



CHALLENGE 07

Misunderstanding Procurement, GPOs, and Contracting

Part of the Provider-Informed Field Guide

Whose Lens Is Your Health IT Go-to-Market Strategy Built Through?

"A contract can make you easier to buy from. It cannot make you worth buying."



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A practical chapter for Health IT founders, revenue leaders, and commercial teams selling to hospitals and health systems.

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THE CORE IDEA

Contract Access Is Not Buyer Demand

Health IT companies sometimes treat procurement, GPO agreements, and contracting as the final administrative steps in an otherwise completed sale. They are not.

A provider may believe the technology creates value and still need to determine whether it can be purchased through established processes, whether commercial terms are acceptable, whether additional approvals are required, and whether the vendor can support an enterprise relationship.

The reverse mistake is just as common: a vendor obtains a GPO contract or purchasing vehicle and assumes that access will create demand. It will not.

A contract can make you easier to buy from. It cannot make you worth buying.

SELLER'S LENS VS. BUYER'S LENS

Health IT companies often look at procurement and contracting as mechanisms for getting the deal completed. Providers view them as part of the process for making sure the organization is buying the right solution, from the right vendor, under acceptable terms and risk.

SELLER'S LENS	BUYER'S LENS
"We have a contract path." • Access through a GPO or purchasing agreement • Preferred or pre-negotiated terms • An easier contracting path • Fewer administrative barriers • Access to member organizations • A shorter route to procurement • Improved market credibility • An opportunity to accelerate closing	"We still need a reason to buy." • Does this solve an important enough problem? • Have the right stakeholders approved it? • Has value analysis been completed? • Does the business case justify the investment? • Are the commercial terms acceptable? • What obligations and risks are created? • Can the vendor support implementation and scale? • Does the purchasing vehicle fit how we buy?
Contract access reduces purchasing friction. It does not create organizational demand.	



WHY THIS BECOMES A GTM PROBLEM

Purchasable Does Not Mean Buyable

When vendors confuse contracting access with commercial readiness, they can invest significant time in agreements that make the solution purchasable without creating the internal demand required to actually purchase it.

The GPO Contract Becomes the GTM Strategy Access to member organizations is expected to generate demand without a sales motion.	“We’re on Contract” Is Mistaken for Pipeline Potential access is mistaken for active demand, qualified opportunities, and real pipeline progression.
Procurement Appears Too Late The business team agrees before the seller understands how the organization must purchase.	Value Analysis Becomes a Surprise Evidence, financial justification, or operational documentation is requested late.
Contract Terms Slow the Deal Legal, liability, pricing, implementation, data, or service requirements surface late.	The Vendor Is Easy to Buy but Hard to Scale The purchasing mechanism exists, but operational readiness for broader adoption does not.
A purchasing vehicle is not a buying signal.	



PROVIDER PERSPECTIVE

What Procurement and Finance Leaders Reinforce

JAMES LUDWIG Former Premier Executive A GPO Agreement Is a License to Hunt A GPO can simplify access to contracting mechanisms and commercial terms once the buying decision has been made. But the vendor still needs to identify the problem, build internal support, demonstrate value, navigate evaluation, and win the provider’s decision. Treat GPO access as an enabler of the sales process—not as a substitute for it. Hear the Conversation →	MARISA FARABAUGH Chief Supply Chain Officer, AdventHealth Purchasing Decisions Extend Beyond Product Interest Supply chain and procurement may evaluate value analysis, commercial terms, standardization, pricing benchmarks and market comparisons, operational requirements, and whether the vendor can support the broader organization. Understand how the provider evaluates and purchases technology before the opportunity reaches contracting. Hear the Conversation →
ROBIN DAMSCHRODER Chief Financial Officer, Henry Ford Health Contracting Does Not Replace the Investment Decision An available purchasing mechanism does not answer whether the investment should be made. Finance still needs confidence in economics, timing of value, assumptions, and competing uses of organizational resources. Make the business case strong enough to earn the purchase before relying on the contract path to complete it. Hear the Conversation →	



HOW TO DIAGNOSE PROCUREMENT & CONTRACTING READINESS

Separate Access From Demand

A contract can provide access. It cannot guarantee opportunity. Distinguish the mechanism that makes a solution available from the buyer evidence that shows someone actually wants to buy.

CONTRACT ACCESS	BUYER DEMAND
• Available purchasing vehicle • Negotiated commercial terms • Membership access • Simplified procurement • Established vendor status	• Important problem • Active internal sponsor • Committed stakeholders • Validated business case • Defined Decision Process • Organizational priority

Being available to purchase is not the same as being selected for purchase.

Understand the Provider’s Purchasing Path Early

The Paper Process in MEDDPICC® should not begin when the contract arrives. Understand whether a GPO is required, whether procurement or value analysis is involved, what documentation is needed, when legal review begins, how pricing is evaluated, and what approvals are needed before signature.

Paper Process should be discovered—not discovered late.



HOW TO DIAGNOSE PROCUREMENT & CONTRACTING READINESS

Prepare for Value Analysis—and Pricing Benchmarks

Value analysis may examine clinical or operational value, financial impact, workflow implications, implementation requirements, comparative alternatives, standardization, risk, utilization, and expected outcomes.

Some healthcare organizations also use anonymized supply-chain price-checking and benchmarking resources. Vendors should not assume the price presented to one provider exists in isolation.

The seller may think it is negotiating a price. The provider may be benchmarking a market.

Make Sure the Company Can Support the Contract It Wins

Winning an enterprise contract can expose weaknesses invisible during a smaller sales process. The provider may expect implementation capacity, service levels, training, support, reporting, security commitments, integration resources, geographic coverage, and the ability to support broader deployment.

The goal is not simply to win access to a large customer base. It is to be ready to serve it.

DIAGNOSTIC CONTENT — BOTTOM LINE

Procurement readiness means understanding how the provider will purchase, what evidence and approvals are required, and whether the vendor can support the relationship after the contract is signed.



BETTER DISCOVERY QUESTIONS

Don't Ask / Ask Instead

Good procurement discovery goes beyond asking when the contract will be sent. It helps the sales team understand the purchasing process early enough to anticipate the evidence, stakeholders, and approvals required to complete the decision.

DON'T ASK	ASK INSTEAD
"Are you a member of our GPO?"	"Once your organization decides to move forward, what purchasing path would typically be used for a solution like ours?"
"When will procurement send us the contract?"	"What procurement, value-analysis, legal, or contracting steps need to occur before an agreement can be finalized?"
"If we're already on contract, can we move straight to purchase?"	"What internal approvals still need to occur even when an existing purchasing agreement is available?"

The objective is not simply to find the shortest contracting path. It is to understand the complete path from provider decision to executable purchase.



CHECKLIST + BUYER'S-LENS TEST

From Contract Access to Commercial Readiness

Before treating an available contract or GPO relationship as evidence of commercial readiness, the sales team should understand whether real buyer demand exists, what purchasing process will be used, what evidence remains necessary, and whether the company can support the resulting relationship.

1. Questions Health IT Companies Should Be Able to Answer

• Is there genuine provider demand for the solution? • What purchasing vehicle will likely be used? • Is a GPO or preferred agreement required? • When does procurement become involved? • Is value analysis required? • What evidence will value analysis evaluate?	• What legal or contracting reviews remain? • Who owns the Paper Process internally? • What could delay signature? • Are commercial terms already established? • What obligations begin after contracting? • Can the vendor operationally support the scale of the agreement?
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If the sales team knows how the provider can purchase but cannot explain why the provider will purchase, the opportunity is not commercially ready.



THE BUYER'S-LENS TEST

A Procurement-Ready Opportunity Should Pass Five Tests

A procurement-ready opportunity should allow the sales team to answer “yes” to each of the following:

✓ **Yes, real buyer demand exists.**

The contract path is supporting an active buying decision, not substituting for one.

✓ **Yes, the purchasing process is understood.**

Procurement, value analysis, legal, contracting, and required approvals are visible.

✓ **Yes, the required evidence is available.**

The vendor is prepared to support the provider’s evaluation beyond the product demo.

✓ **Yes, the Paper Process is mapped.**

The team understands what must happen between business approval and signature.

✓ **Yes, we can support what we are selling.**

The company has the operational capacity to meet the obligations created by the agreement.

When those five answers are present, procurement and contracting become part of a predictable buying process rather than a late-stage surprise.

DAVID'S GTM TAKEAWAY

GPO contracts, preferred-vendor agreements, and purchasing vehicles can be valuable. They can remove friction, create access, and make a company easier to purchase from.

But they do not create the underlying buying decision. The vendor still needs to solve an important problem, build internal support, demonstrate value, navigate the buying committee, and earn the investment.

And when pricing enters the discussion, remember that procurement may have market reference points the seller cannot see.

The seller may think it is negotiating a price. The provider may be benchmarking a market.

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PART OF THE COMPLETE FIELD GUIDE

Whose Lens Is Your Health IT Go-to-Market Strategy Built Through?

Challenge 07 is one chapter in a 10-part provider-informed field guide examining the most common reasons promising Health IT companies struggle to move from initial interest to predictable revenue and scalable provider relationships.

The strongest Health IT go-to-market strategies are not built around how the vendor wants to sell. They are built around how the provider needs to buy.

01 Problem Importance	02 Pilot ≠ Commercial Validation
03 Payback Period	04 Workflow & Adoption
05 Security, Governance & Risk	06 The Buying Committee
07 Procurement, GPOs & Contracting	08 Policy, Standards & Interoperability
09 Scaling Sales Too Early	10 Pipeline vs. Commercial Readiness

[Explore the Complete Field Guide →](#)



ABOUT THE AUTHOR

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David Hacker brings more than 30 years of experience across healthcare delivery, Health IT, sales leadership, and go-to-market strategy. His provider-side and vendor-side experience shapes Elevate HIT Sales' practical approach to helping Health IT companies sell more effectively into complex healthcare organizations.

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