



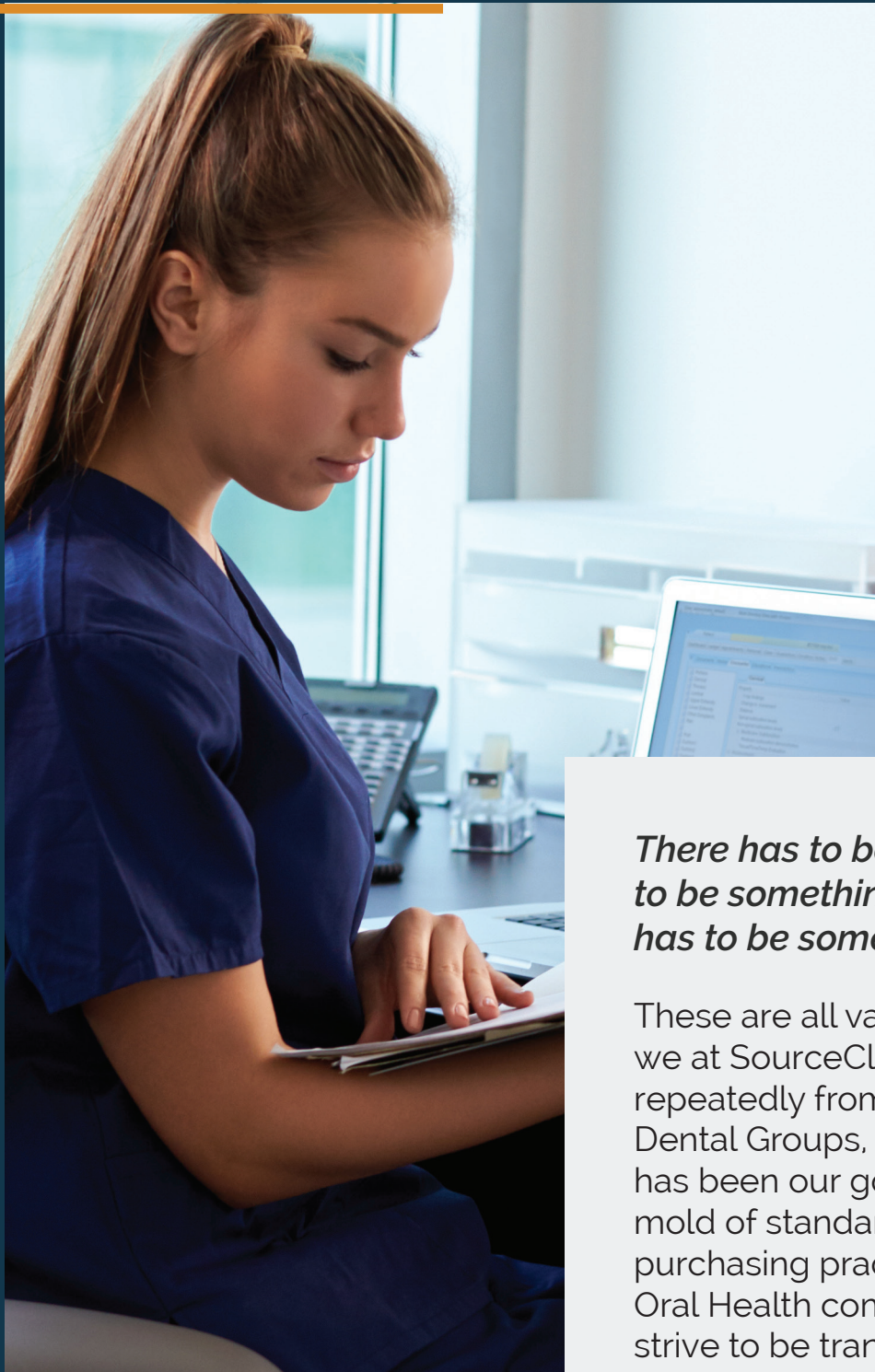
# SOURCECLUB CASE STUDY

Featuring A Large Multi-Specialty DSO

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## SEPTEMBER 2022

An analysis of savings, consolidation, and streamlining for a large national Specialty Dental Group.



*There has to be more. There has to be something different. There has to be something easier.*

These are all valid statements we at SourceClub have heard repeatedly from Dentists, Clinics, Dental Groups, and beyond. It has been our goal to break the mold of standard logistics and purchasing practices within the Oral Health community. We strive to be transparent, effective, informative, and empowering. Our goal is to help our clients, no matter their size or experience, streamline their processes, relieve their purchasing concerns, and ultimately save money.



# The Client

## A Large National Multi-Specialty DSO

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SourceClub's Multi-Specialty DSO client is the parent company of three dental specialty partnerships focusing on endodontics, periodontics, and oral surgery. They have approximately 185 locations accross 25 states and employ over 300 specialists. They aim to ensure their practices are high-functioning and reach their full potential while focusing solely on patient care.



This client is in their essence a dental group comprised of Endodontists, Orthodontists, Oral Surgeons, and Periodontists. Each of their practices and specialists have unique requirements to fulfill their jobs and provide the utmost level of customer care. SourceClub's client prides themselves on being able to help their practices maintain their strengths while molding them into a better more successful version.

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### AT A GLANCE

185

LOCATIONS

25

STATES

300

SPECIALISTS



# The Problem



This 180-Location Specialty DSO came to SourceClub during a time of rapid growth. They are consistently onboarding new organizations through acquisition. The average new acquisition was firmly established and had their own way of running a successful practice. They each had their own unique preferences for specific products and brands, and felt that due to the specialty nature of their services, they needed full product decision making power. Each acquired new

organization was almost always utilizing different suppliers and manufacturers. Because of this, they were diluting their purchasing power among multiple suppliers, and by doing so had very little leverage to negotiate better pricing concessions from their suppliers and manufacturers. On top of that, the system for ordering products was inconsistent, varied, and very difficult to track effectively. They had no visibility for effective budgeting.



## EXPENSE



## TIME & EFFORT



## EASE OF USE

**They were spending too much money. Wasting too much time. Their purchasing and logistics systems were flawed. *There had to be something better available.***

# The Plan

## 1 DISTRIBUTOR RFP EFFORT

Put out a robust distributor RFP to identify an ideal supplier willing to give our client the best pricing and partnership. The goal was to better leverage this DSO's purchasing power by consolidating distributor purchases to one partner. We evaluated every single product ordered over the last year and put those products out to bid to major distributors in the industry. Once a distributor partner was selected, Our client effectively removed all other suppliers from their formulary and consolidated all their distributor spend to one primary supplier.

## 2 PROCUREMENT SOFTWARE

Implement a centralized procurement software that aligned best with their needs. This software allowed our Specialty DSO to procure all the supplies they order, regardless of the supplier, from one single sign on platform. This allows each office to order all the products they use from one platform, while also providing real time visibility to their monthly supply spend and track against budget. Additionally, they were able to better manage cash flow by implementing work order approval rules that trigger management approval before the order is processed.

## 3 PRODUCT AUDITS

Consolidate the non-clinically sensitive items on the Large Specialty DSO's formulary. We worked with their doctor partners to identify which categories they considered non-clinical, and consolidated the available products to drive their volume and purchasing power and secure pricing concessions. We also reduced the overall number of products available on their formulary to make it easier for offices to find and order the products regularly.

# The Success



## 1 DISTRIBUTOR RFP EFFORT

- \$2.3M in annual savings
- \$100K signing bonus
- 1.5% prime vendor rebate (approximately: \$85k annually)
- 1% portfolio rebate
- 2% merchandise growth rebate
- \$200K annual education/ sponsorship rebate

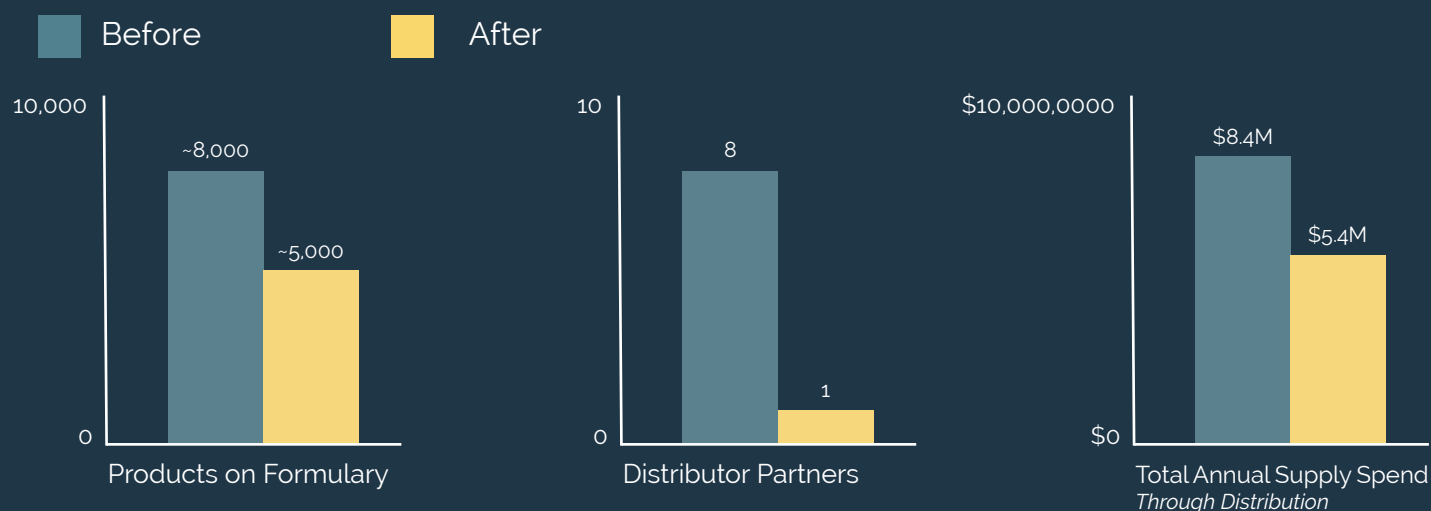
## 2 PROCUREMENT SOFTWARE

- Single platform for all order accross all practices and offices
- Real-time visibility into office and overall monthly spending
- Consolidated and refined accounting capabilities with unique reporting capabilities and functions
- Total control over products being ordered off formulary

## 3 PRODUCT AUDITS

- \$700K in annual savings
- 3,000 non-clinical items removed from the formulary

## At A Glance: \$3M in Savings & More



No procurement software being utilized	Robust Procurement software implemented
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### Additional Value Added Through Distributor Negotiations:

- 1.5% Prime Vendor Rebate
- \$100K Signing Bonus
- 1% Portfolio Rebate on Distributor Owned Subsidiary Companies
- 2% Merchandise Growth Rebate
- \$200K Education/Corporate Meeting Sponsorship

# Key Takeaway

SourceClub was able to save our Specialty DSO client\* approximately **3 Million dollars annually** on top of other monetary and qualitative improvements. The best part is that all of their doctors and clinicians were allowed to maintain their autonomy as it pertains to the clinically sensitive items they have access to. Their specialists and individual practices are thrilled they didn't have to sacrifice their products or jeopardize patient care.



No Sacrifice.  
All Savings.

\*We would be happy to provide the client reference relative to this case study upon request.

## Start Your Savings Journey Today

SourceClub is waiting to help you exceed your supply savings expectations. We have the industry knowledge, technical experience, and innovative methods to get you there.

CONTACT US FOR YOUR  
FREE CONSULTATION

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