Clearsense

HEALTHCARE M&A INVESTMENT THESIS: COMPOUND COST SAVINGS THROUGH MODERNIZED ARCHIVING

Gartner®

CASE STUDY:

- **$68** Million saved
- **740** Legacy applications retired
- Download the full case study

TABLE OF CONTENTS

EXECUTIVE SUMMARY

Healthcare mergers and acquisitions (M&A) are a valued, yet complex strategic approach widely embraced by organizations to achieve significant opportunities for cost reductions, operational efficiencies, and enhanced patient outcomes. M&As present greater financial advantages when the **investment thesis** incorporates strategies for the decommissioning of modernized applications

Health system C-suite leaders should consider the modernized decommissioning of applications for:

- **COMPOUND COST SAVINGS:** Achieve results faster and save 3–4 times more by shortening decommissioning timelines from years to months
- **ACCELERATING TRANSITION SERVICE AGREEMENT (TSA) SAVINGS:** Decommissioning over a shortened timeframe greatly reduces these operational transition costs
- **ONE-TIME CAPEX BUDGET UTILIZATION FOR OPEX REDUCTIONS:** Fund archiving implementations via CapEx to cut permanently or reduce operating expense
- **ACTIVE DATA ARCHIVING:** Keeps data accessible in the clinical EHR workflow to drive continuity of care

Clearsense stands ready to guide healthcare organizations through this journey, ensuring that each M&A becomes a strategic success story.

CHAPTER 1:
THE EBB AND FLOW OF HEALTHCARE M&As

Healthcare mergers and acquisitions (M&A) have traditionally served as a reliable strategy for providers to expand, improve efficiency, and boost patient outcomes. In recent years, however, the M&A landscape has grown more volatile, with deal activity, valuations, and technology demands increasingly shaped by broader economic trends, available capital, and shifting policy priorities.

After a relatively strong start to 2024—driven in part by a handful of large-scale deals—M&A momentum waned amid inflationary pressures, rising interest rates, regulatory uncertainty, and reimbursement headwinds.
Many organizations scoped deals more cautiously, favoring operational optimization over bold "bet-the-farm" consolidations.

By early 2025, healthcare deal-making shifted away from conventional hospital-to-hospital mergers, toward distressed systems, digital health and health-tech innovators, and platform-driven models.

Despite these market ebbs and flows, the underlying drivers pushing consolidation—scale, clinical integration, cost synergies, and digital enablement—haven't gone away. Market watchers expect a more favorable window in the back half of 2025 as interest rates moderate, capital loosens, and regulatory frameworks become clearer.

Thus, while the cadence and complexion of deals have shifted over time, the imperative remains: health systems entering or executing an M&A must anticipate and embed compounding cost-cutting levers in their investment thesis and operation Day 1.

CHAPTER 2: IT CHALLENGES OF AN M&A

Market factors are not the only variables influencing the effectiveness of an M&A. Regardless of market conditions, M&As are complex undertakings. This is especially true for healthcare Chief Executive Officers (CEO), Chief Financial Officers (CFOs), Chief Operating Officers (COO), and Chief Information Officers (CIOs). Under constant pressure to reduce costs and improve the operational efficiency of their teams, finance and IT leaders face unique challenges when managing M&As that involve the integration of diverse IT systems.

SEIZING THE COST TAKEOUT OPPORTUNITY

When healthcare organizations merge, they often end up with multiple overlapping Electronic Health Record (EHR) platforms, Enterprise Resource Planning (ERP) systems and redundancies in the hundreds of specialized applications healthcare organizations typically operate. Analysts estimate that 20-30% of these systems are redundant or obsolete, representing a significant cost-cutting opportunity. Yet, variations in processes, configurations, security settings and other technical standards as well as the need to retain decades of historical data for compliance and legal requirements, add a layer of complexity to an M&A which many healthcare IT leaders either fail to anticipate or adequately prepare to address.

As a result, these bloated application environments require health systems to employ disparate IT teams to support legacy systems. Rather than synergizing, these teams continue to work in their own silos, managing redundant and incompatible applications which not only drive up licensing and infrastructure costs but staffing costs as well.

However, with the right tool as a foundation, the cost savings of an application decommissioning effort can be massive. One national health system leveraging Clearsense's tools and support for instance, decommissioned 750 applications in four years after a series of M&A deals and enterprise software consolidation. Saving $70+ million (with a target goal exceeding $100 million in cost takeout once their enterprise EHR archiving effort concluded), KLAS Research in August 2024 recognized Clearsense's effort on this client's decommission project as delivering "the largest, most complex... project, with the highest implementation support quality of any vendor."[1]

> Trinity Health decommissioned 750 applications in four years, saving over $70M

[1] Tyson Blauer and Paul Warburton, Data Archiving 2024; Examining the Complexity & Content of Archive Deployments, KLAS Research, August 27, 2024

Strategically consolidating redundant or outdated IT systems, frequently referred to as “application rationalization”, presents an immediate pathway for health systems to quickly achieve financial goals.

Application rationalization typically involves upfront capital expenditures (CapEx) including investments in new technology solutions, software customization and expert consulting services. Through these capital investments, organizations are enabled to realize significant reductions in ongoing operational expenses (OpEx) such as licensing fees, infrastructure upkeep and staffing requirements for legacy systems. By using capital budgets to implement an active archiving solution, organizations can remove millions of dollars in operational expenses allowing them to realize multiple returns on their investment.

THE ECONOMICS OF ACCELERATION

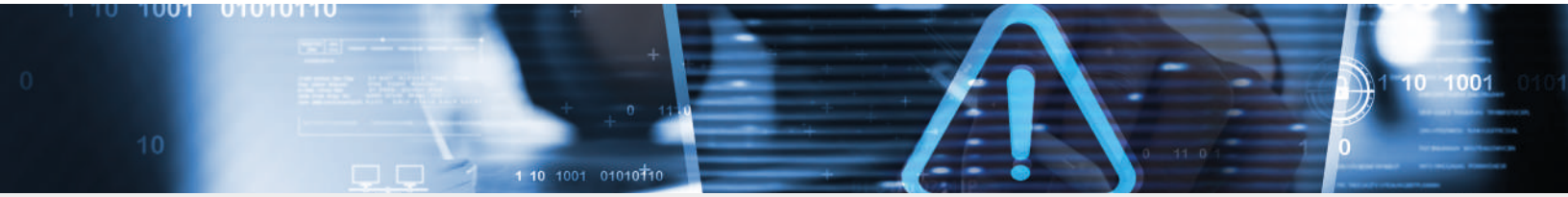
Speed multiplies value.

In healthcare transformation, speed isn’t linear—it compounds. The faster systems move from legacy burden to optimized operations, the greater the downstream economic gain.

Consider a health system that compressed its application-retirement cycle from five years to one. By accelerating the timeline, the organization captured an additional $20 million in savings, driving a total net reduction of $32 million in one year.

Moreover, Clearsense modeling indicates that for every $1 million reduction in operating expense, approximately $25 million in revenue potential may be realized, assuming an average not-for-profit operating margin of 4%.

Accelerating application retirement from five years to one unlocked $32 million in savings.



Legacy systems are a top source of cybersecurity risk during healthcare mergers.

CYBERSECURITY

Cybersecurity presents another significant challenge to IT leaders during an M&A.

Healthcare organizations initiating a merger often inherit applications that are no longer supported by vendors, run on outdated operating systems or developed in-house without modern cybersecurity controls. In some cases, these systems cannot be patched, upgraded, or migrated to new servers due to operating system incompatibilities leaving organizations vulnerable to ransomware attacks and a prime target for cybercriminals. A very real concern given the explosive growth in healthcare cyber threats in both sophistication and volume.

According to Sophos[2], 67 percent of healthcare organizations were successfully hit by ransomware in 2024. That's up by seven percentage points from the year before, and nearly double the percentage of organizations that reported ransomware hits in 2021.
The consequences of data breaches can be catastrophic. Depending on the nature of the attack, a network breach could bring down IT operations, lock teams out of their applications, block access to data, or publicly release patient data - outcomes that can expose organizations to massive financial losses, incalculable reputation damage and cripple the entire healthcare industry's ability to operate.

Healthcare organizations can mitigate these risks through application decommissioning and migrating data from legacy systems into a modern, HITRUST- and SOC 2 Type 2-certified cloud environment. By decommissioning applications and moving data to a secure public cloud platform, health systems will eliminate a significant source of cyber vulnerabilities, while ensuring that they remain compliant with data retention regulations.

[2] The State of Ransomware in Healthcare 2024, Sophos, August, 2024.

CHAPTER 3:
THE FOUNDATIONS OF SEAMLESS M&A INTEGRATION

The data, security and financial IT complexities of M&A underscore an important reality: without a thoughtful plan for application and data consolidation guided by robust governance and collaboration, many organizations can lose all gains in efficiency which initially spurred on the M&A transaction.

To make an M&A transaction successful, organizations need a strategic **Application Portfolio Management** (APM) roadmap. The most successful health systems make APM part of the original M&A investment thesis and strategic plan by forecasting the timing and amount of cost takeout from the consolidation of redundant and outdated applications. By leveraging this strategic decommissioning approach, organizations can achieve greater efficiency and lower costs ultimately increasing the overall value derived from an M&A.

THE APM ROADMAP

An APM roadmap gives IT leaders a structured, data-driven path to consolidate redundant or outdated systems with precision and speed. What once spanned multiple fiscal years can now be executed in months—unlocking compounded savings and accelerating value realization.

A strategic APM roadmap helps healthcare M&As consolidate systems, unlock savings, and accelerate value realization.

An APM initiative typically begins by examining capital expenditures (CapEx) such as technology investments, software customization, and consulting services. These often reveal hidden opportunities to reduce operational expenses (OpEx) tied to duplicative licensing, infrastructure maintenance, and legacy system staffing. When this process is compressed into months instead of years, health systems eliminate waste faster, curtail overlapping maintenance renewals, and free capital for reinvestment—yielding exponential financial impact rather than incremental gains.

The roadmap should also evaluate the organization's **accounting treatment of technology capitalization** (for example, ERP implementations). Aligning depreciation schedules with shortened project timelines allows systems to realize depreciation and tax benefits sooner while ensuring cost savings flow directly to the bottom line.

Once redundant applications are identified and decommissioning plans established, merging health systems need a

data-enablement platform to maintain continuity during the **Transition Service Agreement (TSA)** period. The **1Clearsense Platform**—an active archiving solution—consolidates data from multiple legacy systems, validates it for accuracy and completeness, and makes it instantly available within current clinical and operational workflows, including historical access from the active EHR at the point of care.

By combining accelerated APM execution with an active archiving strategy, health systems can **compress multi-year projects into months**, producing compounding cost savings, faster balance-sheet relief, and smoother M&A transitions. Investing in these capabilities before a merger not only reduces transition risk and positions the organization for operational agility, regulatory compliance, and improved outcomes for patients and stakeholders alike.

GOVERNANCE AND PROCESS

Technology alone cannot ensure a seamless M&A transition. Without a deliberate plan to guide IT integration, organizations risk maintaining fragmented environments long after an acquisition is finalized. This is why establishing cross-functional governance teams—including representatives from clinical, financial, legal, and IT—must be a top priority. These teams tackle bottlenecks and keep application rationalization efforts on track, particularly crucial when dealing with hundreds of legacy systems.

A proven method is the **"decommissioning assembly line"**. This approach follows three main stages.

During stage one, organizations tackle important prep work to include consulting, vendor management, contract management and budgeting. In the second stage, tech teams perform data tasks such as acquisition, conversion, and migration. During the final stage, teams decommission the applications and manage tasks like decommissioning equipment, technical review, end-user support and regulatory compliance. Daily huddles ensure that every stakeholder's perspective is considered and that issues are addressed before they escalate.

By incorporating rigorous program governance and systematic application decommissioning into the M&A investment thesis, integrated health systems are able to achieve desired efficiencies. This approach can result in substantial cost savings — often amounting to millions or even tens of millions of dollars in licensing fees and infrastructure expenses, while also mitigating cybersecurity risks and providing a solid platform for strategic innovation. With the right mix of enterprise governance, data acquisition services and modern data enablement tools, the APM roadmap becomes a systematic ongoing process of review, archiving and decommissioning of redundant and obsolete applications to continually unlock significant financial and operational benefits.

FUELING INNOVATION

With a robust APM plan in place to address the cost inefficiencies of redundant IT applications and cybersecurity vulnerabilities of legacy systems, healthcare organizations can shift their focus towards leveraging a modern data platform to unlock new capabilities and drive strategic innovation. One that activates stored data.

Traditional archiving practices treat data "passively" allowing it to sit in isolated repositories. Under this approach, archived data does little to advance clinical or operational goals. By contrast, modern data enablement platforms facilitate the **active archiving** of enterprise data, transforming static data into dynamic assets that keep longitudinal patient information readily accessible within clinical workflows in real time.

Acting as middleware, these platforms foster an environment ripe for innovative applications such as clinical trial matching, advanced population health analytics, AI validation, and other forward-looking initiatives. With the right infrastructure in place, M&A transitions become launchpads for digital transformation—not merely exercises in cost reduction.

An essential step in this evolution is ensuring that data from diverse sources is cumulative, complete, and accurate. Modern data "lakehouses" unify the flexibility of "data lakes" with the structured analysis of data warehouses, creating a comprehensive environment for both current and historical information. By bringing together archived legacy data from disparate sources, organizations can deliver complete patient histories—sometimes spanning decades—straight into clinicians' EHR workflows.

Modern data platforms activate archived data, transforming it into actionable insights and delivering complete patient histories directly into clinical workflows.

Freed from the burden of tracking down and maintaining legacy systems, healthcare providers and IT teams can reallocate resources and dollars to innovation rather than mere maintenance. In short, modern data enablement turns data from a regulatory burden into a strategic asset that drives better outcomes and positions the newly merged entity for sustained growth.

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This consolidation is especially crucial for emerging AI capabilities. Without clean, validated and representative datasets, AI models risk delivering inaccurate or biased outputs—a widespread issue, as an estimated 85% of AI projects fail or underperform due to poor-quality data.

By unifying clinical, operational, and financial information under a data enablement platform, organizations can demonstrate tangible benefits: timely patient matching for clinical trials, precise population health forecasting, and more accurate predictive modeling. This clarity helps justify AI expenditures, mitigating skepticism around high costs while facilitating smoother executive buy-in.

Supporting over 6 million patients, a leading academic medical system uses their data lakehouse solution to dramatically accelerate clinical trial cohort analysis and AI validation for application rollout.

CHAPTER 4: LEVERAGING CLEARSENSE FOR SUSTAINABLE M&A SUCCESS

Healthcare mergers and acquisitions are inherently complex. From inflated IT costs and cybersecurity vulnerabilities to the need for robust data integration, healthcare organizations face major hurdles during M&As. And while many organizations recognize the need to unify clinical and operational systems, the thought of simultaneously decommissioning hundreds of legacy applications can be overwhelming.

Clearsense provides a powerful, integrated approach that guides health systems through these complexities so they can achieve tangible ROI, reduce risk and set the stage for ongoing innovation.

ReviveCS SaaS

At the core of Clearsense's solutions is **ReviveCS SaaS**, a secure and scalable active-archiving data-driven software solution designed to support large-scale application decommissioning. By centralizing and preserving critical patient data in a HITRUST and SOC 2 Type 2–certified cloud environment, ReviveCS SaaS not only streamlines compliance but also allows clinicians to retrieve historical patient information without ever leaving their existing EHR workflows. This modern approach to data archiving helps dramatically lower costs by retiring redundant applications and minimizing infrastructure demands.

ReviveCS Acceleration Services™

For health systems seeking to compress timelines and amplify cost takeout, **ReviveCS Acceleration Services™** deliver a turnkey, managed-services framework that transforms application decommissioning into a disciplined, repeatable process—essentially an "assembly line" for IT cost reduction. This program embeds standardized governance, operations, and data acquisition frameworks across departments to coordinate decision-making, align KPIs, and ensure consistent ROI tracking. It integrates four core elements—**program governance, application rationalization, data acquisition, and decommissioning**—each

designed to eliminate redundancy, streamline workflows, and maintain compliance while improving access to critical legacy data.

By accelerating data extraction, validation, and archival, ReviveCS shortens decommissioning cycles from years to months, **unlocking compounding cost savings** and ensuring on-time archive completion. Clients benefit from measurable improvements in operational efficiency, reduced infrastructure and licensing costs, and validated ROI from application portfolio rationalization.

In short, **ReviveCS Acceleration Services™** give provider organizations the expertise, tools, and repeatable processes to execute rapid, high-confidence decommissioning at scale—turning what was once a slow, fragmented initiative into a predictable engine of enterprise savings and transformation.

Managed Services Collaboratives

Finally, Clearsense works collaboratively with **third-party managed services** companies to provide flexible engagement models for health systems of every size. With a focus on structured governance, stakeholder alignment and repeatable processes, Clearsense helps organizations retire unnecessary applications at scale—often driving substantial savings in licensing and infrastructure. This aligned approach frees IT teams to focus on more strategic and/or innovative initiatives, such as improving clinical care, enhancing cybersecurity, or exploring cutting-edge AI solutions.

Whether preparing for an upcoming M&A transaction or looking to streamline the aftermath of a recent deal, the **1Clearsense Platform** combines expert guidance with proven technology, creating clear pathways to measurable ROI and sustainable competitive advantage. To learn how Clearsense can transform your health system's IT environment and spur innovation, reach out and start a conversation with our team today.

Streamline M&A and drive ROI with the **1Clearsense Platform**—expert guidance meets proven tech.

Let's talk about transforming your IT environment today.

CONCLUSION:
TURNING M&A COMPLEXITY INTO STRATEGIC ADVANTAGE

Healthcare mergers and acquisitions remain among the most powerful levers for growth, efficiency, and improved patient outcomes—but they also expose a labyrinth of legacy systems, integration risks, and redundant technologies that can stall progress and inflate costs. The differentiator today is **speed of execution**. Health systems that can compress multi-year integration and decommissioning efforts into **months** not only reduce expense faster but **compound cost savings exponentially**.

By embedding a proactive **Application Portfolio Management (APM)** strategy and leveraging solutions such as **Clearsense's ReviveCS**, organizations gain the structure and velocity needed to turn post-merger complexity into a measurable advantage. The ReviveCS Acceleration Services framework transforms decommissioning from a one-off project into a scalable "assembly line"—standardizing governance, automating data extraction, and accelerating application retirement to drive faster ROI realization and sustained cost takeout.

As healthcare consolidation continues, success will hinge on how quickly and intelligently systems can rationalize their technology portfolios, maintain compliance, and preserve clinical data accessibility. Those who move decisively—compressing years of technical debt removal into months—will realize not just savings, but **strategic acceleration** toward digital transformation, operational agility, and superior patient care.

Clearsense stands ready to help healthcare leaders make that leap, **turning M&A execution speed into enduring strategic advantage.**

With a proactive APM strategy and Clearsense's ReviveCS framework, healthcare organizations can turn post-merger complexity into a catalyst for speed, savings, and sustained innovation.

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