



NHS

Equipment maintenance

How NHS Trusts can improve service levels and reduce costs

Balancing cost with cover; how Trusts can find savings in equipment maintenance

As the pressure on NHS finances continues to build, Trust procurement departments must increasingly look for savings in more challenging, less frequently addressed areas of spend.

The cost of maintaining medical devices and equipment, for example, is often overlooked and as a result, many Trusts are missing a significant opportunity to reduce expenditure.

From MRI scanners to microscopes, Trusts have thousands of medical devices that must be maintained to standards set by the Medicines and Healthcare Products Regulatory Agency.

Compliance with these standards and the ability to demonstrate effective maintenance processes are in place will also be the focus of any Care Quality Commission investigations or audits – which means the service quality of maintenance suppliers is critical. In a complex supply market, the challenge for procurement teams is then in achieving best quality for best price.

Identifying savings | Delivering savings | Maintaining savings

Procura Consulting Ltd 99 Bishopsgate London EC2M 3XD +44 (0)203 693 7275

info@procuraconsulting.co.uk | www.procuraconsulting.co.uk

The supply market in perspective

Suppliers generally fall into two main groups – Original Equipment Manufacturers (OEMs) and third party providers. In most hospitals, a small number of OEMs such as Siemens, GE, Philips and Toshiba, provide MRI, CT and diagnostic imaging equipment. Every Trust will partner with at least one of these OEMs for the provision of high value equipment, and maintenance contracts for this equipment will constitute a high proportion of spend. Strong relationships with these strategic suppliers are a key factor in driving cost improvements.

In recent years buyers have increasingly demanded low cost alternatives to OEM maintenance services and this has resulted in rapid growth of the third party supply market. Providers of these services often deliver savings in excess of 20% and are typically categorised as:

- Specialists who focus on specific types of equipment such as imaging and ultrasound, including Med Imaging, Ashby and MIUS.
- Multi-vendor providers who maintain Bio-med equipment, including Avensys, Medical Physics International and Key Health Solutions.
- Managed Maintenance Service providers such as Asterol (who recently merged with MESA of Switzerland), TBS GB, a market leading third party endoscopy provider and GE Multi-Vendor, a subsidiary of the GE OEM business.

While the cost reductions that come with using third party providers will be attractive to buyers, it is important for Trusts to gain a thorough understanding of their own specific maintenance

requirements, balancing potential savings with quality of service and risk before selecting the most appropriate suppliers. A complete strategic appraisal of all the options is therefore essential for any Trust considering tackling maintenance as a part of a cost improvement plan.

Identifying and delivering savings

Understanding the requirements

The first task is to compile a full and accurate asset register that details the OEM, equipment model, serial number and maintenance cover level. An objective appraisal of cover levels can then be undertaken with relevant stakeholders to establish the business requirement for maintenance based on the type of equipment and its frequency of use. The review process identifies any shortfalls in cover, as well as where the Trust is paying for unnecessary cover.

Strategy development

To determine the best sourcing strategy for maintenance services, buyers need to understand the interaction between different product groups or types of equipment, and the supply market. This is normally achieved through a mapping analysis of the product and supply markets, conducted with a view to the business requirements previously identified.

Depending on the types of equipment and service levels demanded by the organisation, a Trust might, for example, decide to put in place a Managed Maintenance Service for all equipment delivered by one provider, while fragmenting maintenance provision into multiple OEMs and third party providers for other assets.

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Call +44 (0)203 693 7275
info@procuraconsulting.co.uk

Sourcing and savings

Once the sourcing strategy has been agreed with stakeholders, buyers must source services in accordance with OJEU principles – either through negotiated pricing within existing framework agreements with procurement hubs and NHS Supply Chain or through an OJEU tender process. To achieve significant savings procurement departments should consider utilising levers including:

Savings Levers

Increasing savings with potential in excess of 20%

- Optimising cover levels
- Early payment discounts
- Multi-year discounts
- Volume discounts
- Use of 3rd party providers
- Use of Managed Services (MES/MMS/MVS)



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Realising the potential

In most Trusts, the cost of maintaining medical equipment runs into millions of pounds. By combining excellent supply market knowledge with sound strategic sourcing principles, there are many untapped opportunities for Trusts to generate substantial savings – without compromising on service quality. Recently, for example, a fully managed maintenance service established for a leading private healthcare provider delivered saving of 18%, while renegotiation of OEM contracts for one NHS Trust has yielded 7% with no change in supplier or cover levels.



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We are specialists in procurement cost reduction. Our consultants work closely with all kinds of organisations to improve their profitability through identifying, delivering and maintaining savings in procurement expenditure. A relentless focus on bottom-line results combined with our deep supply-market knowledge ensures that spend is optimised – and stays optimised.

- Our team has achieved over £20m in savings
- Projects are self-funding with no risk for clients
- We work closely with your people to embed best practice
- Our unique spend intelligence service ensures ongoing savings

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