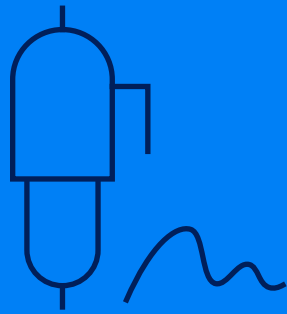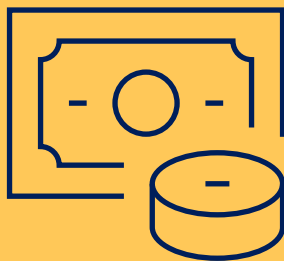# AI in Healthcare Procurement:

## How to Unlock Strategic Value in Complex Environments
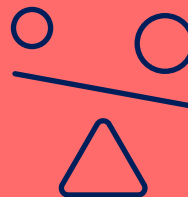
AI in procurement improves efficiency by **40%**

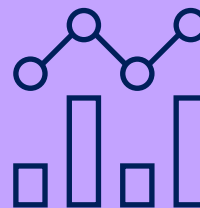reduces supplier risks by **30%**

Spend Optimization

Risk Management

Analytics

levelpath

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# CONTENTS

# INTRODUCTION

Procurement has become a strategic asset that boosts competitive advantage. According to McKinsey, organizations harnessing AI-driven analytics in procurement see efficiency gains up to 30%. Forward-thinking companies utilize these strategies for both efficiency and resilience, with Gartner reporting that AI in procurement reduces supply chain disruptions by 30%, helping firms manage market volatility effectively.

The role of enterprise procurement involves balancing compliance, cost management, and innovation. Tools like advanced analytics and intelligent automation enable better decision-making, enhance supplier relationships, and streamline workflows. As procurement evolves into a strategic function, adopting AI solutions can increase transparency, efficiency, and flexibility.

This paper will explore how leading organizations are transforming their procurement with AI, moving from traditional methods to a strategic, value-driven approach. It will discuss the key factors, challenges, and opportunities this shift presents, aiming to guide procurement leaders toward impactful business strategies.
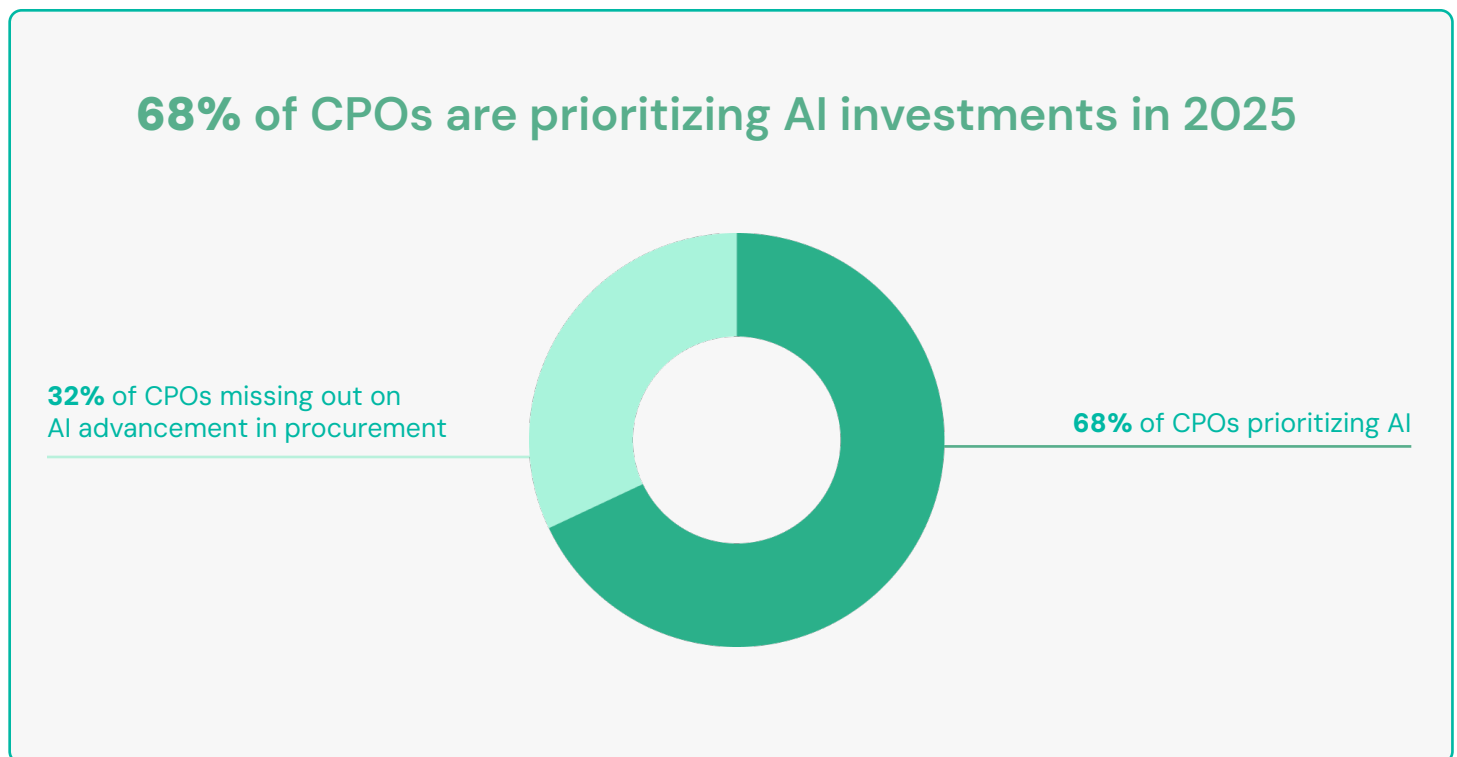
## 68% of CPOs are prioritizing AI investments in 2025

32% of CPOs missing out on AI advancement in procurement

68% of CPOs prioritizing AI

Figure 1: Percentage of Chief Procurement Officers prioritizing AI investments (Gartner, 2024)

# THE SHIFT FROM OPERATIONAL TO STRATEGIC PROCUREMENT

As markets become more complex, businesses are turning to AI for automation and real-time insights. Deloitte's State of Generative AI in the Enterprise report confirms that AI adoption optimizes operations, enhances supplier relationships, and unlocks new strategic opportunities.

AI-powered procurement platforms shift procurement from a reactive cost center to a proactive business enabler. These platforms automate workflows, streamline contract management, and improve stakeholder collaboration. They also provide centralized visibility across procurement activities, enabling teams to ensure compliance, manage risk, and make data-driven decisions. These capabilities are particularly important in environments with high regulatory expectations, limited staff capacity, and a need for operational clarity.

But adopting AI is not just about technology; it requires a cultural shift. Companies must invest in data accuracy, workforce upskilling, and strong governance to maximize AI's potential. When aligned with broader organizational goals, AI-driven procurement creates the foundation for sustainable operational improvement and greater strategic value.

# CHALLENGES IN SOURCING AND PROCUREMENT

Despite the increasing recognition of procurement's strategic importance, many organizations still rely on manual error-prone tools like spreadsheets, email chains, and legacy software systems. These fragmented tools create a lack of real-time visibility, which remains one of the most significant obstacles. Without transparency into requests, contracts, and supplier performance, decision-making becomes delayed. This often leads to missed cost-saving opportunities and increased audit risk. AI platforms resolve this by unifying data and surfacing insights in real-time.

Disconnected workflows and limited resources also slow procurement operations. AI automates intake, triage, and approvals, easing the burden on small teams and ensuring requests are routed efficiently.

External pressures such as supplier instability, economic volatility, and escalating costs add further complexity. AI-enabled supplier management tools help organizations analyze performance, mitigate risk, and reinforce critical vendor relationships. Contract automation solutions streamline reviews, enforce policy adherence, and reduce delays caused by manual handoffs.

In sectors where precision, compliance, and speed are vital, these capabilities are not optional. They are foundational to maintaining operational integrity while meeting stakeholder and regulatory expectations.

> ❝
> Leading organizations leverage intelligent automation and real-time analytics to optimize procurement operations and enhance supplier collaboration.
>
> – Deloitte's State of Generative AI Report

## OVERCOMING BARRIERS TO AI-DRIVEN PROCUREMENT EXCELLENCE

Integrating AI into procurement is a complex but necessary transformation that requires strategic focus, patience, and cross-functional collaboration. Organizations that address key barriers, such as data accuracy, governance, and workforce enablement, can unlock AI's full potential to drive procurement excellence.

The shift from manual procurement processes to AI-driven automation is improving efficiency, compliance, and visibility. Companies implementing AI-powered procurement platforms can eliminate long-standing inefficiencies such as fragmented data, slow approvals, and limited supplier engagement.

The following stories illustrate how industry leaders have successfully leveraged AI-driven procurement strategies to reduce cycle times, improve compliance readiness, and support lean teams with greater visibility and operational control.

## INNOVACARE HEALTH

| **60%** | **18%** | **2** |
|---|---|---|
| Faster Cycle Times | Consolidation of Overlapping Contracts | Full-Time Employee Salaries Saved |

## THE CHALLENGE

InnovaCare, one of the largest integrated, value-based payor and provider service organizations in the United States, faced procurement inefficiencies across its 47 facilities due to decentralized, ad hoc purchasing, leading to higher costs and limited oversight. With each location managing its own procurement, spend analysis became complex, making it difficult to enforce governance and control costs. A more streamlined, automated approach was needed to centralize operations, improve visibility, and enhance cost management.

## THE SOLUTION

### ✳ Centralizing Procurement:
InnovaCare centralized procurement across 47 facilities with Levelpath's AI platform.

### ♟ Streamlining Supplier Management:
The platform helped InnovaCare consolidate suppliers and reduce contract overlaps, saving on costs.

### ⛭ Enhancing Compliance and Audits:
Levelpath enabled digital compliance audits at InnovaCare, enhancing accountability and simplifying processes.

> " Innovacare saw positive ROI within 30 days based on the amount of work managed in Levelpath versus hiring an FTE to do the manual intake and triage.
>
> – Head of Procurement & Supplier Management

![SSM Health logo]

## THE CHALLENGE

SSM Health, a non-profit healthcare system, encountered challenges with its sourcing and procurement processes. Stakeholders would submit requests without understanding the process, which in turn created confusion and delays. A new solution was needed to streamline procurement and provide transparency to the entire organization.

## THE SOLUTION

### ⊜ Improving Intake Experience:

SSM Health used Levelpath's intuitive front door experience to guide over 30,000 stakeholders to the relevant forms and resources.

### ⁙ Tailored Workflow Processes:

Levelpath enabled SSM Health to customize its workflows that integrate approvals and reviews from multiple teams to boost collaboration across the organization.

### ⌾ Enterprise-Wide Visibility:

With Levelpath's AI, SSM Health routed all requests to the appropriate sourcing managers, allowing for real-time request monitoring and leading to faster approvals.



Rachel Kegel
SSM Health

Mike McDonough
SSM Health

# MAKING THE CASE FOR INVESTMENT IN AI-DRIVEN PROCUREMENT

Imagine your procurement team spending 80% of its time on strategic initiatives that drive real business value. Picture supplier partnerships that foster innovation and growth. Envision a risk management approach that anticipates challenges before they arise. These are not just possibilities, they are the real outcomes organizations achieve with AI-driven procurement solutions.

By leveraging advanced tools, companies unlock new levels of efficiency, adaptability, and business impact. Yet, despite the clear benefits, many organizations still struggle to gain approval for these critical technology investments.

## OVERCOMING ORGANIZATIONAL RESISTANCE

A common misconception is that procurement automation is only for processes like procure-to-pay, yet strategic functions like supplier evaluation and contract management rely on manual tools and remain inefficient without AI solutions.

Viewing procurement as just a cost center limits investment, but market leaders show that intelligent procurement technologies significantly improve operations, manage costs strategically, and optimize supplier negotiations, delivering substantial ROI.

> **50%** of procurement organizations will centralize risk management by 2029

(Gartner, 2024)

## DELIVERING STRATEGIC VALUE WITH AI-POWERED PROCUREMENT

For procurement leaders seeking to make a compelling case for investment, framing procurement technology as a business enabler is essential. AI-powered tools enhance sourcing and contract management in ways that align with enterprise wide goals focused on speed to value, regulatory compliance, and operational efficiency:

### Enabling Real-Time Visibility
AI-driven analytics unify fragmented data and provide real-time insights that allow finance and procurement leaders to quantify the return on investment, track cycle time improvements, and support facility or department wide transparency.

### Improving Governance and Audit Readiness
Automated workflows capture approvals, document version history, and create metadata-tagged audit trails. These capabilities reduce compliance risk and prepare organizations for routine CMS audits, Joint Commission standards, and False Claims Act risks without added administrative burden.

### Supporting Lean Teams:
AI copilots automate intake triage, route requests intelligently, and surface preferred suppliers, enabling small teams to manage high volumes of clinical, IT, and facilities sourcing requests with greater efficiency and less manual effort.

## THE ROI OF AI-DRIVEN PROCUREMENT

Leading organizations have successfully demonstrated the tangible benefits of AI adoption in procurement. According to Deloitte, companies implementing AI-powered procurement solutions report efficiency gains of up to 40%, with supplier risk mitigation improving by 30%. This underscores the effectiveness of AI in procurement, reinforcing its role as a strategic imperative for modern enterprises.

Beyond efficiency, AI in procurement enables healthcare organizations to increase compliance, reduce supplier risk, and demonstrate value across the departments without increasing overhead. Companies that proactively invest in AI-driven procurement solutions gain a competitive advantage by increasing visibility, agility, and efficiency across their sourcing operations.

## A COMPETITIVE IMPERATIVE

In the healthcare environment, payers and providers face mounting pressure to improve margins, ensure regulatory compliance, and drive digital transformation. Modern procurement teams require sophisticated tools that elevate their role beyond cost management into strategic business catalysts. AI-driven procurement solutions position organizations to realize immediate cost savings while laying the groundwork for improved compliance, streamlined operations, and greater visibility and alignment between sourcing, finance, IT, and clinical or operational needs.

The pace of digital transformation underscores the need for procurement leaders to view AI-powered platforms as essential to achieving enterprise priorities. These tools drive measurable improvements in cycle time reduction, regulatory readiness, and cross-functional coordination. Smart procurement transcends traditional cost reduction to enable sophisticated, rapid, and strategic business decisions throughout the organization.

# 30%

Improvement in supplier risk mitigation is achieved with AI-powered procurement solutions, according to Deloitte (2024)

# LEVELPATH: TRANSFORMING PROCUREMENT THROUGH ARTIFICIAL INTELLIGENCE

Levelpath leads the AI-native* procurement revolution with a platform designed to reduce complexity, increase transparency, and drive measurable outcomes. Its intuitive interface and advanced automation empower organizations to streamline intake, consolidate suppliers, and enhance audit readiness in even the most regulated environments.

To overcome common implementation hurdles, Levelpath delivers a seamless user experience with the front door experience and maintains enterprise-wide data consistency through Hyperbridge, its proprietary reasoning engine that connects and enriches procurement data across all systems. Whether enabling clinician-friendly intake or automating contract renewals, Levelpath provides the tools to unlock visibility, efficiency, and control.

By turning procurement into a strategic asset, Levelpath drives enterprise success through intelligent workflows, actionable insights, and high-impact collaboration across departments.

## * WHAT DO WE MEAN BY "AI-NATIVE"?

Levelpath was not retro-fitted with AI; it was conceived around it. Large-language models (LLMs) and the next wave of breakthroughs are not awkward add-ons, they are woven into our core. As the models evolve, so does Levelpath, effortlessly upgrading itself with every leap forward. The result is AI that does not just lend a hand, it takes the wheel and gets the job done.

With **Levelpath's AI-driven procurement solutions**, organizations can take advantage of:

### ⚙ Real-Time Visibility and Reporting:
Dynamic dashboards provide procurement and finance leaders with immediate access into procurement activities, enabling proactive management and strategic resource allocation.

### ⚓ Streamlined Intake Experience:
AI-guided intake tools help stakeholders navigate procurement requests with ease, reducing confusion, accelerating routing, and minimizing manual intervention from procurement teams.

### ❀ Simplified Sourcing:
AI copilots enable lean teams to manage high request volumes by automating RFP creation, bid comparisons, and sourcing decisions, all with greater speed and less manual effort.

### ⚐ Advanced Risk Protection:
Sophisticated compliance monitoring and governance tools safeguard operations while minimizing exposure to potential disruptions.

### ♖ Strategic Decision Optimization:
Data-driven analytics unlock deeper insights that guide smarter sourcing strategies and maximize value creation.

# REAL-WORLD IMPACT

## HEALTH INSURANCE

In one real-world example, a private nationwide health insurance company used Levelpath to streamline stakeholder engagement by embedding a dynamic intake prompt within the procurement process: Does your team need to be involved in this request? Why or why not? This approach eliminated eight recurring internal meetings, accelerated routing, and created a scalable foundation for procurement automation aligned to predefined team requirements.
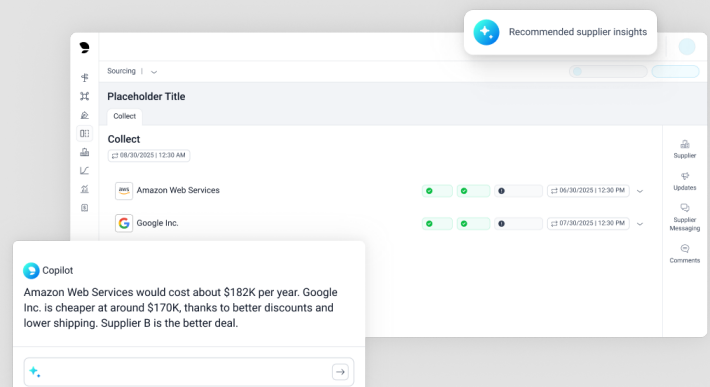
## HOSPITAL SYSTEMS

For a large healthcare system, Levelpath's native AI contract intelligence to identify tariff-related risk across 30,000 documents. By scanning contracts for keywords such as "inflation" and "CPI," the organization saved more than 3,350 hours of manual review time. This enabled procurement staff to respond quickly and redirect focus to higher-value work.

The organization also completed a full intake-to-pay system migration in under six months, consolidating 9,000 contracts and more than 30,000 documents into Levelpath. Dedicated workflows were implemented to improve contract compliance, increase reporting and auditability, and apply dynamic delegation of authority based on spend category. This resulted in stronger governance, fewer manual tasks, and greater operational clarity across the procurement lifecycle.

## See our AI-native platform in action.

Request a demo. →

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