

## Memorial Healthcare System Taps IBM to Prevent Vendor Fraud, Reduce Operating Costs

**Big Data Analytics and Smarter Content Management contribute to millions in cost savings and increased vendor transparency**

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LAS VEGAS, Nov. 4, 2013 /PRNewswire/ -- IBM (NYSE: [IBM](#)) today announced that [Memorial Healthcare System](#) is using IBM Big Data analytics and Smarter Content management capabilities to prevent fraud and reduce costs across its extensive third party vendor network.

(Logo: <http://photos.prnewswire.com/prnh/20090416/IBMLOGO> )

With its new vendor vetting system, the second largest public healthcare network in the U.S. not only minimizes the potential for fraud, but also reduces vendor invoice cycles by better understanding its vendor community and identifying potential conflicts of interest.

Headquartered in Hollywood, Fla., Memorial Healthcare System provides more than 1,900 licensed beds in six hospitals at multiple locations throughout the south Broward county area. Memorial Healthcare manages approximately 6,000 vendors and processes about 300,000 invoices annually. These vendors provide such products and services as facilities management, construction, lab testing and related capital equipment, specialized nursing care, and janitorial work.

According to the [National Health Care Anti-Fraud Association](#), the U.S. health care system spends \$2.3 trillion dollars and generates billions of claims a year from hundreds of thousands of health care service and product providers. Further, financial losses due to healthcare fraud are estimated to range from \$70 billion to \$236 billion annually, with significant losses tied to vendor billing schemes.

Combining a [content](#) management system for consolidating accounts payable processes with an intelligent analysis system that checks vendor data against more than 800 internal and external databases, Memorial Healthcare unlocks new insights that manage potential vendor risks, including conflict of interest and even criminal behavior. In one case, the analytics revealed that three vendors were colluding to price rig a proposal.

"As we gained transparency into the vendor vetting process, the staff moved from a clerical role to an analytical role," said David Alexander, vice president of finance, Memorial Healthcare System. "We now have a fraud management platform across the entire hospital network that reduces risk and [enterprise content management](#), and simultaneously speeds up invoice processing saving millions in the process."

The vendor vetting system, known as VETTED, was built based on Memorial Healthcare System's existing enterprise content management platform from IBM and business partner [Information Management Consultants](#) (IMC). By adding IBM [i2](#) analytics capabilities, Memorial Healthcare now has greater visibility into its vendor community and accounting staff can complete vetting activities within a few hours. The system's analytics connect the dots among vendor companies and between individuals, vendor companies and physicians to help

uncover potential fraudulent behavior.

The ECM application automatically routes invoices through a verification process that uses a hierarchy of people responsible for ensuring that the hospitals deliver products and services according to contract. The system has an audit trail to indicate that the appropriate person signed each invoice. Memorial Healthcare can control when they pay specific vendors and the process is auditable. Faster invoice processing has led to vendor discounts of more than \$2 million.

"Memorial Healthcare is at the forefront of hospital systems seeking to reduce administrative costs and in doing so has also reduced the potential for fraud," said Robert Griffin, vice president, Industry and Counter Fraud Solutions at IBM. "With big data analytics and effective content management, they have greater visibility into their vendor community where trusted relationships are established, payments are processed faster and malfeasance is eliminated."

Memorial Healthcare System relies on IBM Content Manager and the IBM i2 Intelligence Analysis [Platform](#).

IBM was again named a leader in Gartner's Magic Quadrant for Enterprise Content Management, authored by Mark R. Gilbert, et al. on September 23, 2013 for its completeness of vision and ability to execute. Read Gartner's insights on Enterprise Content Management: <http://www.gartner.com/reprints/ibm-v8-v7?id=1-1KPJFOM&ct=130923&st=sb>

For more information on IBM and Big Data, see [www.ibm.com/bigdata](http://www.ibm.com/bigdata)

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For more insights on Big Data & Analytics visit IBM's Smarter Planet [blog](#).

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