

# 51. A FINANCIAL SOLUTION: FROM INVESTMENT MODELS TO A PAY-PER-USE MODEL

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## BACKGROUND:

To help hospitals in France make the transition from using investment models to a new pay-by-use model, UGAP built upon its experience (leasing with buy-out options and leasing-maintenance tenders) and focused on the challenge of improving sourcing. Both public health entities and suppliers had shown interest in leasing.

## OBJECTIVES:

- Provide a comparable sourcing alternative to those available to private companies
- Adopt a global approach, providing a total cost vision and including a range of services
- Offer more choice to public health entities and reduce suppliers' financial constraints

## METHODS:

As a first step, external and internal challenges were analysed. To better understand customers' needs and take their constraints into account, the project team met various State and public entities, undertook research, and included their requests in the public tender. Considerable time was invested in finding a partner capable of dealing with the complexity of the tender, in terms of expertise, technical skills and commercial aspects.

Launching a pioneering offer, covering all the products in UGAP's catalogue (health, IT, vehicles, general equipment) required teamwork, innovation and hard work. To ensure a transversal approach, different UGAP departments were consulted to ensure that the offer was perfectly adapted to UGAP's internal processes and needs.

A five-step methodology was used:

1. Sourcing: Public health entities, lessees, banks, brokers, suppliers
2. Elaboration of the public tender and publication
3. Evaluation of offers, communication of results, notification of the holder
4. Implementation of processes, internal trainings, customer events
5. Follow-up, governance, continuous improvement

## RESULTS:

### What has been achieved?

- ✓ Economic efficiency
- ✓ UGAP catalogue with a wide product range
- ✓ Savings in time and procedure costs
- ✓ An simple, secure, fast offer, thanks to the model implemented
- ✓ A broad choice of associated services (upstream support, asset management, governance, end of contract services, etc.)

### Pay Per Use

- + One fee to use one asset according to the predefined profiles
- + Detailed cost per asset for more reliable budget forecasts
- + Financial, human, technical and organizational optimization



Pay-by-use model developed for hospitals. Source: UGAP

## TAKE-AWAYS:

### What worked well?

- ✓ **Originality** – pioneering offer on the market, which meets a wide range of public entities' needs and covers UGAP's entire catalogue
- ✓ **Change Management** – various internal processes and methods had to be reviewed (e.g. new IT functions, new reporting, sales and expert training); all staff was involved directly and indirectly, at different steps of the process; strong support from the management team
- ✓ **Best Practice** – take your time in constructing this type of complex offer; focus on customers' needs; meet all potential partners and try to understand their point of view; associate all internal concerned teams and work together; dare and innovate.
- ✓ **Feedback** – users were involved from the start, before the tender was published; after notification, they examined offer with growing interest for a range of services linked to the offer; positive feedback was obtained
- ✓ **Replication** – this offer is customisable for each hospital, by taking into consideration: their projects, financial strategy, organisation, way of functioning and technical needs

