



# NPI Helps Large Healthcare Network Save \$15M on Data Network Spend

It's difficult to keep a pulse on telecom costs – especially for large healthcare networks with hundreds of facilities. For one such organization, a hunch that WAN costs were higher than they should be turned into a sizeable savings opportunity that led to additional telecom cost reductions. With NPI's price benchmark analysis, contract optimization advice, negotiation intel and network grooming guidance, the organization was able to cut costs by \$15 million.



## Case Study: Large Healthcare Network

### The Challenge:

- Concern that existing WAN pricing was not in line with fair market value
- Low visibility into total data network expenditures across multiple carriers
- Variable pricing by region

- First-year savings of \$3M on primary managed network service provider agreements, approximately \$10M over contract term
- Additional savings of \$5M from network grooming recommendations
- Secured postalized pricing across all regions and negotiated stronger credits and discounts

### Healthcare Network Loses Sight of Data Network Spend

Managing telecom spend is challenging for any business – but it can be overwhelming for large healthcare networks. This was the case for one organization comprised of nearly 100 hospitals and hundreds more outpatient centers. Over the years, the organization had found it difficult to keep a close eye on telecom expenditures, especially across its wide area network where costs were rising steadily.

The organization's sourcing stakeholders – including IT finance, IT and procurement – decided to engage NPI to benchmark its spend on network services and identify potential opportunities for savings.

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Real data.  
Real savings.



**Want to cut telecom costs?  
Take a look at your WAN  
spend. It's often neglected,  
and the savings opportunity  
is typically large.**

## **NPI Brings Transparency and Fair Market Value to Telecom Spend Analysis**

Starting with the organization's two primary telecom managed service providers, NPI uncovered a total baseline spend of more than \$14 million per year on MPLS, broadband, private line, Ethernet and dedicated bandwidth services. From there, NPI performed a price benchmark analysis on the cost of these services compared to best-in-class rates for peer purchases of similar services. This revealed sizeable discrepancies in regional costs, above-market-value pricing and improper allocation of credits.

NPI assisted the organization's telecom buying team with optimizing its agreements with tier 1, 2 and 3 providers. This included securing postalized rates for services regardless of region, best-in-class rates, and appropriate application of credits and discounts.

## **NPI Helps Customer Slash WAN Spend by 20 Percent in Year One, \$15M Over Three Years**

Ultimately, NPI and the organization achieved \$3 million in first-year savings with the organization's tier 1 providers – nearly 20 percent of overall network spend. Measured across the three-year agreement term, these savings will balloon to \$10 million. After reviewing and grooming other network spend, NPI uncovered an additional \$5M in savings.

Today, the healthcare organization has a fresh perspective on how to manage WAN costs going forward, and a foundation of fair pricing to build upon. This will be key as the organization grows and acquires other healthcare networks. WAN costs may grow as the organization expands, but with NPI's help the increase will be minimized and in line with fair market value.

### **About NPI**

*NPI is an IT sourcing consulting company that helps enterprises identify and eliminate overspending on IT purchases, accelerate purchasing cycles and align internal buying teams. We deliver transaction-level price benchmark analysis, license and service optimization advice, and vendor-specific negotiation intel that enables IT buying teams to drive measurable savings. NPI analyzes billions of dollars in spend each year for clients spanning all industries that invest heavily in IT. For more information, visit [www.npifinancial.com](http://www.npifinancial.com).*



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Real data.  
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