

CASE STUDY: NOTICE OF SIGNIFICANT PRICE INCREASE



▶ SITUATION:

A 163-bed community hospital in Alabama was notified by their 20-year Original Equipment Manufacturer (OEM) service partner, that due to a changing business model, they were going to be doubling the price of equipment service. The hospital chose to join an initiative with a regional purchasing collaborative to explore their options.

CHALLENGES:

- There were a mix of direct vendor contracts and biomed service being managed by the hospital's service partner
- Visibility to current service spend was unclear
- The relationship had become stale with a perceived service decline in biomed device service
- The hospital's stakeholders did not have online visibility to service histories, inventories, or preventative maintenance schedules
- The vendor moved their previous on-site technician to a field service role, further eroding the perception of service quality and partnership commitment

OTHER QUICK FACTS:

- Incumbent vendor did not provide or offer capital planning tools
- The hospital perceived their partner as biased to their own OEM branded devices when asked for input to capital equipment replacement recommendations
- When equipment was deemed "end of life", the hospital believed their service provider pushed them to remove the asset from their service contract even though parts could still be obtained and the equipment could remain in use

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► SOLUTION:

The hospital needed a fresh set of eyes to mitigate their upcoming significant price increase, and joined an ESP Global/regional purchasing collaborative project. ESP Global reviewed the current state by interviewing all stakeholders and reviewing documentation and inventory through a comprehensive assessment. ESP Global developed a timely RFP process and introduced 12 alternative competitive solutions.



► RESULTS:

With ESP Global's guidance, the hospital selected four companies of the 12 proposals received to present to their leadership team. After the first round of ESP Global's three-round bidding process, savings from these four organizations, **including the incumbent**, range from 10% to 25%.

Rather than doubling the hospital's equipment service budget, the hospital had the option to retain their incumbent supplier at a 10% discount or change suppliers for even greater savings. The hospital chose to make a change, realizing programmatic cost savings of 25%.

For more information about ESP Global services, call us at 888-404-4377.