

BMZ



Federal Ministry  
for Economic Cooperation  
and Development



# A Systemic Approach to better Health

Systemic Calls for Tender in the Healthcare Sector

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## Background

Infrastructure investments in the health-care sector often face challenges that lead to insufficiently used potential. The reasons are manifold; ranging from incompatibility of medical devices or systems, inadequate training of medical staff, to insufficient maintenance and service.

Traditional tenders often lead to breaks between planning and executing, creating problems in coordinating between the individual suppliers.

The study “A Systemic Approach to better Health”, conducted by BMZ, GIZ, KfW and GHP offers insights into the advantages of an integrated and holistic approach to tenders in the healthcare sector.

Systemic Calls for Tender can help to ensure greater sustainability in healthcare projects, e.g. by considering life-cycle costs, comprehensive training of medical staff and all-encompassing maintenance contracts.

## About GHP

The German Healthcare Partnership (GHP) is the voice and advocate for the German export-oriented healthcare industry. GHP member companies cover nearly the entire German healthcare value chain, thus creating a unique network with excellent contacts to adjacent federations, academia and politics – both domestic and abroad.

GHP promotes sustainability in procurement processes in the healthcare sector and works towards efficient, adequate and feasible healthcare solutions worldwide.

## Differences between traditional and systemic calls for tender

Traditionally, lots are tendered separately through descriptive tenders. While this approach might be easier for the tendering agencies - offers are mainly compared by price – it often leads to less than ideal situations in regard to compatibility and long-term sustainability of the facility. More than often, the policy of awarding the cheapest bidder leads to a heterogeneous system where medical devices are incompatible up to the point of uselessness thus achieving the exact opposite of saving money.

Systemic calls for tender ideally include the planning of the project, supply and provision, installation, maintenance contracts, training and provision of consumables. Because pure acquisition costs only represent part of the total, systemic tenders should include a calculation of life-cycle costs (LCC). Without the calculation of LCC it is difficult to avoid buying the initially low-priced product and having it turn out to have high energy consumptions and expensive consumables.

## Why systemic calls for tender?

The holistic approach leads to economical and sustainable solutions. Although it might appear more costly at the point of acquisition, the investment is cost-effective in the mid- and longrun. The compatibility of the devices within the system is ensured in the planning phase, medical and technical staff is adequately trained, and the highest possible up-time is guaranteed by the supplier.





## Training & Local Capacity Building

Adequately trained personnel ensures the optimal functioning of the facility as well as the best possible treatment for and of patients. The education level is being raised within the facility as well as in the region/country. In the long run, this leads to an improved international standing, which in turn results in a rise in demand for the offered high quality diagnosis- and therapy possibilities.



## LCC

Lifecycle costs arise over the entire serviceable life of medical devices. In addition to acquisition and installation costs, LCC includes the following factors as well:

- maintenance
- consumables
- training needs
- energy consumption
- waste removal
- disposal
- personnel costs for operation
- therapy- and process costs
- others

Lifecycle costs have to be considered for a sound economic decision. Costs beyond acquisition costs can have a considerable impact on the award of the contract. The total amount of up-time should be listed in the calculation as well as the necessary time frames for updates during which the devices are briefly unavailable.

## Maintenance

Preventive maintenance on a regular basis is especially important for 2 reasons:

1) A well serviced device is a guarantee for a high up-time, 2) In case of emergency, hospital staff and patients can rely on the device to function flawlessly. All in all, preventive maintenance is economically as well as socially beneficiary.

## WIN WIN WIN Situation

### WIN 1 – Tendering party / Partner Country

Having successfully conducted a systemic call for tender and awarded a suitable bidder, the buyer acquired a high-quality health care facility. Due to comprehensive maintenance, service and training contracts, a long-term partnership is founded between the awarded bidder and the buyer. Well trained staff, functioning equipment and smoothly running operations help the facility to raise the standards by making a name for themselves. More patients will come for preventive procedures and treatment which leads to economic and social benefits.

### WIN 2 – Patients and Society

A better healthcare system and well equipped medical facilities make therapeutic measures more accessible. Diseases are easier to diagnose and can be treated with the help of reliable medical devices. Preventive measures help to keep the society healthy. Well trained personnel is capable to tend to the patients, even in emergencies. With high-quality care like this, patients are able to leave the facility faster and re-integrate into social, cultural and professional life. Trained staff raises the educational standard of the region.

### WIN 3 – The awarded bidder

Systemic calls for tender raise the standard for bidders. The demanded documents and qualifications (LCC assessments, international references etc.) make sure that bidders with low price products have to adjust. Competitive disadvantages for bidders of high-quality products with holistic approaches, e.g. as the German healthcare industry, are reduced.

## Guideline for systemic tender generation

To ensure efficient investments eliciting a sustainable impact on the quality of healthcare provision the tender is well-advised to shift away from focusing solely on investment costs. Placing life-cycle costs in the center of the procurement procedure could considerably contribute to an improvement in the quality of

tender processes. Therefore criteria that reflect quality, safety standards as well as life-cycle considerations must be accounted for. Systemic procurements secure a level playing field in international tenders and enable the contracting authority to identify the economically most advantageous bid. The check-list below is a practical tool to develop standardized tender methods for reliable and comparable results.

A. Contract types		
A.1	Investment	<input type="checkbox"/>
A.2	Maintenance	<input type="checkbox"/>
A.3	Uptime (in combination with a service contract)	<input type="checkbox"/>
A.4	Pay Per Use (if available, eg. reduction of maintenance costs)	<input type="checkbox"/>
A.5	Life-cycle contracts (investment and full-service-contract)	
B. Planning		
B.1	Checking the installed base at customer site	<input type="checkbox"/>
B.2	Workflow	<input type="checkbox"/>
B.2.1	Patient throughput	<input type="checkbox"/>
B.2.2	Consumables and other materials	<input type="checkbox"/>
B.2.3	Personnel fluctuation (new employees)	<input type="checkbox"/>
B.2.4	Data transfer and data storage	<input type="checkbox"/>
B.3	Room fitting	<input type="checkbox"/>
C. Technical systems		
C.1	Product history	<input type="checkbox"/>
C.1.1	Market introduction of the system	<input type="checkbox"/>
C.1.2	Updates und Upgrades (safety and application widening, spare parts availability)	<input type="checkbox"/>
C.2	Certificates and Approvals	<input type="checkbox"/>
C.2.1	Declaration of conformity (CE-certificate)	<input type="checkbox"/>
C.2.2	FDA approval (512k approval)	<input type="checkbox"/>
C.3	Sustainability	<input type="checkbox"/>
C.3.1	Product compatibility (connectivity, data and image transfer) with installed base and also future investments	<input type="checkbox"/>
C.3.2	Updates: free-of-charge safety updates - including hardware and software (during whole life-time-cycle)	<input type="checkbox"/>
C.3.3	Upgrades availability (on-site upgradeability of software and as well hardware components)	<input type="checkbox"/>
C.3.4	DICOM-3 data and image transfer between Hospital Information System (HIS) and PACS system based on DICOM-3, HL7	<input type="checkbox"/>

D. Commissioning/ Start-Up		
D.1	Installation	<input type="checkbox"/>
D.2	Technical documentation	<input type="checkbox"/>
D.3	Application training (basic and advanced application services)	<input type="checkbox"/>
D.4	Documentation of application trainings (certified)	<input type="checkbox"/>
E. Customer training (at manufacturer site)		
E.1	Application training	<input type="checkbox"/>
E.1.1	Physicians	<input type="checkbox"/>
E.1.2	Operators	<input type="checkbox"/>
E.1.3	Hospital technicians (first-line-service to reduce service costs and down-time of the system)	<input type="checkbox"/>
E.1.4	Training materials (presentation, hands-on training, etc.)	<input type="checkbox"/>
E.2	Educational trainings for customers (new applications, user communities for knowledge transfer)	<input type="checkbox"/>
F. Warranty		
F.1	Start of warranty	<input type="checkbox"/>
F.2	End of warranty	<input type="checkbox"/>
F.3	Conditions (a description has to be provided)	<input type="checkbox"/>
F.4	What is included AND what is excluded	<input type="checkbox"/>
G. Service (on call)		
G.1	Use of original spare parts (NO third-party parts)	<input type="checkbox"/>
G.2	Personnel	<input type="checkbox"/>
G.2.1	Service engineers - no call center agents	<input type="checkbox"/>
G.2.2	Response time for on-site visits	<input type="checkbox"/>
G.3	Contact availability (operating times, via email, telephone)	<input type="checkbox"/>
G.4	Safety-updates	<input type="checkbox"/>
H. Maintenance (recommended)		
H.1	Use of original spare parts (NO third-party parts)	<input type="checkbox"/>
H.2	Personnel	<input type="checkbox"/>
H.2.1	Certified technicians (from manufacturer)	<input type="checkbox"/>
H.2.2	Response time for on-site visits	<input type="checkbox"/>
H.3	Maintenance intervals	<input type="checkbox"/>
H.4	Maintenance contracts (from manufacturer)	<input type="checkbox"/>
H.5	Contact availability (operating times, via e-mail, telephone)	<input type="checkbox"/>
G. References		
G.1	Regional	<input type="checkbox"/>
G.1.1	Number of installed systems	<input type="checkbox"/>
G.1.2	Trainings	<input type="checkbox"/>
G.1.3	Service	<input type="checkbox"/>
G.1.4	Maintenance	<input type="checkbox"/>
G.2	International (world-wide)	<input type="checkbox"/>
G.2.1	Number of installed systems	<input type="checkbox"/>
G.2.2	Trainings	<input type="checkbox"/>
G.2.3	Service	<input type="checkbox"/>
G.2.4	Maintenance	<input type="checkbox"/>
G.3	Publications and customer responses	<input type="checkbox"/>

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