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# MEAT Value-Based Procurement: Protein for MedTech

23-25 JAN.  
2018  
—  
The EGG  
BRUSSELS



A MedTech Europe event

## The MedTech Forum

bringing HealthTech stakeholders together

# BCG

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# Recap: MEAT Value-Based Procurement framework

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# Value-based healthcare

- Better outcomes at lower costs

**Key challenge to health systems:**

*Increasing value of health care delivery*

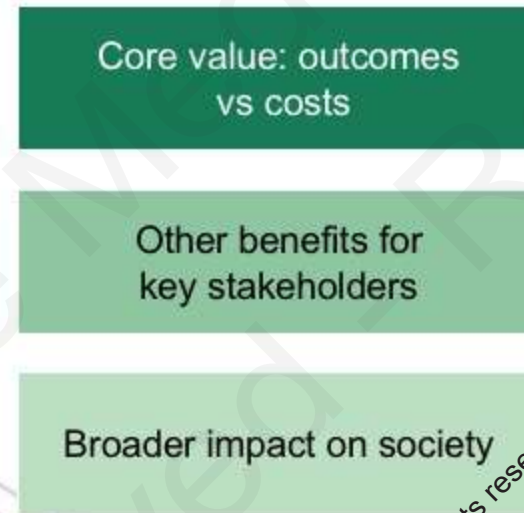
**Value =**

**Health Outcomes**  
that matter to patients

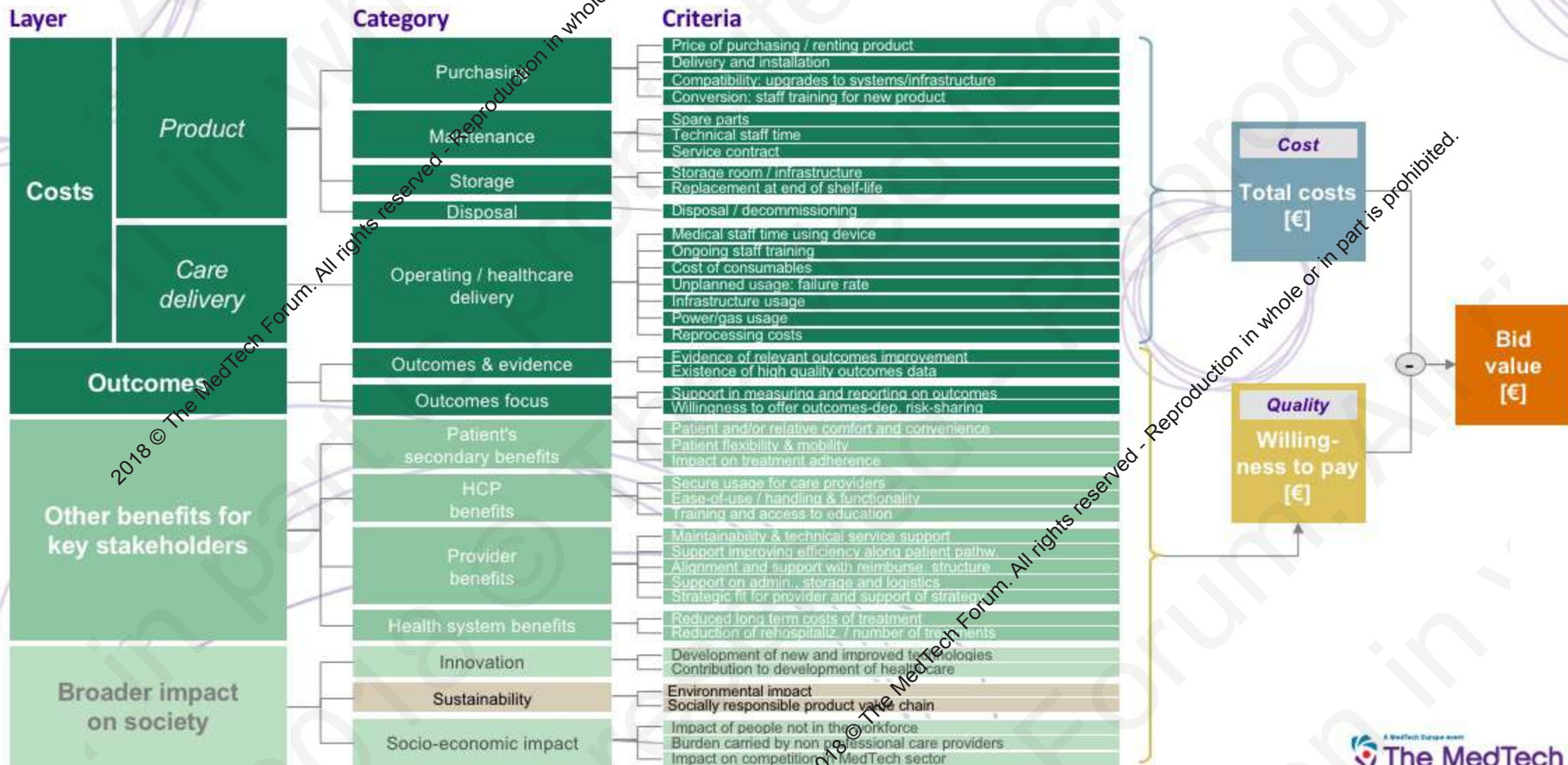
**Cost of delivering**  
those outcomes



# MEAT Value-Based Procurement Framework



# Detailed menu of criteria





# Value-based procurement simulation game

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# Welcome to Buenavista!



▫ A fictitious country where MEAT Value-Based Procurement is becoming more & more relevant



# And welcome to Hair Growth Stimulation Implants

... a booming industry



▣ A wide range of implants is available in Buenavista – from commoditized, low-cost to high-tech, premium products



# A real medical need!

## Breaking News

Study reveals that hair loss significantly increases likelihood of depression



- New study reveals that people with hair loss show higher likelihood to fall into depression
- Buenavista's medical costs related to depression have increased by 15% since 2015

# Even a topic Presidents care about ...



Little @MacMiller—I have more hair than you do and there's a slight age difference.

10:46 PM - Jan 31, 2013

632 3,138 1,799



Re my hair-Should I change it? What do you think?

3:33 AM - Mar 11, 2013

1,572 3,080 3,296



As everybody knows, but the haters & losers refuse to acknowledge, I do not wear a "wig." My hair may not be perfect but it's mine.

4:10 PM - Apr 24, 2013

788 6,824 6,314



# The 3-year contract



The current contract for **hair growth stimulation implants** in the largest hospital is about to expire

- 3-year contract volume is expected at 8'000 implants annually
- Incumbent is "SOLID HAIR Ltd." – a low cost player, who has been gaining market share rapidly

# We will simulate the procurement process

## Focus of simulation game

### Pre-tender dialogue

- Informal exchange between suppliers and hospital stakeholders

### Publication

- Definition of procurement procedure based on pre-defined criteria

### Selection

- Exclusion of suppliers based on objective criteria, e.g. min. supplier size, production capacity and references

### Compliance

- Exclusion of suppliers based on pre-defined technical requirements (i.e. min. quality standards, specific offering etc.)

### Award

- Award of contract based on pre-defined award criteria



# Each table has six players



## 3 hospital stakeholders

- Who need to ensure the contract is awarded to the "most economically advantageous" supplier



## 3 industry players

- Who each aim to win the contract by best positioning their respective value propositions

# 3 hospital stakeholders, each with their own objectives



Clinician



Procurement  
manager



Budget owner



# 3 industry players with distinct market positions



## Royal Curls Co.

- The industry's premium player and innovation driver
- Invented hair growth stimulation implants



## Majestic Mane Inc.

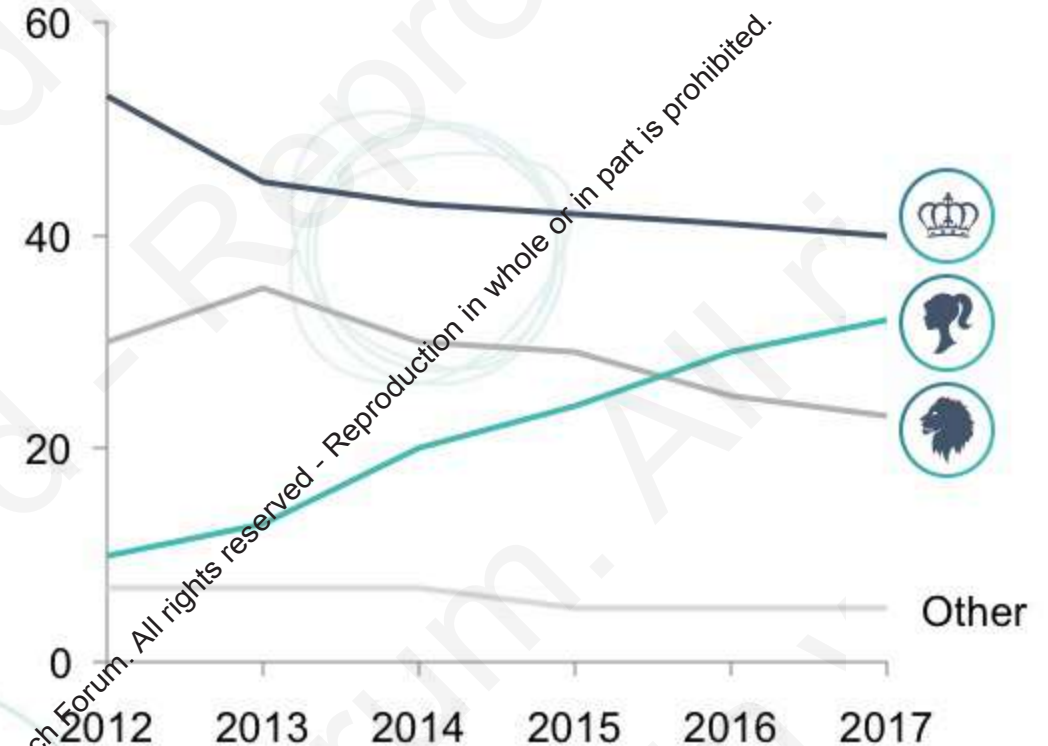
- Mid-tier player with me-too strategy



## Solid Hair Ltd.

- New entrant from China
- Strongly leveraging their price advantage

Market share in %



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# Anti-greasing factor



## Description

- Functionality of implant to regulate grease production



## Impact

- Improved clinical outcome for patients, through healthier hair and improved patient comfort



## Measurement

- Anti greasing factor measured on scale from 1 to 10 (10 being highly effective)





# Punctual hair growth dysfunction (PHGD)



## Description

- Malfunction of implant leading to uneven or uncontrolled hair growth



## Impact

- Requires post treatment and thus increases cost for clinic
- Lowers patient satisfaction



## Measurement

- Percentage of implants with dysfunction after 2 years of surgery



# Anti-gray technology



## Description

- Advanced technology implant which extends life time of natural hair color up to 7 years
- (patient co-pay)



## Impact

- Allow patients to correct multiple deficits with one treatment by preserving original hair color



## Measurement

- Original color factor measured on scale from 1 to 10 (10 being highly effective)
- 





# The game consists of 3 phases

15 min

Phase 1



Assignment of roles and brief introduction

45 min

Phase 2



Shaping of procurement procedure through information exchange

15 min

Phase 3



Procurement procedure publication and award

You will receive an envelope with all relevant materials for each phase

# Let's play!

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# Phase 1 - introductions

1. Immerse yourself in your role and objectives

2. Introduce yourself to the other players at your table

~5 m

~10 m

# Industry players: note down objectives of hospital stakeholders

Stakeholder	Stakeholder objectives	Relevant value creation levers
 <b>Clinician</b>		
 <b>Procurement manager</b>		
 <b>Budget owner</b>		

Disclaimer: This is part of a fictional training exercise.



# Phase 1 - introductions

1. Immerse yourself in your role and objectives

2. Introduce yourself to the other players at your table

~5 m

~10 m

# Phase 2a – meeting preparations

~15 m

Industry players: Prepare your pitch

Hospital stakeholders:

1. Rank your criteria to prepare for meetings with industry
2. Understand the priorities of your hospital colleagues



# Industry players: understand your value proposition and prepare your pitch

## Value based dimensions

Costs	Purchasing	Price of standard implants
	Operating/ healthcare delivery	Medical staff time using device
		Unplanned usage: failure rate from PHGD <sup>1</sup> (cost of re-operations)
Outcomes	Outcomes & evidence	Evidence of relevant outcomes improvement of anti-greasing factor
		Evidence of relevant outcomes improvement of anti-grey implants
Other benefits	HCP benefits	Training and access to education

Status quo of Hospital in €  
(Incumbent: Solid Hair)

264 K

630 K

200 K

0 K

0 K

0 K

1'094 K

Value-add from joint value creation levers

Lever name

Delta (€)

Price disadvantage<sup>2</sup>

+ xx K

Total incremental value-add (lowest bid wins)



1. Punctual hair growth dysfunction

2. 8'000 units at € xx = € xxx K

Disclaimer: This is part of a fictional training exercise.

# Hospital stakeholders: leverage template to rank your priorities and take notes from 1:1s (Phase 2b)

Criteria	Explanation	Rank	Notes from 1:1 meetings in Phase 2		
		Priority	Solid Hair	Majestic Mane	Royal Curls
Price	Price of implant				
PHGD <sup>1</sup> rate	Lower PHGD rate post surgery Lower PHGD = lower cost of care				
Anti-greasing factor	Anti-greasing factor with pre-defined minimal score				
Anti-grey implants	Supplier to offer anti-grey implants				
Training of medical staff	Supplier to offer medical staff training & measure outcomes				
Process optimization	Supplier to offer process optimization Less medical staff time = lower cost of care				

1 = most important 6 = least important  
Please use all numbers once

1. PHGD = Punctual hair growth dysfunction

Disclaimer: This is a purely fictional example for a training purposes



# Phase 2a – meeting preparations

~15 m

Industry players: Prepare your pitch

Hospital stakeholders:

1. Rank your criteria to prepare for meetings with industry
2. Understand the priorities of your hospital colleagues



# Phase 2b – speed dates

3x  
~ 10 m

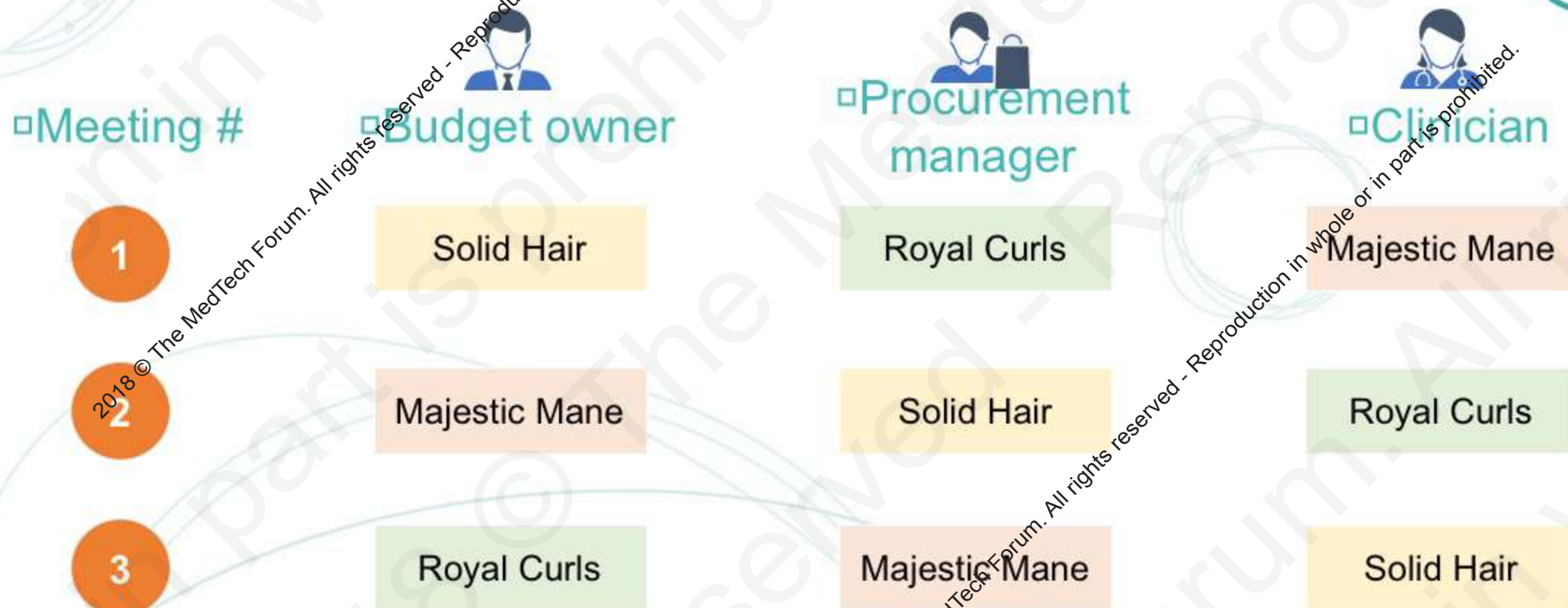
3 one-on-one meetings of all industry players with all hospital stakeholders

**Industry players:** Understand needs and share value you can bring

**Hospital stakeholders:** Share needs and understand industry value propositions

# Phase 2b – speed date meeting schedule

3x  
~ 10 m



# Phase 3 – shaping procurement procedure

~ 15 m

**Hospital stakeholders:** Jointly shape technical requirements and award criteria

**Industry players:** Observe



# And the winner is

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# Overview of winners

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## Thank you!

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