

21. IMPROVING GROUP PURCHASING BY STREAMLINING SOURCING, WAREHOUSING, DELIVERY & INVOICING

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BACKGROUND:

As a third party, Helpévia's role is to negotiate the best market-buying conditions for 160 private hospitals for drugs, medical devices, etc. Financial constraints on these institutions drive the need for optimising the supply of medical devices at the best cost. This is the purpose of Rhésus International.

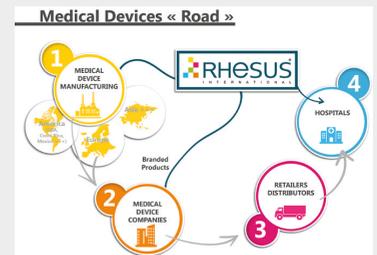
OBJECTIVES:

- Identify and source suppliers (in France, Europe, Asia)
- Validate products from both technical and regulatory standpoints
- Purchase from well-known manufacturers, and stock material
- Distribute medical devices to the hospitals from a central warehouse, while optimising delivery and invoicing

METHODS:

Rhésus was created in 2010, as a subsidiary of Helpévia and whose funding is shared with member-hospitals. Rhésus' approach to purchasing is based on direct sourcing from global manufacturers for commodity products and/or from European suppliers for branded products. Short-list selection is made through a classical tender process.

The final decision is made in a collegial manner by Rhésus member-hospitals, based on quality and price. Demand is aggregated; products are centrally ordered and stocked on the Rhésus platform. Hospitals subscribe to a yearly delivery schedule for medical devices with a high rotating inventory. Deliveries combining all committed devices are pushed to the hospitals on a monthly basis. Monthly invoicing is set up thanks to pre-authorized payment. Rhésus is applying a technical intervention margin to cover the service, while offering to member-hospitals full transparency of margins from sourcing to cash collection. In addition, Rhésus guarantees at least 10% savings, compared to 'regular' prices.



Medical devices roadmap to optimize group purchasing.
 © Rhésus International



Rhésus branded products.
 © Rhésus International

RESULTS:

What has been achieved?

- ✓ Within 8 years, 70 hospitals (Acute Care centers) have joined – only one has left
- ✓ 60 products in range – 1500 SKUs available through Rhésus and its two delivery platforms covering the whole of France
- ✓ 30 suppliers (15 in Asia, 15 in Europe) have contracted with Rhésus
- ✓ A website dedicated to Rhésus members supports a paperless approach – for modifying scheduled deliveries and accessing products' technical features
- ✓ Hospitals are committing between EUR 100k and EUR 200k yearly to Rhésus, and saving 12%-15% net margin (EUR 10k to EUR 30k)



Logos of Rhésus' suppliers.
 © Rhésus International

TAKE-AWAYS:

What worked well?/What was challenged?

- ✓ Convincing Helpévia's suppliers that Rhésus, considered as a competitor, could be a partner
- ✓ Gaining acceptance of hospital pharmacists and hospital directors for changes in process and products
- ✓ Setting up mutual satisfying agreements with well-known suppliers, providing them with new growth opportunities and/or rationalization of distribution circuit
- ✓ Regular tendering – when a new range is put on the platform, we send suppliers a tender each time
- ✓ Defining strict specifications that member-hospitals have to comply with, in terms of product choice, delivery and invoicing
- ✓ The Rhésus model has proved to be robust, guaranteeing 10% savings compared to regular market prices

For discussion:

- From an internal perspective, how to best cope with currency risk, inventory coverage and supply chain issues?

