



A NABH Accredited Hospital

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A presentation

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Suppliers and Hospital – A win-win for all



Structure of the Presentation

- Introduction
- An Early learning
- Where we stand
- The transformation
- The New World Order
- Conclusion



Introduction

- Going are the days when suppliers come and go and immediate costs and benefits are the only concerns
- An overarching concern – enunciated
 - We started asking questions about how to truly define a symbiotic partnership that added mutual value from both the financial side and operational side and committed early on to owning what the word PARTNER – A frequently overused term, really means
 - Brian Dolan, Director of supply chain management and logistics at the University of Kansas Hospital



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An early learning

- Medical Equipment
 - Dry Chemistry
 - The ‘Yours, mine and ours’ situation
- ‘Equipment goes Blink!!’





Where we stand

- Healthcare is an adversarial arena of participants – They include providers, payers, clinicians, administrators, technologists and Patients
- Our economic engine – incents volume over value
- We are under pressure to see that resources are used very efficiently
- The expectation of the payer is for us to focus on finding new ways to deliver better care
 - These revised expectations for quality and value thus mandates the evolution of new business models between suppliers and providers
 - This should not translate into parties simply trading better long term pricing
 - It should also not be a broader scoped purchasing agreement



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The transformation



PHILIPS

Healthcare

SIEMENS

Healthcare



- We have to transform our traditional approach to the supplier through innovative partnership

- The need

- Partner incentives cannot only be linked to end user benefits that the hospital desires to make
- The inherently transactional nature of the hospital and supplier has to be modified
- For the partners
 - Share the risk
 - Share the vision
 - Attempt to reinvent the way we engage with each other – Move away from the ‘sell and ship’ philosophy



The transformation

- Mindset change
- For the partner
 - To be involved in clinical, operational and financial solutions
 - To approach with the mindset that they will understand the hospital's needs and also address the Company requirement
 - Educate on the intricacies of the equipment
 - Complete capability of the equipment
 - Avoid 'Upsell at the outset'





The new world order

- *'Off the shelf purchase'* - Hospitals will be actually involved in the R&D with their partners. The inputs may actually shorten the R&D time and may ultimately result in better technology and lower cost
- The *'supplier buyer'* relationship – Will give way to a model wherein both the partners share the risk and responsibility for the effective use of technology or service to provide high quality, cost effective healthcare
- Shift from volume to a value based model. This will also define areas of responsibility in risks
- Contribution to joint goals



The new world order

- *Successful partnerships* – Will be built not only on well structured business models but will have a very high component mutual support in terms of continuous innovation and collaboration
- The future focus will be on partnerships with shared accountability
- Both sides will have to accept there is need for change, some of that may be disruptive (shared accountability in clinical scenario) and difficult to adjust to



Conclusion

- The climate of healthcare itself is complex. There are multiple issues and financial is only one of them. However to survive and thrive in the long term, administrators will need to look at the issue of partnerships with the suppliers. Just tweaking an existing model is being shortsighted
- If both ‘partners’ turn to each other and discuss strong business models that integrate responsibility and accountability then the health care of tomorrow will be poised to adapt to the operational and also the financial issue that may arise and in the end render the best healthcare

This is a win-win for all