

COST OPTIMIZATION DIAGNOSTIC

Prepared for: City General Hospital

Report Date: January 07, 2026

Identified Savings Opportunity: \$43,396.96

7 High-Priority Issues Requiring Immediate Attention

EXECUTIVE SUMMARY

Our analysis of your operational data has identified **\$43,396.96** in potential cost savings across 14 actionable findings.

Metric	Value
Total Findings Identified	14
High Priority Issues	7
Total Savings Opportunity	\$43,396.96
Projected Annual Impact*	\$173,587.84

*Annual impact assumes quarterly recurrence of identified patterns

Savings by Category

Category	Findings	Potential Savings
Contract Compliance Gap	6	\$20.75
Inventory Wastage Prevention	4	\$21,225.00
Inventory Capital Efficiency	2	\$22,147.25
Vendor Price Optimization	2	\$3.96

COST LEAKAGE OVERVIEW

The following table summarizes all identified cost optimization opportunities, prioritized by potential financial impact.

Priority	Category	Description	Savings
Immediate	Inventory Capital Ef	SKU SKU109 has 400 days of inventory on hand (2000 units at 5.0/day) \$1,750 consider re...	\$1,750
Immediate	Inventory Wastage Pr	SKU SKU102 expires in 13 days (2026-01-20). 800 units at risk valued at \$6.00/... \$4,800.00...	\$4,800
Immediate	Inventory Wastage Pr	SKU SKU108 has EXPIRED (2026-01-01). 100 units need immediate disposal \$5.00 - loss of...	\$500
Immediate	Inventory Wastage Pr	SKU SKU104 expires in 3 days (2026-01-10). 900 units at risk valued at \$6.00/... \$5,400.00....	\$5,400
Optimize W	Inventory Capital Ef	SKU SKU101 has 100 days of inventory on hand (500 units at 5.0/day) \$2,500 consider re...	\$2,500
Immediate	Inventory Wastage Pr	SKU SKU103 expires in 8 days (2026-01-15). 350 units at risk valued at \$6.00/... \$2,100.00....	\$2,100
Immediate	Contract Compliance	SKU SKU004 from MedEquip Ltd: Invoiced at \$52.00 but contract price is \$40.00. Over...	\$12.00
Action Rec	Contract Compliance	SKU SKU004 from MedEquip Ltd: Invoiced at \$45.00 but contract price is \$35.00. Over...	\$10.00
Action Rec	Vendor Price Optimiz	SKU SKU001 purchased from PharmaCorp at \$22.50 is 17.4% above average vendor price of \$19.00/... \$3.50	\$3.50
Immediate	Contract Compliance	SKU SKU003 from Medical Supplies Inc: Invoiced at \$6.50 but contract price is \$5.00/... \$1.50	\$1.50
Action Rec	Contract Compliance	SKU SKU002 from HealthCare Wholesale: Invoiced at \$9.50 but contract price is \$8.00/... \$1.50	\$1.50
Optimize W	Vendor Price Optimiz	SKU SKU003 purchased from Medical Supplies Inc at \$6.50 is 10.6% above average vendor price of \$6.00/... \$0.60	\$0.60
Optimize W	Contract Compliance	SKU SKU002 from Medical Supplies Inc: Invoiced at \$8.50 but contract price is \$8.00/... \$0.50	\$0.50
Optimize W	Contract Compliance	SKU SKU003 from PharmaCorp: Invoiced at \$5.25 but contract price is \$5.00/... Over...	\$0.25

TOP PRIORITY FINDINGS

Finding #1: Inventory Capital Efficiency

Priority Level: Immediate Action Required

Potential Savings: \$17,750.00

Description: SKU SKU109 has 400 days of inventory on hand (2000 units at 5.0/day). Consider reducing stock to avoid tie-up.

Recommended Action: Reduce order quantities and implement demand-based ordering

Finding #2: Inventory Wastage Prevention

Priority Level: Immediate Action Required

Potential Savings: \$6,800.00

Description: SKU SKU102 expires in 13 days (2026-01-20). 800 units at risk valued at \$6800.00. Location: Storage B.

Recommended Action: Expedite usage, redistribute, or arrange vendor returns

Finding #3: Inventory Wastage Prevention

Priority Level: Immediate Action Required

Potential Savings: \$5,500.00

Description: SKU SKU108 has EXPIRED (2026-01-01). 100 units need immediate disposal - loss of \$5500.00.

Recommended Action: Expedite usage, redistribute, or arrange vendor returns

Finding #4: Inventory Wastage Prevention

Priority Level: Immediate Action Required

Potential Savings: \$4,725.00

Description: SKU SKU104 expires in 3 days (2026-01-10). 900 units at risk valued at \$4725.00. Location: ICU Storage.

Recommended Action: Expedite usage, redistribute, or arrange vendor returns

Finding #5: Inventory Capital Efficiency

Priority Level: Optimize When Feasible

Potential Savings: \$4,397.25

Description: SKU SKU101 has 100 days of inventory on hand (500 units at 5.0/day). Consider reducing stock to avoid tie-up.

Recommended Action: Reduce order quantities and implement demand-based ordering

RECOMMENDED ACTION PLAN

Based on the identified findings, we recommend the following prioritized actions:

Immediate Actions (Next 30 Days)

1. **Contract Compliance Gap:** Audit invoices against contract terms and pursue credits (Est. savings: \$13.50)
2. **Inventory Capital Efficiency:** Reduce order quantities and implement demand-based ordering (Est. savings: \$17,750.00)
3. **Inventory Wastage Prevention:** Expedite usage, redistribute, or arrange vendor returns (Est. savings: \$21,225.00)

Short-Term Actions (30-60 Days)

1. **Contract Compliance Gap:** Audit invoices against contract terms and pursue credits (Est. savings: \$6.50)
2. **Vendor Price Optimization:** Consolidate procurement to lowest-cost vendors or renegotiate pricing (Est. savings: \$3.34)

Total Addressable Savings: \$43,396.96

Conservative estimate based on current data. Actual savings may vary based on implementation speed and negotiation outcomes.

METHODOLOGY & SCOPE

Analysis Approach

This diagnostic was conducted using rule-based analysis of your operational data. The following categories were evaluated:

- **Vendor Price Variance:** Comparison of unit prices across vendors for identical items (SKUs) to identify pricing inconsistencies.
- **Contract Compliance:** Validation of invoiced prices against contracted rates to identify overcharges.
- **Inventory Efficiency:** Analysis of stock levels relative to usage rates to identify capital tied up in excess inventory.
- **Expiration Risk:** Identification of items approaching expiration with significant quantities remaining.

Data Scope

This analysis was based on data uploaded to CostIQ as of January 07, 2026. Findings reflect point-in-time analysis and should be validated with current operational data before taking action.

Limitations

- Savings estimates are projections based on available data and may vary with implementation
- Analysis limited to categories with sufficient data for comparison
- Contract pricing comparisons require contract data to be present in uploaded files
- Expiration analysis depends on expiry dates being populated in inventory records