



OPENMARKETS

Capital Equipment Purchasing Trends

July, August & September

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Although 2017 is proving to be a year of change and uncertainty in healthcare, there is one constant: hospital equipment buyers want to balance quality of care with the economics of their purchase. With so many stakeholders and influencers involved, supply chain leaders need resources to ensure they are making informed, intelligent, and optimized purchases.

OpenMarkets continues to explore patterns in purchasing trends to help suppliers better understand hospital supply chain needs, and give purchasing directors insight into market behavior. This article highlights 5 key purchasing trends in the months of July, August, and September.

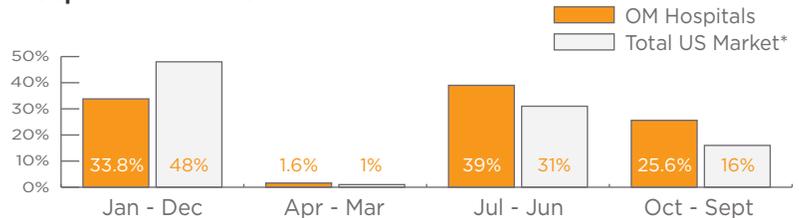
5 Key Purchasing Trends

Did you miss our Q2 Purchasing Trends article? Visit openmarketshealth.com/resources to catch up.

1. This quarter sees the highest % of fiscal year start

Suppliers take note: a higher percentage of providers in the OpenMarkets community start their fiscal year in July than the national average.

Hospital Fiscal Year-Start

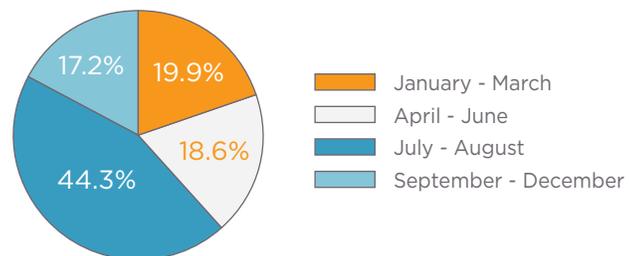


*Data from the Healthcare Financial Management Association and the American Hospital Association. Does not equal 100%. The other 4% start their fiscal years in May, June, and September.

2. This quarter sees the highest % of budgeted dollars

Providers in the OpenMarkets community allocate a massive 44.3% of their budget to the months of July, August and September.

Allocation of Budget



Success Story: In May 2017, a community hospital in PA with a July - June fiscal year created a preliminary budget. Using the OpenMarkets Exchange platform, they submitted budgetary quote requests and connected with suppliers that could meet their need in the following categories and more:

- Imaging
- Analyzers
- Respiratory
- Endoscopes
- Surgical Tables

Suppliers responded with quotes for:

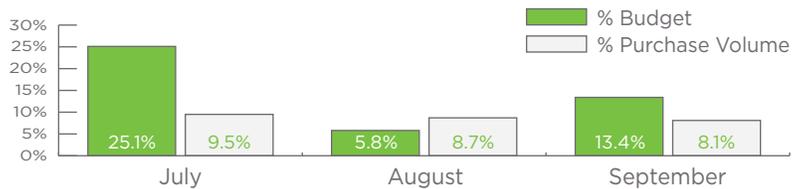
- Like-for-like products, with multiple suppliers offering the exact same equipment
- Comparable options: Similar products from different manufacturers that meet the same specifications
- Used/Refurbished/Demo: Top of the line, professionally refurbished, used, or demo assets with warranties

In 30 days, the hospital discovered the potential for \$1.4 million in savings. By getting a head start on this budget planning and receiving quotes through a competitive marketplace, the hospital was able to fine-tune their spend expectations and can work faster when moving forward with these purchases.

3. July has the highest percentage of budgeted dollars, but not the highest actual spend

July has 25.1% of the budgeted dollars for the year, by far the highest of all months. Yet, suppliers shouldn't assume that this translates into high July sales. These purchases will often get pushed into August and September, or even later in the year.

Providers should be aware of acceleration opportunities. If you can ensure a purchase date with a supplier, they may offer increased savings.



Success Story: A California teaching hospital in the OpenMarkets network was on revision 4 of their quote for an ultrasound. In order to ensure that they were getting the best deal on the product, they engaged an in-community OpenMarkets supplier partner. This supplier worked with them to extend significant savings with a PO deadline weeks earlier than initially planned for by the hospital. It became a true win-win situation: the provider was able to save 14.1% more than anticipated, and the supplier was able to secure the purchase on their timeline.

Visit marketshare.openmarketshealth.com to see details on lab suppliers.

For more information about LINET products, visit linet.openmarketshealth.com

4. Lab equipment gets hot in August

Lab equipment is one of the most fragmented categories of purchasing with over 50 suppliers clamoring for market share. Prices for analyzers, centrifuges, and general lab equipment are generally 2-4% less in this quarter, providing a great opportunity to find added value.

Success Stories:

- A hospital in WI sourced a newly discontinued analyzer and saved 52%
- A hospital in CA bundled 3 lab equipment purchases together and saved 5% more than if they'd purchased the units individually.

5. You'll pay more for the same bed

Bed purchases slow down during the summer months, and OpenMarkets data shows that you'll pay more if purchasing from Hill-Rom and Stryker during this time. When looking to make a bed purchase during Q3, consider alternative suppliers such as LINET to drive best value in this category.

If your bed standard is Hill-Rom or Stryker, consider engaging a trusted used asset distributor if you must make your purchase in Q3.

Success Stories:

- A hospital in NY received a \$1,250 offer for a bed trade-in.
- A hospital in TX received a \$6,000 offer for bed trade-ins.

OpenMarkets provides this data in support of our mission: Removing complexity, inefficiency and waste from the healthcare equipment market. Let's change the way healthcare equipment is bought and sold. Visit openmarketshealth.com to learn more.

