

What You Need to Know Before Contracting with a Laboratory Information System Company

A Comprehensive Guide to Laboratory
Information System Costs and Value



So good news and bad news.

First the good. Your clinical lab's leadership has given you the green light to open conversations with [laboratory information system vendors](#). You're now leading a research and evaluation process with the ultimate goal being the acquisition and implementation of a new laboratory information system (LIS) that will modernize lab operations and help the lab grow efficiently long-term.

Now the bad. You've quickly discovered that this isn't going to be a straightforward and fast process because [not all lab information systems are created equally](#). On the contrary, it will require a deep dive into what [laboratory information system functions](#) are needed to satisfy your lab's growth goals, what the [best LIS systems](#) offer their customers, and most importantly, what this new [medical LIS](#) is going to cost.

Laboratory Information Systems: Features and Functionality

You may already be aware of this but laboratory information systems typically fall into two categories, with each category reflecting the level of features and functionality that can be expected.

Modern LIS Software Platforms - Modern LIS software platforms are the nerve center of any clinical laboratory or pathology group, expertly managing patient and specimen data, automating, simplifying, and supporting clinical lab workflows, all while seamlessly interfacing with analytical instruments and third-party laboratory software systems like Electronic Health Records (EHRs) and Whole Slide Imaging Scanners (used for [digital pathology](#)). These robust LIS systems provide game-changing rules and automation, plus a powerful administrative backend that allows for full control of workflows, preferences, and [lab report customization and delivery options](#). All this and much more are at your fingertips with no additional cost for every time a change in LIS system status quo is necessary. Modern laboratory information system software platforms also excel in [interoperability](#) and feature advanced solutions for [sample tracking](#), outreach, customer relationship management (CRM), and inventory management. Some, like the [LigoLab LIS & RCM Laboratory Informatics Platform](#), also feature embedded [laboratory billing solutions](#) that fully support [in-house lab revenue cycle management](#), plus [direct-to-consumer lab testing](#) (learn more about TestDirectly and TestDirectly.com [here](#)).

Legacy LIS Systems - Legacy laboratory information systems can best be described as rigid, outdated, and inflexible. To put it another way, a legacy LIS system might've fit your lab's needs yesterday, but today, because of its monolithic architecture and all the manual workarounds your lab had to build around it, your outdated LIS software system could easily become a limiting factor as your lab evolves and as the healthcare landscape changes. These legacy LIS systems can support basic lab workflow and data management functionality (such as order entry, sample tracking, specimen processing, results reporting, and specimen storage) but come with limitations in terms of automation, flexibility, interoperability, and scalability.

To ensure your lab's success both today and well into the future, going beyond the big-name LIS software vendors and their legacy LIS systems and exploring what other lab vendors offer in terms of [laboratory information system functions](#) is highly recommended.



[Comparing LigoLab Informatics Platform with Legacy Laboratory Information System Software](#)

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The Best LIS Systems: Comprehensive and Flexible

Thanks to the availability of advanced laboratory information systems clinical labs and pathology groups no longer need to deal with the limitations that come with legacy lab information systems. So instead of dealing with reliability and performance issues stemming from a lack of modules and features, they can now partner with innovative laboratory information system companies that offer all-in-one and flexible informatics solutions that are capable of:

- Combining all departments and operations within a single laboratory information system, eliminating data silos and the need for additional laboratory software systems.

- Automating complex processes to improve test turnaround times and reduce both the need for manual labor and the potential for human error.
- Generating fully customizable lab reports and multiple delivery options that cater to customer preferences.
- Monitoring quality control for troubleshooting and quick problem resolution.
- Accessing actionable real-time business analytics ([widgets & dashboards](#), statistical reporting, dynamic reports) to support every department.

In short, the best LIS software simplifies clinical lab workflow, replaces labor costs with automation, and increases revenue and profit.



Exploring Laboratory Information Systems: A Comprehensive Guide to Costs and Value

An argument can be made that understanding the various laboratory information system pricing models is just as crucial as understanding a particular LIS system's capabilities. To help you make an informed decision, let's explore the landscape of LIS software vendors and examine the diverse pricing structures that they offer. We'll also highlight what sort of impact these structures can have on your lab business in terms of both initial investments and long-term financial planning.

License Fees: A Traditional LIS System

Approach with Hidden Costs

Traditionally, many legacy LIS software vendors have relied on a one-time license fee pricing structure. This approach requires laboratories to pay a substantial upfront cost for the right to use their LIS model. Such fees can vary widely and are often influenced by the lab's size and the LIS system's complexity. Typically, laboratories face an initial capital expenditure reaching the six-figure range.

However, this traditional pricing structure comes with its set of challenges. The initial license fee is just the tip of the iceberg. Laboratories must be prepared for the ongoing costs associated with updates, customizations, and additional features. In this pricing scenario, the LIS software vendor's motivation may not necessarily align with the long-term success of your laboratory. Once the initial fee is collected, any subsequent requests for modifications or support can lead to additional charges. This "nickel-and-diming" approach for every change and request can strain the relationship between laboratories and lab vendors, making it difficult for labs to adapt their lab information system to evolving needs without incurring unexpected costs.

LigoLab's Innovative Approach to LIS System Pricing

In contrast, [LigoLab Information Systems](#) takes a different approach, forgoing the traditional upfront license fee for its pathology lab management solution, called [LigoLab Informatics Platform](#). The LIS company understands that the success of its clients is integral to its success. That's why it has developed a non-traditional pricing structure that aligns with the interests of the laboratories it serves.



LigoLab's innovative approach to LIS system software pricing is designed to support the long-term growth and adaptability of your laboratory. Unlike legacy LIS systems that burden labs with prohibitive initial costs and unpredictable future expenses, LigoLab's model is transparent and scalable. This ensures that labs can budget effectively and invest in growth and innovation without the fear of hidden costs.

In the upcoming sections, we'll dive deeper into how LigoLab's pricing structure differs from other LIS software vendors and supports laboratories in achieving their operational goals while maintaining financial flexibility. Continue reading to see how choosing the right LIS company and the best LIS software can transform your lab's efficiency and productivity to ultimately drive business success despite the competitive landscape and the ever-present challenges.

Understanding User-Based Pricing in Laboratory Information Systems

Within the realm of laboratory information systems (also known as pathology software or pathology reporting software), a common pricing structure is user-based. This approach calculates costs based on the number of individuals or concurrent users accessing the LIS software. As the number of users increases, so does the expense for the laboratory.

At first glance, user-based pricing appears straightforward. However, it may inadvertently create a disconnect between the goals of the LIS company and the needs of your laboratory. In this model, a LIS software vendor's revenue is directly linked to the quantity of user accounts, rather than the actual value or efficiency these accounts contribute to the laboratory's operations. This can lead to a situation where there's less emphasis on optimizing and automating clinical lab workflow.

The core issue with this approach is that it encourages laboratory information system companies to focus on increasing user numbers rather than enhancing the software's capability to drive maximum value through extensive automation and elevated service quality. Laboratories may find themselves paying for additional access points without seeing a corresponding improvement in their operational efficiency or the effectiveness of their lab workflow processes.

Shifting the Focus on Laboratory Information Systems: Efficiency Over Quantity

Contrasting with the traditional user-based model, innovative laboratory information system companies like LigoLab prioritize pricing strategies that align more closely with the laboratory's success metrics. The LigoLab approach is designed to support your lab's efficiency and productivity, not just expand the user base. By moving away from a strict focus on user numbers, LigoLab aims to foster a partnership where the primary goal is enhancing the utility and automation of your lab's operations.

LigoLab's pricing structure is one developed with the laboratory's growth and scalability in mind, ensuring that you can leverage the LIS system to its fullest potential without being constrained by user limitations. This ensures that labs of all sizes can access a powerful informatics platform that grows with them, adapting to changing needs and supporting continuous improvement in laboratory workflow management.



Decoding Module-Based Pricing in Laboratory Information Systems

Module-based pricing represents another common strategy among LIS software vendors, designed to align with laboratory growth and adapt pricing accordingly. With this pricing structure, lab vendors offer a foundational pathology information system platform as the core offering. Subsequently, laboratories can customize their pathology LIS systems with additional features through optional modules, each priced separately. This approach allows labs to tailor their LIS systems to specific needs but also introduces several considerations in terms of cost, integration, and user experience.

Customization at a Cost

The primary appeal of module-based pricing for LIS software lies in its flexibility. Laboratories start with a base laboratory information system software package and have the freedom to select which additional capabilities they want to integrate, from advanced reporting tools to specialized testing modules. However, this a la carte pricing model can lead to unforeseen expenses. As labs grow and their needs evolve, the requirement for new modules can arise unexpectedly, leading to budget overruns not accounted for in the initial financial planning.

Challenges with Integration and User Experience

One of the significant drawbacks of the module-based approach is the potential for reduced interoperability between the base LIS system and the add-on modules. When modules are developed and sold as separate entities, it can result in a disjointed user experience, with each module functioning more as a standalone product rather than a seamless extension of the core laboratory information system. This fragmentation can introduce operational inefficiencies, as lab staff may need to navigate between different interfaces or deal with varying degrees of functionality and performance across the modules.

Moreover, integrating new modules into the existing LIS system software can present technical challenges, particularly if the modules are not designed with compatibility in mind. Labs might face issues such as data silos, where information is not easily shared across the system, hindering comprehensive analysis and reporting. These integration challenges can lead to increased IT workload, additional training requirements for staff, and ultimately, a slowdown in laboratory operations.



Moving Beyond Module-Based Limitations

In contrast to the module-based model, some LIS software vendors are adopting more integrated and user-friendly approaches. These alternatives focus on offering a comprehensive, all-in-one solution that evolves with the lab's growth without compromising on interoperability or user experience. By providing a fully integrated informatics platform, these LIS system vendors ensure that laboratories have access to a cohesive system where all components work harmoniously, facilitating smoother workflows, more efficient operations, and better overall value.

As laboratories consider their lab information system options, understanding the implications of module-based pricing is crucial. While the flexibility to customize the LIS system based on specific needs is attractive, it's essential to weigh this against the potential for increased costs, integration challenges, and a fragmented user experience. By exploring alternatives that prioritize integrated medical laboratory solutions and predictable LIS lab pricing, these operations can position themselves for success in an increasingly complex and dynamic healthcare landscape.

Subscription-Based Pricing - Some LIS software vendors utilize a subscription-based pricing model. With this arrangement, labs gain a certain degree of cost certainty by paying a recurring monthly or annual fee to use the laboratory information system software, but the arrangement may also lead to add-on charges for support, maintenance, and LIS software upgrades, so beware.

Tiered Pricing - Laboratory information system companies may also choose to offer their medical LIS as a laboratory workflow management platform that's based on tiered pricing. This type of pricing model is often viewed as the most attractive because it allows for the alignment of the laboratory information system with the lab's current operations instead of forcing the lab to settle for a one-size-fits-all pathology lab management solution.

This one-size-fits-all mentality has long dominated the industry but that's changing as progressive LIS software vendors like [LigoLab](#) are now able to cater their pricing structure to meet the unique needs of all medical labs, regardless of their size, discipline types, or complexity.



[LigoLab's New Tiered Pricing Model for its LIS Platform Delivers a Tailored Fit and Maximum Value](#)

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Other Potential Laboratory Information System Costs to Consider

Now that we've covered how laboratory information systems are priced in the market, it's also important to dig a little deeper to understand what other potential fees your clinical laboratory or pathology group may be confronted with.

Implementation and Data Migration Fees - Be prepared for costs associated with both the LIS system implementation and the migration of data from the old lab information system to the new one. These costs are standard throughout the industry but also vary widely depending on the LIS company you're dealing with.

For instance, the training and implementation for LigoLab customers is heavily subsidized and no upfront license fee is required. In short, LigoLab is willing to share the risk of going live with its customers because it believes in the power of its pathology lab software and the immediate impact the software will have in terms of lab modernization and productivity.

This varies sharply with legacy LIS system vendors that seem most interested in getting a large capital commitment from your lab upfront with license and implementation fees, and less interested in the long-term growth goals of your lab.

Next, let's focus on hidden costs that can add up significantly over time.

Support Fees - Laboratory information system support fees fall into this category. As a lab evolves and scales, it most certainly will need added support. This can prove very costly so lab directors and lab managers are advised to get all the support details and potential implications for their lab ahead of time so there is a clear understanding before contracting with a particular LIS company.

Please note that some legacy LIS software vendors outsource their support to third-party lab vendors that are not located in the U.S., and this can lead to challenges that stem from time zone differences, HIPAA compliance issues if any PHI (protected health information) is accessed or shared, language barriers, and most importantly, a lack of technical LIS software expertise. To guard against this, be sure to ask if the LIS system you're evaluating is supported by engineers who reside in the U.S. and if the engineers are intimately familiar with the LIS system software.

Maintenance and Upgrade Fees - Similar to support fees, charging a customer for ongoing maintenance or for moving to new versions of the LIS software are examples of ways a LIS company can nickel and dime a laboratory customer. As they say, read the fine print and ask pointed questions during the sales process to make sure there are no surprises later on.

Customization Fees - If your laboratory needs customization to support a specific laboratory workflow, be prepared for added development and implementation costs. Because no two labs are the same, customization and cost definitely should be discussed before moving forward with a new LIS company.

It should be noted that these add-on fees don't always come into play. The best laboratory information system companies have moved away from hidden costs and made the cost of their LIS system much more transparent.

LigoLab falls into this category by offering tiered pricing and no limits on seats, modules, upgrades, and support, plus extensive training and unmatched LIS system flexibility. This enables trained users to uniquely customize the laboratory information system software themselves to support a particular clinical laboratory workflow.

Hardware Fees - Be aware that other less obvious fees must also be factored in when purchasing a new laboratory information system. This includes costs associated with the upgrading or purchasing of new hardware infrastructure to support the new LIS system software. This list could include hardware like servers, workstations, barcode scanners, and cassette and label printers. All these items should also be accounted for to get a true picture of the fees required.

Summarizing Laboratory Information System Pricing Models and LIS System Selection

Understanding the complexities of selecting the right LIS company and the best LIS can be a daunting task for any laboratory. The diverse pricing models and strategies employed by different laboratory information system companies add to this challenge, making it difficult to compare options and determine the best value for your lab. At LigoLab, the importance of aligning incentives with the needs of clients is paramount to fostering a mutually beneficial partnership.

One critical aspect to consider is the incentive structure inherent in various pricing models. Lab vendors that charge substantial upfront fees may not be motivated to ensure your satisfaction over the long term. Once these initial fees are collected, requests for additional services or customizations can be met with reluctance, often leading to extra charges, or even worse, requests that are ignored or not delivered altogether, resulting in nothing being done. Moreover, such LIS software vendors may lack the incentive to guarantee a risk-free and timely implementation, as the bulk of their compensation is secured upfront, leaving little motivation to address potential issues promptly.

User-based fees and module-based pricing models can similarly misalign vendor incentives with the laboratory's best interests. These approaches encourage LIS software companies to focus on selling more user licenses or modules rather than optimizing the lab's operations through automation and efficiency. The result can be a LIS system that fails to unlock the laboratory's full potential, prioritizing vendor profit over client success.

Many LIS system vendors may initially present lower cost estimates to appear more attractive. However, the true cost of ownership - including hidden fees for additional services, modules, and users - can significantly exceed these initial quotes over the relationship's lifespan. This lack of transparency makes it challenging to accurately assess and compare the long-term financial impact of choosing one laboratory information system software over another.

Considering these factors, it's crucial to recognize that the greatest expense a laboratory may face is not just the direct costs associated with its laboratory information system, but rather the opportunity cost (more on that in just a bit). When a laboratory's potential is artificially constrained by its LIS system, the delta in opportunity cost can be staggering - sometimes 10 to 50 times greater than the initial investment in the LIS itself.

At LigoLab, the approach to pricing and partnership is different. The goal of the LIS company is to provide complete transparency about costs from the outset, ensuring that laboratories can make informed decisions without fear of unexpected expenses down the line. LigoLab views its relationship with clients as a partnership, striving to deliver maximum value to your organization, staff, clients, and patients. This commitment means focusing on driving automation, enhancing efficiency, and supporting your lab's growth and success.

LigoLab doesn't aim to be the cheapest option on the market but to be the best informatics partner for growing laboratories that want to reach their potential faster. By choosing LigoLab, you're investing in a pathology management software solution that prioritizes your laboratory's long-term success, ensuring a partnership that grows and evolves to meet your changing needs.



Laboratory Information Systems and Opportunity Cost

As you can see, there are a lot of potential fees to be aware of and understand before committing to a particular LIS company and its laboratory information system software solution. At this point in the process, after evaluating and weighing all of the available options and balancing that with the associated fees, it's only natural for some to take a step back and ask "Is an upgrade of LIS software really and truly needed for our laboratory?"

Asking that question is not a mistake, but going back to an underperforming lab information system surely is. That's because there's also a very heavy opportunity cost that medical labs must pay for choosing to stick with their legacy LIS systems instead of realizing the benefits they would've experienced if they had chosen a different LIS system that better aligned with operational needs and growth potential.

By sticking with the old and failing to embrace a new and scalable LIS system, these labs will, unfortunately, be unable to take advantage of new opportunities such as digital pathology solutions, automation, artificial intelligence, interoperability with third-party systems and instruments, and data analytics. Further, by hitching themselves to a LIS system that lacks adaptability to evolving industry standards, these labs will have severely limited their ability to innovate and expand services, a cost represented by unrealized revenue and market share that could've otherwise been captured with a much more scalable and flexible LIS system.

These same labs will also experience the headaches associated with operational inefficiencies like subpar integration capabilities and manual intervention for routine tasks. The time and resources spent on managing these inefficiencies will make a bad situation even worse, resulting in a substantial opportunity cost as valuable assets are diverted away from other more productive activities out of necessity.

One other noteworthy item to think about is the impact that a non-user-friendly LIS system will have on a lab's staff and client satisfaction. The impact will be felt in terms of staff retention and client loyalty, with the opportunity cost in this scenario being the loss of skilled employees and potential revenue from clients who ultimately choose to take their business elsewhere due to suboptimal service experiences.

In today's ultra-competitive lab landscape, with supply costs on the rise and margins and available and qualified personnel shrinking, the lab's ability to innovate and adapt is crucial for its survival. Clinging to an old LIS model that lacks key features and restricts a laboratory's ability to grow, innovate, and operate efficiently quite simply leads to missed opportunities that far exceed the system's price tag.

In contrast, investing in an advanced laboratory information system software that aligns with the laboratory's needs and potential for growth can unlock value far beyond the initial investment, driving substantial returns in terms of increased revenue, market share, and operational excellence.

To learn more about [the cost of inaction](#) and how to both measure opportunity cost and prevent it, click on the link below.



[Cost of Inaction: The Dire Consequences of Neglecting Modernization in Laboratory Operations and Informatics](#)

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Here also are questions designed to help you assess your lab's LIS system and its capabilities.

Assessment of the Current LIS System:

- How does the current LIS system meet your lab's evolving needs, and where does it fall short in terms of scalability and flexibility?
- Have you encountered challenges in adding new testing or customer requests with your existing LIS system, and if so how has this impacted your lab's efficiency and growth potential?

Exploring the LIS System's Impact on Operational Efficiency:

- Have you experienced operational inefficiencies or limitations due to the modular nature of your current LIS system? How might a fully integrated LIS software platform transform your lab's productivity?
- In what ways could automating more of your lab's workflows reduce manual errors and improve turnaround times for your clients?

Evaluating Customer Support and System Evolution:

- How responsive and effective has your current LIS company provider been in addressing system issues or adapting to your lab's changing needs?
- How would partnering with a provider like LigoLab, known for its commitment to continuous innovation and customer support, impact your lab's ability to stay competitive and meet regulatory requirements?

Considering the Strategic Value of Data Insights:

- Are you currently able to leverage your LIS system for comprehensive data analytics and insights that inform strategic decisions?
- How might LigoLab's advanced reporting and analytics capabilities enable your lab to uncover new opportunities for service expansion or operational improvements?

Focusing on User Experience and Satisfaction:

- How do your staff and clients rate their experience with your current LIS system, and what improvements are they seeking?
- Could the enhanced usability and customizability of the LigoLab platform lead to higher satisfaction and productivity among your team?

Understanding the Financial Model:

- How much of your budget is allocated toward hidden costs, such as additional modules or user licenses, with your current LIS system provider?
- Could the reallocating of these funds toward a more transparent and predictable pricing model, like LigoLab's tiered pricing, improve your lab's financial planning and cost management?

Assessing the Long-term Partnership Potential:

- Looking toward the future, how well positioned is your lab to adapt to industry changes with your current LIS system?
- How might a strategic partnership with LigoLab support your lab's long-term goals for innovation, growth, and service excellence?

More Details on LigoLab's Tiered Pricing Model

As referenced earlier, LigoLab has embraced a tiered pricing structure. This model fosters a deeper alignment with customer interests. LigoLab's success is directly linked to the actual use and value that the pathology lab software provides. As your lab grows, your costs correlate with your usage, not just an arbitrary number of accounts. This fosters a partnership where efficiency and scalability are paramount.

Tiered pricing allows you the laboratory customer, and LigoLab the LIS company, to align perfectly because each platform tier addresses higher levels of functionality and complexity.

"With LigoLab, our lab partners have the features and capabilities to match their current needs, plus a clear roadmap for future growth and development," said [LigoLab CEO Suren Avunjian](#). "Our LIS software informatics platform gives them the flexibility to scale up to a higher tier as needed without ever having to change LIS systems."

“We've witnessed numerous labs benefit from this LIS model,” added Avunjian. “Labs that choose to partner with us experience not only a reduction in costs but also significant improvements in lab workflow efficiency. Our commitment to enhancing our pathology lab software for better automation and efficiency is evident in every feature we develop, and directly influenced by this tiered pricing model.”

Below are links for each of LigoLab's LIS software pricing tiers. Click on each link to see what's included within each tier.

[Essential Tier](#) - An intuitive LIS system for small and medium-sized labs.

[Professional Tier](#) - A comprehensive laboratory information system platform.

[Advanced Tier](#) - This LIS system solution includes robust informatics tools for medium and large-sized labs.

[Enterprise Tier](#) - A powerful laboratory information system platform with advanced flexibility and control.

“Our pricing is more than just a billing strategy - it's a commitment to your lab's long-term success. This approach ensures costs are predictable and proportional to your activity, aiding in better budgeting and forecasting. It's a LIS model that grows with you, encouraging a scalable and sustainable expansion of your operations,” concluded Avunjian.

We invite you to explore how LigoLab's innovative pricing model can revolutionize your lab's LIS system operations. [Contact us for a consultation or a software demo](#), and experience firsthand how LigoLab aligns its goals with yours for a more efficient, scalable, and cost-effective future.





For more information about LigoLab's tiered pricing and what would be the best fit for your organization, contact us today.

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