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Capital Equipment Purchasing Trends for January, February & March

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At OpenMarkets, our job is to help hospitals buy equipment more efficiently. As we execute this vision, we're amassing hundreds of millions of dollars in capital data across thousands of transactions. Unfortunately, our data is showing that all-too-often hospitals are paying thousands more for equipment than needed, as suppliers struggle to sell around inefficiencies innate in healthcare.

In a review of past activity in the months of January, February and March, we've revealed five key trends. Leading hospitals can use these trends to operate more efficiently, and to work proactively with their supplier partners to drive waste out of the healthcare supply chain.

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5 Key Purchasing Trends

Does your hospital budget more or less than 1% of your annual capital spend in January? Do you know?

Data across the OpenMarkets community shows that hospitals allocate the least amount of budgeted capital spend to January and February.

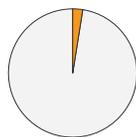
Jan and Feb average less than 1% of annual capital spend per month. However, March gets one of the highest chunks, with providers dedicating almost 19% of their yearly spend. So taken together, hospitals budget less capital dollars in January and February than any other month, and allocate nearly all of that quarterly budgeted spend to March.

Although budgeted spend is low, equipment is still being purchased.

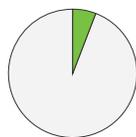
Transactions are still occurring, but the catch is that the early months equipment purchases are residual from December, not fresh spend for the new year. 6% of the items budgeted for Dec tend to be bought in the first week of January. Nearly 50% of the PO's issued in January are for items budgeted for in December. Don't expect to be receiving those holiday discounts, though. If you received a discounted quote in December, it's unlikely that it will be honored in January if you postponed the purchase.

Need new monitors? February is a great time to buy.

OpenMarkets data shows that monitor purchases in February averaged a 6% discount as opposed to a yearly average of 2.7%. Suppliers like **Philips Healthcare** are proactively working with the OpenMarkets community to form valuable relationships with providers and create mutually beneficial transactions.



Average Yearly Discount



Average February Discount

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

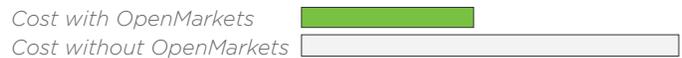
Didn't get to purchase that Defibrillator in January? No problem.

For hospitals using OpenMarkets negotiation services, Jan and Feb prove to uphold Dec's trend of offering 7-14% more savings over the average yearly percentage savings. Be sure to act early in the year though! After Feb, the average savings average a few percentage points lower, at least until December rolls around.

New Years Resolution: Plan better for the start of the year and save more.

During slow purchasing months, it is a great time to get ahead and plan future opportunities. If you know what you are buying, OpenMarkets can accelerate and prioritize your opportunities to a time that can offer best discounting to maximize purchasing for the year. Two stories from this time last year stand out to us:

- Two nine-hospital health systems bought the exact same Verathon bladder scanner, at roughly the same time. One of these planned-ahead, and paid 54% less than the organization which did not plan ahead.



- Two Academic Medical Centers in the southeast purchased identical Stryker stretchers. One of these, the Medical University of South Carolina, used data created by OpenMarkets to plan ahead and paid 16% less.



If you don't know what you'll be buying in the coming year, we can help you with that as well. Categories not discounted heavily at the start of the year, like Imaging, can present savings if planned ahead, aggregated together and accelerated for suppliers.