

Global Pharma/Biotech

Uncovering the hidden costs of contract noncompliance



Overview

This leading global biopharmaceutical company stakes its reputation on new product innovations. It produces medicines used by millions of patients worldwide and has a presence in more than 100 countries. The company strives to bring the same focus on innovation to its procure-to-pay and third-party operations.

Challenge

The company wanted to validate whether strategic suppliers were adhering to contract terms, but supplier relationships were “trust” based and low in transparency of adherence to negotiated terms, as well as the company’s own resource constraints prevented it from assessing compliance.

Solution

The company turned to apexanalytix to conduct comprehensive, technology-enabled contract compliance and recovery audits. Contract compliance experts took a deep dive into activity involving three suppliers who represented almost \$200 million of the company’s annual spend. Our experienced auditors looked for unauthorized and inaccurate billings, inflated cost margins, exchange rate fluctuations, volume discounts—and more. In addition, our team provided business intelligence and insight for preventing future value leakage.

Results

apexanalytix experts delivered the following benefits:

- More than \$6 million in recoveries from volume rebates owed but never received, missed negotiated discounts, overbilling of professional fees and unauthorized and duplicate line item charges.
- Supplier relationships were preserved and further enhanced through apexanalytix’s open and transparent approach with both the client and supplier
- Comprehensive recommendations, including:
 - Contract language revisions to eliminate ambiguities
 - Define and delineate key components of the complex pricing, rebate and discount structures
 - Develop ongoing monitoring of supplier’s adherence to billing per negotiated terms
 - Streamlined processes to reduce procure-to-pay cycle times

“Through contract compliance audits, apexanalytix delivered insights on the complexities of our discount and pricing structures, the suppliers’ internal pricing methodologies and tools, in addition to a 3%–5% return on audited spend.”

Commercial Category Lead

\$6M

Value of recoveries from volume rebates owed, missed discounts, etc.

apexanalytix revolutionized recovery audit with advanced analytics and the introduction of firststrike overpayment prevention software. Today, apexanalytix leads the world in supplier management innovation with apexportal and smartvm, the most popular supplier onboarding and compliant master data management solution available. To learn more visit www.apexanalytix.com, email apexinfo@apexanalytix.com or call +1 800-284-4522.

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