

WEST COAST CHILDREN'S HOSPITAL CASE STUDY

Offsite storage cost reduction of 71%

RIC

Delivering The New Standard

THE CLIENT

A prestigious, West Coast-based children's hospital with an abundance of offsite storage challenges went to market to look for a specialist in the industry who could assist them with their contractual and vendor service issues.

This renowned medical center had grown to multiple locations and was using four different offsite records storage vendors. After reviewing RIC's track record of success, the hospital chose to engage with the RIC team to analyze and understand the complexities of their offsite storage needs and frustrations with vendors.



KEY CONTRACT OBSERVATIONS

1. The RIC team quickly discovered that the hospital did not have defined contract terms or clear pricing structures and that there were no caps on rate increases.
2. With one of the four vendors, the hospital did not have an agreement in place, so the organization was bound to the terms and conditions listed on the vendor's website, subject to change at any time.
3. The hospital had high annual spend and fluctuating offsite storage rates due to balancing multiple contracts. Rates for storage and services varied from \$0.36 to \$0.86 per cubic foot/linear foot. The accrued contingent liability for one vendor alone was \$4.7 million (\$88.78/CF/LF).
4. The hospital was stuck in these contracts, due to the high accrued contingent liability fee, while on the receiving end of inconsistent customer service and an unreasonably high records storage bill.

THE RESULTS

After a thorough analysis of the hospital's contracts and pricing schedules, RIC was able to project a potential savings of **\$1 million (45%)** over the contract term. With a strategy in place to consolidate pricing, reduce service and storage rates, cap price increases, and renegotiate current program, RIC went to market with a request for proposal.

Next, RIC presented to the hospital a full vendor buyout option, resulting in a total cost savings of **\$2.3mm (71%)** and a new, fixed low annual spend of \$96,000 for the entirety of the contract. The newly negotiated contract also included more favorable terms and conditions, consistency, and consolidation of pricing.

Furthermore, the new vendor had waived all transfer costs and accommodated open-shelf conversion to save the hospital approximately **\$100K**. RIC was able to utilize their industry knowledge and reduce the total contingent liability of \$5 million down to **\$431K, a 91% savings**.

By the end of engagement with the hospital, RIC used their expertise and proven track record to reduce the Children's Hospital's total offsite storage costs by **71%**.