have come to realize that major disruptions, which range from natural disasters to port strikes and global events, are going to be the new norm, putting risk and resiliency management on the top of the priority list.

Healthcare organizations are responding with strategic initiatives:

- Evaluating self-distribution models for both cost savings and supply chain resiliency
- Developing deeper understanding of product manufacturing locations and supply routes
- Creating comprehensive disruption response protocols
- Building stronger partnerships with key suppliers

1

Supply Chain Disruptions
ranked #1 challenge for 2025

CHAPTER 2

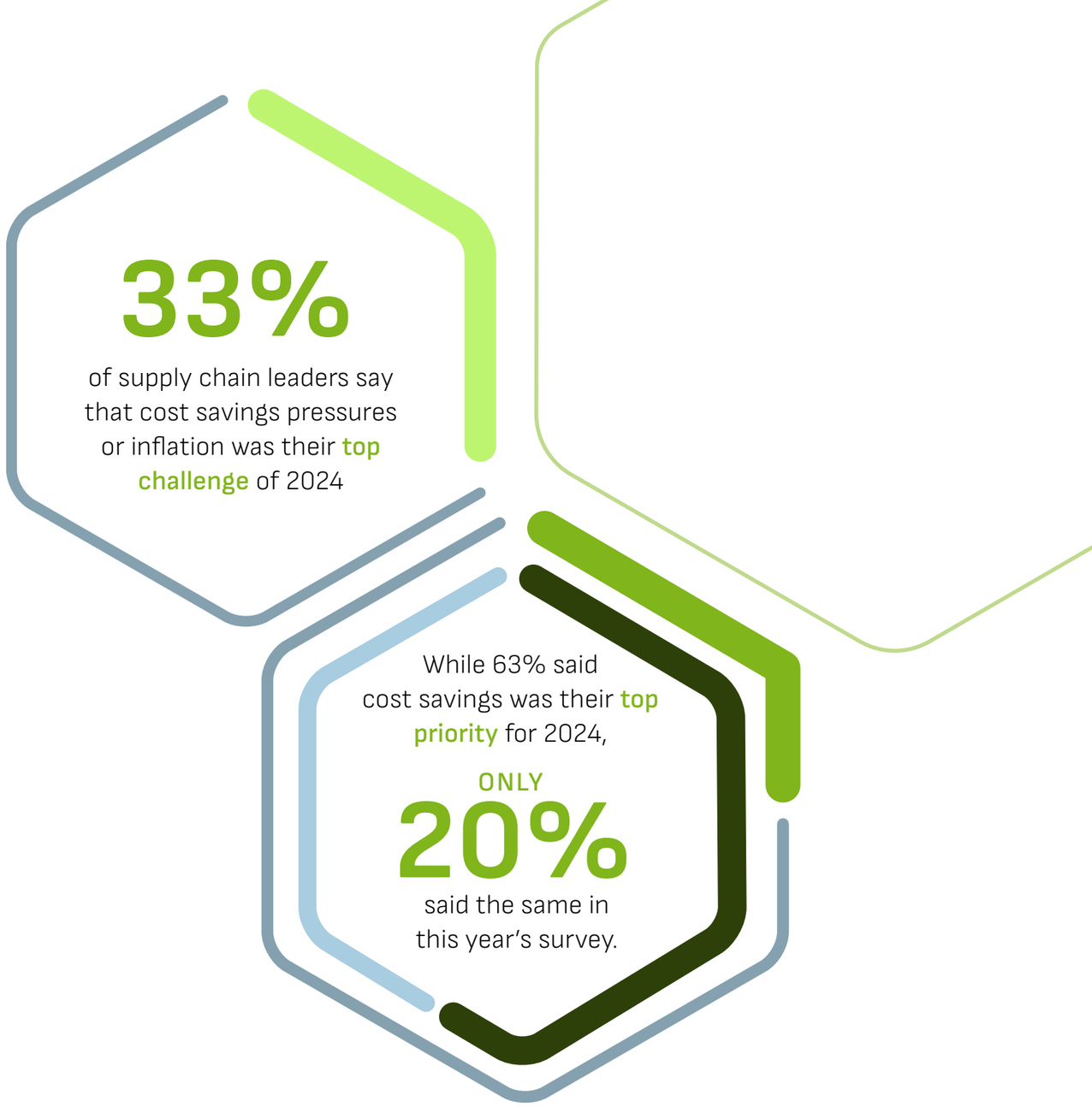
Cost Savings: From primary to partner priority

33% of supply chain leaders noted that cost savings pressures or inflation was their top challenge of 2024, falling just behind supply chain disruptions.

However, while cost savings will always remain a top priority and success metric for supply chain, change is in the air.

Not only have disruptions trumped cost savings as the top challenge, supply chain leaders also rank their priorities differently than in the past.

While 63% said cost savings was their top priority for 2024, only 20% said the same in this year's survey. A focus on patient outcomes and standardizing processes has become equally important.



CHAPTER 2

The cost savings squeeze

The cost savings paradox for many healthcare supply chains is they still have immense pressure to achieve cost savings – with some positions requiring specific savings thresholds – yet they have fewer options to achieve those savings.

While they're supposed to be cutting spend, most contract renewals are coming with a cost increase rather than a decrease. In the background, cost structures are constantly challenged amid reimbursement battles, and many traditional levers have been exhausted.

The rate of product innovation, disruption-related cost pressures, and general inflation have all driven up costs, reducing leverage during contract negations and leaving supply chain teams to pick up the pieces.

CONFIDENCE GAPS IN KEY METRICS

- Only 24% are confident their GPO pricing is competitive
- Only 33% strongly agree they can accurately track supply chain cost savings
- Only 14% strongly agree they have the data required to make accurate capital budgets
- Only 9% strongly agree their purchased services costs are competitive to peers

Information rich and insight poor, supply chain functions lack transparent benchmarking data to gain confidence in their spend.

56%

say their supply chain **cost savings goal will be higher for fiscal year 2025;** however, only 20% strongly agree their supply chain team has the resources necessary to execute on its goals

Meanwhile, cost savings goals are climbing...

"With rising costs and inflation, it's difficult to find cost savings in an equivalent way to the rate at which new technology is being introduced into the market. It's rapid and changing all the time.

– VALUE ANALYSIS CLINICAL MANAGER

CHAPTER 2

So where do cost savings come from if teams have exhausted traditional cost savings levers?

Fighting to reduce off contract spend and negotiating better pricing and terms will always be a foundational part of the playbook, but where else are supply chain leaders setting their sights?

1

Standardizing processes

22% noted standardizing processes is their supply chain's top priority for 2025. By reexamining, defining, standardizing, and consolidating processes, organizations are able to decrease inefficiency while simultaneously support resiliency to hedge against risk.

2

Focusing in on utilization to drive impact

While negotiating contract terms is valuable, its impact may be limited by renewal cycles that may be years away. One critical focus for supply chain leaders in the coming year will be optimizing resource utilization during these interim periods, as this presents a significant opportunity for ongoing cost management and efficiency improvements.

3

Delivering better data insights and digital transformation

Delivering better data insights and digital transformation: Most health systems have an abundance of data but lack actionable insights. For example, obtaining accurate benchmarks and advocating for digital transformation based on outcomes presents an optimistic path forward to achieve aggressive goals.

4

Strengthening internal and external partnerships

From vendors to clinicians, rethinking and prioritizing effective relationships is a key lever for refocusing on value and outcomes and achieving lasting success.

"I think we have to approach cost savings differently — typically, it's been focused on cost reductions with vendors, always chasing better prices. We're looking at managing the business differently through integration across the system, where service line standardization produces supply chain standardization and vendor and resource consolidation."

TODD TURNER
Senior Director, Supply Chain Strategic Sourcing
Mass General Brigham

CHAPTER 3

Patient outcomes: The most important bottom line

Patient outcomes is tied with standardizing processes for supply chain's #1 goal for 2025. 22% say improving patient outcomes is their top priority. The fact that supply chain leaders rank patient outcomes equal to cost savings signals a watershed moment - one that acknowledges supply chain's direct impact on clinical care quality and delivering value where it matters most to become high reliability organizations.

However, standing in the way of tighter alignment to patient outcomes is the reality that:

- Only 19% strongly agree they're using non-biased clinical evidence in purchasing decisions
- Only 20% strongly agree their physician and clinicians are supportive of supply chain activities

These numbers reflect deeper challenges: obtaining easy access to data and building trust between supply chain and clinical teams

CHAPTER 3

Progressive organizations and supply chain functions are finding success through a fresh focus on being partners in improving patient outcomes:

Supply chain professionals are playing an increasingly critical role in improving patient outcomes by adopting more collaborative approaches. Some key strategies include:

1. Actively participating in patient care committees to collaborate with clinicians in driving better outcomes, improving quality, and reducing costs.
2. Recruiting supply chain team members with clinical backgrounds to ensure a deep understanding of how supply chain decisions impact patient care
3. Prioritizing greater collaboration with quality departments to ensure quality conversations are part of decision making
4. Integrating quality and outcome metrics into value analysis to ensure outcomes are a measurable part of evaluation, sometimes making the decision to convert to clinically superior products despite higher costs
5. Engaging clinicians in the value analysis process and building trust by leading with outcomes and evidence data rather than exclusively financial data
6. Taking active measures to gather candid clinical feedback via nontraditional channels, even Reddit, where clinicians may be discussing products and processes more openly

"We've found that it's really a strong partnership with our clinicians focused on mutual goals that moves the needle. We've focused on working with our quality department to bring the financial and outcomes metrics together to paint the picture and take them on the journey that always leads back to the patients. **Because at the end of the day, we're all working toward the same goals – better outcomes. And then eventually, we're not at 22 ends of the table – we're on the same side of the table."**

ELLIE KIRSHENBAUM
Value Analysis Clinical Manager
Nebraska Methodist Health System

CHAPTER 4

A skills revolution is needed to tackle tomorrow's supply chain challenges... are we ready?

Supply chain teams aren't just box movers...

Only 28% say they are very confident supply chain professionals today have the necessary skills to address complex challenges. It's clear the scope of supply chain responsibilities has evolved, and so have the skills required to successfully navigate a rapidly changing landscape. Teams today need to be tech-savvy and able to support quality outcomes, patient experience, and cost pressures simultaneously. However, supply chain teams are struggling to find the workforce with the right skill set.

Success in modern healthcare supply chain demands:

- Advanced analytics and technology capabilities
- Strategic thinking and influence
- Change management expertise
- Ability to quickly adapt
- Strong communication skills

Supply chain leaders are pushing to redefine their function, advocating for compensation structures that attract and retain top talent – especially clinicians joining supply chain teams. This means having crucial conversations with HR about competitive pay that reflects the hybrid skills and expertise needed in modern healthcare supply chain.

ONLY

28%

of supply chain leaders say they are very confident supply chain professionals today have the necessary skills to address complex challenges

"Supply chain should be a technology-enabled analytical role. Those are the types of individuals we should be hiring. The requirement is you must have good communication skills, good teamwork skills, strong analytical skills, and the ability to use technology. Additionally, there needs to be an expectation to put those analytics to work by talking to clinical and operational leaders to drive change management and make economic progress for the organization."

PHILIP HAMPTON
Chief Supply Chain Officer
Presbyterian Healthcare Services

CHAPTER 4

Supply chain leaders must help their teams break free from tactical chains

56% say that supply chain has gained more strategic influence recently, but is still too preoccupied with tactical tasks, and only 34% say supply chain is a highly strategic function at their organization. Meanwhile, only 22% strongly agree their executive leadership understands the challenges the supply chain team faces.

This pain isn't exclusive to one supply chain function either:

- **Value analysis teams want to be focusing in on clinical areas** to improve outcomes. However, most teams still face numerous tactical tasks and manual data gathering.
- Similarly, **contracting teams want to be focused on strategic cost savings.** However, supply chain leaders voted maintaining contract compliance as their #1 contracting challenge (30%), followed by tracking contract fulfilment (19%) and manual entry, processes, and storage (18%). Many teams are drowning in administrative burdens: mounting contract volumes, risk mitigation requirements, and data quality issues that span multiple systems – leading to inaccurate insights and billing errors — make it difficult to come up for air and tackle strategic cost savings.

"I think so many organizations don't look at supply chain as a strategic partner or enablement for success. Because of that, they are just running around putting out fires, being inefficient, trying to do more work with the same inefficient processes. And they're not looking at technology enablement, better data analytics, different inventory or operating models."

CHIEF SUPPLY CHAIN OFFICER

ONLY

34%

of supply chain leaders say supply chain is a highly strategic function at their organization

The Path Forward

While 31% of leaders believe supply chain challenges will improve in 2025, 67% expect challenges to sustain or worsen. To help teams meet critical challenges and prioritize strategic work, success will require:

1

The strategic elevation of supply chain's role

Leaders must position supply chain as a strategic driver of both financial and clinical outcomes. This requires moving beyond traditional procurement roles to become true business partners who influence organizational strategy. Supply chain leaders need a seat at the executive table, bringing data-driven insights that connect supply decisions to organizational goals. Supply chain isn't just a cost center anymore — it's a strategic partner in delivering quality care.

2

Laser focus on outcomes via strong cross-functional partnerships

To prioritize outcomes, supply chain teams must sustain clinical relationships, work with their quality departments, incorporate outcomes data, and integrate the unbiased clinical evidence into the value analysis process.

69%

of supply chain leaders expect their **challenges to sustain or worsen** in 2025

The Path Forward

3

Investment in processes, data, and technology

85% say that technology has helped improve their supply chain operational efficiency. Unquestionably, technology and data analytics are critical to overcoming today's (and tomorrow's) most pressing supply chain challenges. However, for technology to be effective, process cannot be ignored. Health systems must continue to unapologetically prioritize process optimization, discontinuing inefficiency wherever possible to achieve aggressive goals and improve resiliency. Ultimately, process and technology must work hand in hand.

"No matter how technology is used, if you don't have good underlying processes, technology isn't going to fix it. **We tend to run around automating dysfunction.** Rather, we need to talk about the outcome we want to generate first and enable from there."

PHILIP HAMPTON
Chief Supply Chain Officer
Presbyterian Healthcare Services

Technology is not the savior of healthcare, but it can partner to enable success, allowing teams to elevate themselves from manual data gathering and piecing to strategic decision making. Driving efficiency in everyday tasks, technology can easily integrate unbiased clinical evidence data into the value analysis process, allow teams to compare products side-by-side, and instantly track spend against contract fulfillment, just to name a few efficiencies. These capabilities are even more critical in the larger supply chain landscape where ongoing disruptions are the norm and where the urgency for resiliency can't be ignored.

When hospitals have a strong process, technology can be leveraged to strengthen workflows, extract powerful data insights, and reduce key inefficiencies across supply chain processes and healthcare operations at large, **giving precious time back** and reducing communication barriers across departments.

85%

of supply chain leaders say **technology has helped improve their supply chain's operational inefficiency**

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