



EXECUTIVE BRIEF – SUPPLY CHAIN PERFORMANCE

The Operating Discipline Gap

When ERP Modernization Stalls Before It Pays Off



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How Health Systems Convert ERP Modernization Into Sustained Financial Performance

The gap between ERP implementation and ERP value is real — and it shows up consistently across health systems regardless of platform, size, or GPO structure. The systems are live. The contracts are loaded. The dashboards are built.

The organizations that realize the value work the process — they don't let the process work them. When governance is designed well and the team trusts it, it frees attention for the work that actually moves the needle: managing exceptions, strengthening supplier relationships, and driving outcomes.

This brief addresses three executive questions:

1. **What should you validate?**
2. **What should you govern?**
3. **What should you measure?**



GOVERNANCE IS WHERE PERFORMANCE BEGINS

BOTTOM LINE UP FRONT

Health systems that convert ERP modernization into sustained financial performances share one discipline: governed data, clear ownership, and consistent review cadence. The technology is not the differentiator – the operating model around it is.

Health systems have modernized. ERP platforms have replaced legacy systems. GHX connectivity has helped standardize procure-to-pay transactions. GPO contracts have structured supplier relationships. AI-enabled analytics promise predictive visibility.

And yet, for many organizations, the financial performance these investments were meant to deliver is out of reach. The reason is rarely the technology, it is the operating discipline surrounding it.

This brief is for supply chain and finance leaders navigating the gap between implementation and performance. It addresses the conditions that determine whether modernization translates into results — from governance design and data integrity to supplier performance measurement and analytics adoption — with patient care as the organizing principle throughout.

<p>5.1% Total hospital expense growth in 2024 (AHA)</p>	<p>#2 Supply costs as largest expense category behind labor</p>	<p>3 Stages Stabilization, Alignment, Optimization</p>
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SECTION 1

MODERNIZATION IS NOT THE FINISH LINE

Healthcare organizations have made substantial investments in ERP modernization across Infor, Workday and Oracle platforms. Legacy fragmentation has been reduced. Financial integration has improved. GHX and GPO's continue to provide standardized connectivity across the procure-to-pay ecosystem.

Yet modernization alone does not guarantee performance. [Industry research from Gartner's Healthcare Supply Chain Top 25 Ranking](#) highlights ongoing pressure for supply chains to delivery cost savings and greater resiliency — and that pressure is intensifying.

THE FINANCIAL REALITY

[According to the American Hospital Association](#), total hospital expenses grew 5.1% in 2024 — neatly double the overall inflation rate — with supply costs ranking as the second largest expense category behind labor. When supply costs rise without corresponding increases in reimbursement, health systems face a direct tradeoff; absorb the loss, reduce services, or pass costs downstream. All three outcomes affect patients.

The solution is not simply more investment in technology. The differentiator is rarely system capability, but operating discipline. Technology enables performance. Governance, data integrity, and executive accountability realize it.

Organizations that consistently outperform their peers treat ERP platforms and their supplemental systems as interconnected components within a governed operating model, not isolated solutions.

ERP Modernizations as Operating Model Transformation

Modern ERP environments increase transparency across purchasing, inventory, contracting, accounts payable, and finance. That transparency creates organizational dependence on data accuracy, ownership clarity, and metric consistency.

The most successful organizations intentionally incorporate governance design, KPI definition, contract alignment, and data stewardship into the implementation phase itself — not deferred to a secondary stabilization phase.

Common post-implementation obstacles include:

- Misalignment between GPO contract terms and ERP pricing tables
- Diffused ownership of item and contract data
- Inconsistent KPI definitions across facilities
- Analytics layered over unstable data foundations

WHAT HIGH PERFORMERS DO DIFFERENTLY

Organizations that realize sustainable performance post go-live share a common discipline: clear accountability structures, standardized definitions, and consistent review cadence. System sophistication must be matched by governance sophistication.

SECTION 2

GOVERNANCE AS THE PERFORMANCE LEVER

BOTTOM LINE

Governance is the mechanism that converts system investment into financial return. Without it, analytics go unreviewed, data ownership diffuses, and performance gaps compound quietly until they surface as a crisis. With it, organizations shift from reactive correction to managed, measurable improvement.

In a multi-platform environment that includes ERP systems, GHX transactions, GPO contracts, and emerging AI tools, governance becomes the central performance mechanism. It is the structured framework through which performance is monitored, reviewed and improved, and is the discipline most commonly absent in organizations that stall after go-live.

The Three Core Disciplines

High-performing organizations institutionalize three governance disciplines. Each is necessary, none is sufficient alone.

DISCIPLINE	WHAT IT MEANS	WITHOUT IT
Defined Ownership	Named stewards accountable for item master, contracts, integrations, and KPIs — with explicit scope and escalation paths	<i>Data drifts undetected. When metrics are wrong, no one owns the correction.</i>
Standardized Definitions	Consistent KPI logic, calculation methods, and reporting periods applied uniformly across all facilities, business units, and systems	<i>Facility comparisons are meaningless. Benchmarking becomes political, not analytical.</i>
Consistent Review Cadence	Scheduled forums where executives review and act on performance data	<i>Analytics go unused. Issues compound quietly until they escalate into a financial event.</i>

What Each Discipline Looks like in Practice

Defined Ownership

Ownership means named accountability with clear scope. For each critical data domain and performance metric, there should be a designated steward responsible for accuracy, a defined escalation path when issues arise, and an explicit connection to the governance forum where that metric is reviewed.

Ownership gaps most commonly appear in:

- Item master changes: processed without formal review or approval workflow
- Contract pricing: loaded by one team, monitored by non
- Integration health: assumed to be working until a fill-rate problem surfaces
- OTIF definitions: interpreted differently across facilities with no single owner

Standardized Definitions

In multi-facility health systems, the same KPI can be calculated five different ways across five sites, and every calculation may be technically defensible. The result is that performance reviews become debates about methodology rather than decisions about action.

Standardization requires explicit decisions about what each metric includes and excludes, how time periods are bounded, and where data is sourced. These decisions should be documented, version-controlled, and applied uniformly across the ERP and interconnected third party solutions.

Consistent Review Cadence

A governance cadence should be decision-making rhythm, not a reporting schedule. The distinction matters. Reporting delivers information. Governance assigns accountability, tracks follow-through, and surfaces systemic issues before they become financial events.

FORUM	FREQUENCY	FOCUS	OUTPUT
Operational	Weekly	Integration health, OTIF expectations, open items	Assigned actions with owners and due dates
Performance	Monthly	KPI trends, contract compliance, supplier scorecard	Escalations, root cause review, corrective plans
Executive	Quarterly	Financial outcomes, working capital, strategic alignment	Resource decisions, priority adjustments, board-level visibility

THE GOVERNANCE TRAP TO AVOID

Many organizations have governance structures on paper — a steering committee, a review calendar, a KPI dashboard. The gap isn't necessarily structure, but more so activation. Governance becomes performative when meetings happen without pre-read materials, when metrics are reviewed without assigned owners, and when issues are acknowledged without follow-through dates. **The test of governance maturity is not whether the meeting occurs — it is whether decisions made in that meeting change behavior by the next one.**

Organizations that govern well do not just monitor performance —they are structurally organized to improve it. Governance formalizes accountability and ensures performance discussions remain connected to measurable financial outcomes

SECTION 3

DATA INTEGRITY ACROSS THE SUPPLY CHAIN ECOSYSTEM**BOTTOM LINE**

Data integrity is not a technical concern alone, it is a performance concern. Advanced tools and AI amplify existing data conditions, they do not often correct them. Upstream inaccuracies propagate quickly across purchasing, invoicing, reporting, and analytics.

Sustainable optimization begins with trusted foundations across five data domains:

DATA DOMAIN	RISK IF UNMANAGED	GOVERNANCE ACTION
Item Master	Purchasing errors, reporting distortion	Formal stewardship + change control
Identifier Standards (GTIN/UDI)	Analytics unreliability, recall gaps	Supplier sync + cross-facility normalization
Contract & Price Accuracy	Margin erosion, tier leakage	Automated validation + load governance
Transaction Integrity	Fill-rate distortion, supplier misattribution	Disciplined interface monitoring
OTIF Measurement	Executive confidence erosion	Consistent definitions + validated receipt data

Across item masters, identifiers, contracts, transactions, and supplier metrics, the pattern is consistent. Organizations that treat foundational data as a governance priority — not a technical cleanup task — are better positioned to realize the value of every system and analytics investment build on top of it.

A Closer Look: OTIF Measurement

On-Time, In-Full (OTIF) metrics provide objective visibility into supplier reliability and internal receiving effectiveness. However, metric credibility depends on consistent definitions, accurate expected delivery dates, and reliable receipt confirmation processes.

OTIF data is only as reliable as the supply planning behind it. When par levels are outdated or consumption data is unreliable, orders are placed at the wrong time or in the wrong quantity — and even a strong OTIF score can mask underlying planning gaps.

SECTION 4

FROM ANALYTICS TO ACCOUNTABLE ACTION

AI-enabled platforms and advanced dashboards are increasingly present within health system supply chains. Predictive forecasting, anomaly detection, and automated compliance monitoring offer measurable opportunity.

Value realization on these tools, however, depends on structured integration into operating cadence. Leading organizations treat AI as an aid for governing, not a substitute for it.

Analytics must be:

- Reviewed within formal governance forums
- Linked to financial outcomes
- Assigned to accountable owners
- Supported by defined response protocols

THE GOVERNANCE-ANALYTICS LINK

Insight without ownership does not produce improvement. The question is not whether your organization has the right dashboard — it is whether someone is accountable for action on what the dashboard shows, within a defined timeframe, with a measurable follow-through.

EXECUTIVE VALIDATION CHECKLIST

ALIGNING SYSTEMS, GOVERNANCE, AND PERFORMANCE

The sections above outline the conditions that separate high-performing supply chains from those still chasing the value their modernization investments promised. The checklist below translates those conditions into a practical self-assessment. Leaders who can answer confidently across all three dimensions have the foundations in place. Those who cannot have a clear starting point.

VALIDATE Foundational alignment and data credibility	GOVERN Accountability structures and review discipline	MEASURE Indicators tied to operational and financial outcomes
<ul style="list-style-type: none"> ▪ ERP, GHX, GPO, and other third party synchronization 	<ul style="list-style-type: none"> ▪ Structured item and contract change workflows 	<ul style="list-style-type: none"> ▪ Contract compliance rate by GPO and facility
<ul style="list-style-type: none"> ▪ Accurate contract loads and tier structures 	<ul style="list-style-type: none"> ▪ Ongoing GPO alignment review 	<ul style="list-style-type: none"> ▪ OTIF by supplier and category
<ul style="list-style-type: none"> ▪ Reliable ERP-to-GHX transaction integrity 	<ul style="list-style-type: none"> ▪ Integration health monitoring with defined ownership 	<ul style="list-style-type: none"> ▪ Invoice turns and days on hand
<ul style="list-style-type: none"> ▪ Defined stewardship of item and price data 	<ul style="list-style-type: none"> ▪ Routine supplier OTIF and compliance governance 	<ul style="list-style-type: none"> ▪ Inventory turns and days on hand
<ul style="list-style-type: none"> ▪ Standardized OTIF definitions 	<ul style="list-style-type: none"> ▪ Executive sponsorship of KPI performance 	<ul style="list-style-type: none"> ▪ Working capital and cash conversion
<ul style="list-style-type: none"> ▪ Trusted inventory and consumption data 	<ul style="list-style-type: none"> ▪ Analytics review cadence with defined ownership and follow-through accountability 	<ul style="list-style-type: none"> ▪ Analytics adoption and action rate
<ul style="list-style-type: none"> ▪ Reliable inputs supporting analytic tools 	<ul style="list-style-type: none"> ▪ Working capital and inventory performance included in executive governance forums 	<ul style="list-style-type: none"> ▪ Analytics action rate — insights driving documented decisions

SECTION 5

FROM IMPLEMENTATION TO OPTIMIZATION

ERP implementation establishes infrastructure. Optimization converts infrastructure into sustained performance improvement. Organizations typically progress through three stages:



Across ERP platforms and third-party systems, the pattern is consistent. Systems provide capability. Disciplined operating models deliver results.

CLOSING PERSPECTIVE

Performance is not achieved at go-live. It is realized through structured alignment, governed data, and accountable leadership. Organizations that validate foundational data, align contracts and systems, govern performance consistently, and embed analytics into decision-making convert modernization into measurable financial return.

For supply chain and finance leaders, the path forward is not another platform evaluation, it is an honest assessment of the operating discipline surrounding the systems already in place.

RPI Consultants works with health systems at every stage of that journey, from post-go-live stabilization through sustained optimization. If your organization is navigating the gap between implementation and performance, we'd welcome the conversation. Contact us to learn more about how we can help your health system realize the full potential of its systems, data, and people.

ABOUT THE AUTHOR

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Stephanie provides executive oversight for complex, multi-stakeholder initiatives and is known for establishing practical governance, strengthening delivery discipline, and aligning supply chain, finance, HR/payroll, and technology teams around measurable outcomes. Her advisory engagement focus on:

- Post go-live stabilization and governance design
- Data integrity and contract alignment — item master, identifiers, and price accuracy
- Program risk management, delivery assurance, and stakeholder alignment
- Executive KPI governance and operating cadence to translate analytics into action