

To Understand the Process of E-tendering and procurement of medical Equipment in India

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Introduction

- With the hike in the need for healthcare in the past 2 years due to the pandemic, the India's Healthcare has taken various steps to strengthen healthcare facilities and decide to initiate various medical centers and hospitals. 49 new hospital projects by the government are to be initiated in 2022 to meet the medical need of the growing population.
- On the other hand, the private healthcare sector has also experienced a huge rise through major investments made towards increase in the hospital facilities.
- This initiation has given rise to business opportunity for the medical equipment market to grow and have experienced a huge surge in demand. In the past 2 years, the medical equipment market has experienced huge demand from both, the government and the private sectors.
- On the other hand, the requirements of the healthcare centers have become specific, and their monitoring is difficult to keep up with.
- The paradigm of the industry has also shifted from low-cost products to those which can deliver high value and long-term impact. Quality is now a priority.
- The study aims to understand the medical equipment industry business in detail to understand the expectations of the healthcare industry from their vendors and the processes, requirements, shortcomings, advantages, etc.

About – Omega Surgical Industries

- Incepted in 2013, Omega Surgical Industries is involved in providing superior quality of Operation Tables, Operation Theatre Lights, Steam Sterilizers and Autoclaves, Delivery Tables and Beds, Hospital Bed, Examination Tables, Patient Transfer Trolleys, Ambulance Trolleys, OPD and Ward Equipment, Wheelchairs, Suction Apparatus, Scrub Station, Operation Theatre Equipment. Experts employ only best quality components and material to develop these products as per the global quality standards. The offered products are highly acclaimed for their robustness, less maintenance and exceptional performance. Known for their accurate dimension and smooth operation, these products are widely known in hospitals, clinics, and nursing homes. Prior delivering to the patrons' end, quality executives rigorously test the quality of these products to assure the quality.
- The huge infrastructure facility of the organisation assists in meeting the huge demands of the customers. The infrastructure is divided into dissimilar units like administration, development, quality controlling, sales and warehousing department. All these units are directed by experienced workers, who have huge experience in this realm. Promised to the customers that all products are delivered to the clients in promised time, with the dedication and hard work of workers, we have become the most preferred choice by the clientele.



Omega Surgical Industries has arisen as one of the conspicuous producers, merchant and provider of an extensive variety of medical equipment. Their endeavours of offering quality reach to our clients have procured them a colossal customer base the nation over.

They have had the option to draw in countless clients because of the accompanying reasons:

- Rich modern experience
- Perfect reach
- Cutting edge framework
- Customization
- Convenient delivery

Omega Surgical Industries follow the steps from receiving the orders to execution to maintenance of their products. The full process explained below:

- Generation of sales orders through continuous leads and tender tracking
- Execution of orders (production)
- Post- Production inspection
- Delivery
- Installation and demonstration
- Post installation maintenance till 12 months from the date of installation

Review of literature

- An examination of the figures on Covid-19 health facilities by the Union Ministry of Health recommends that in most recent one month, there has been an increment of 22% in the healthcare centers that are implied solely or chiefly just for severe cases of Covid-19 across India.
- There is significant expansion in interest in Health Infrastructure and the Budget cost for Health and Wellbeing is Rs 2,23,846 crore in BE 2021-22 as against the ongoing year's BE of Rs 94,452 crore, an addition of 137 %.The significant expansion in the spending plan designation towards wellbeing foundation has made a way for extensive variety of chances of business for careful and clinical hardware industry.
- As per one gauge referred to in a report by the Confederation of Indian Industry (CII) the clinical gear market in India was esteemed at US\$2.75 billion of every 2008, assessed to arrive at US\$5 billion by 2012 with a yearly development pace of almost 15%.
- As per a concentrate by Ernst and Young, the size of the Indian clinical gear industry was \$2.16 billion starting around 2006 (Rs. 9500 crores) and expected to reach \$3.2 billion by 2009 (Rs. 14,080 crores) and \$4.5 billion by 2012 (Rs. 19,800 crores).
- India is among the main 20 business sectors for medical equipment around the world. The market is supposed to increment at a 37% CAGR to arrive at US\$ 50 billion of every 2025, from US\$ 10.36 billion out of 2020. The medical equipment area in India contains enormous multinationals and little and fair sized organizations.

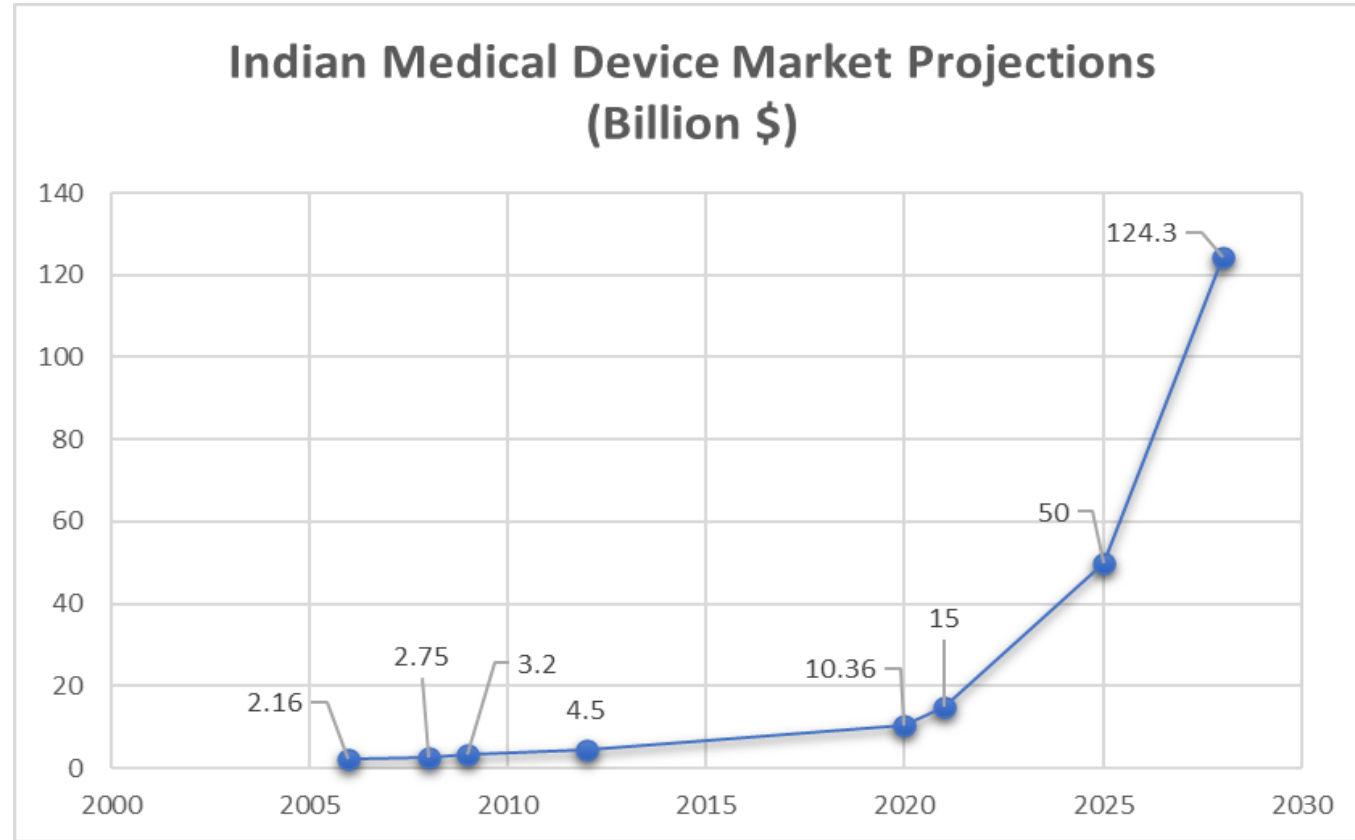


Fig 1: Indian Medical Equipment Market Projections from 2005 and expected growth

Increasing Market Size...

With increasing market size of the medical equipment industry, the expectations of healthcare facilities in terms of quality of the products procured. high pace of equipment disappointment influences patient results, wellbeing framework productivity, and the responsibility of medical care suppliers. Therefore, focus has shifted from procuring the products with low price to investing in products that will give long term benefits through their superior quality.

Value based procurement (VBP) is the act of assessing expected new items, administrations, and serves for an objective of value for money (VFM), as opposed to lowest price practice. With regards to medical equipment obtainment, VBP approaches expect that acquisition groups fill in as a component of a wellbeing health tach management (HTM) framework to completely assess clinical hardware, administrations, or elective arrangements, meaning to expand VFM.

Order To Cash Process of Medical Equipment

The organization is currently involved with two types of clients-

- a. Private hospital, clinics and other healthcare centers
 - b. Government hospitals, medical colleges, and other healthcare centers
-
- a. Process of order to cash in government entities: Government entities float their orders on the GEM (government E-marketplace) portal for the requirement as tenders. After the tenders are floated, they are monitored till the bid opening date and then suitable prices are bid. Generally, the tenders are awarded on L1(lowest price) basis, or T1(technicality) basis. After the tender is awarded, production takes place and is to be completed within the CRDD (customer required delivery date) as in the tender. Postproduction and prior to CRDD, a government inspection take place to validate the product and determine its suitability in accordance with the tender. Post inspection, amendments, if any are made and the order is shipped and installed by the organization.
 - b. Private entities: With private entities, a simple procedure of lead generation and order execution is followed. Leads are generated by either through existing clientele or tracking the new projects in development. Past performance of the products plays an important role in repeat orders.

AIM

- The study includes clients of the organization to understand their experiences, their expectations while procuring the medical equipment and to use their responses for the betterment in products of the company to deliver value-based products.

OBJECTIVE

- To understand the processes for E-tendering and procurement of Medical Equipment in government and private hospitals and other healthcare centers.
- To understand the perspective of the clientele of the medical equipment industry in terms of the requirements in their products.
- To identify the challenges of the medical equipment that healthcare service providers experience and their expected solutions to the same.
- To understand the additional needs in terms of the products that are procured from the healthcare service providers apart from procurement.

- RESEARCH DESIGN: observational (cross sectional) study.
 - STUDY SETTING: Qualitative research
 - STUDY POPULATION: the study conducted includes clients (both government and private setting) of the organization who have procured the products from the organization.
 - SAMPLE SIZE: 50
 - SAMPLING TECHNIQUE: non probability (convenience sampling)
- SAMPLING INSTRUMENTS: Questionnaire

Results

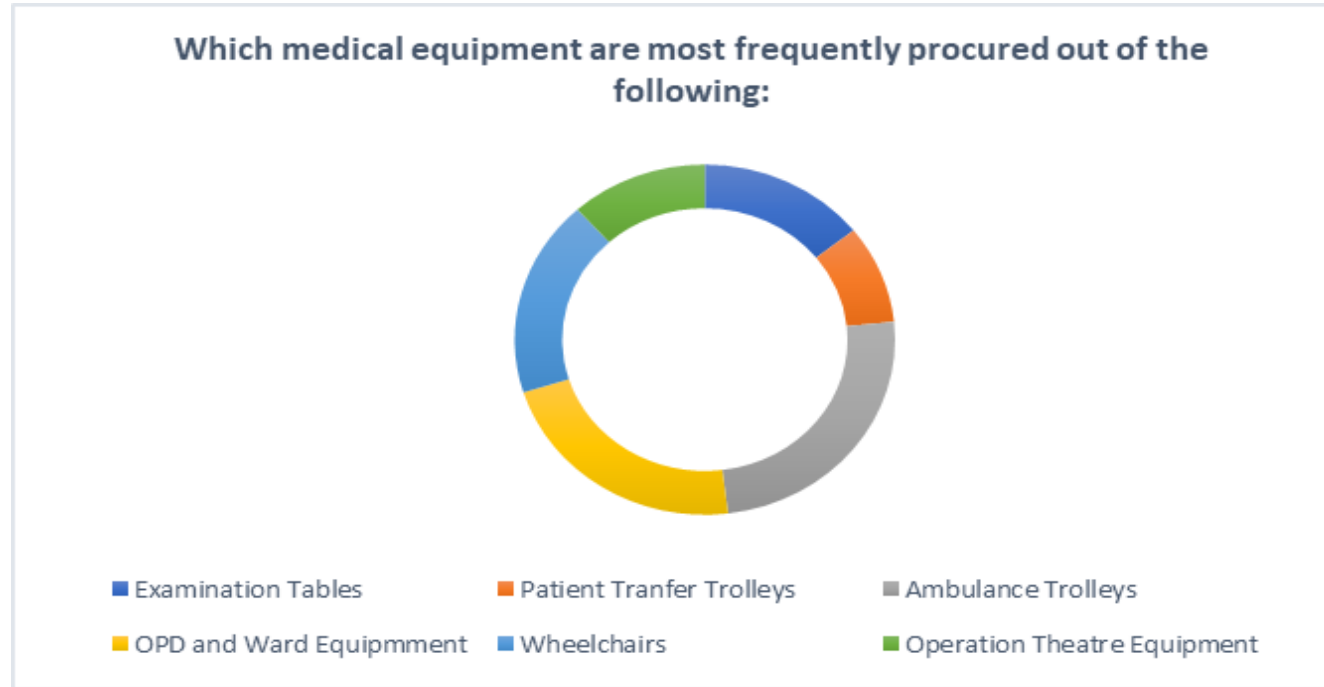


Fig 4.1: According to the responses, most frequently procured equipment include ambulance trolleys, OPD and ward equipment, and wheelchairs.

What are the most common criteria for selection of an organization for procurement of medical equipment?

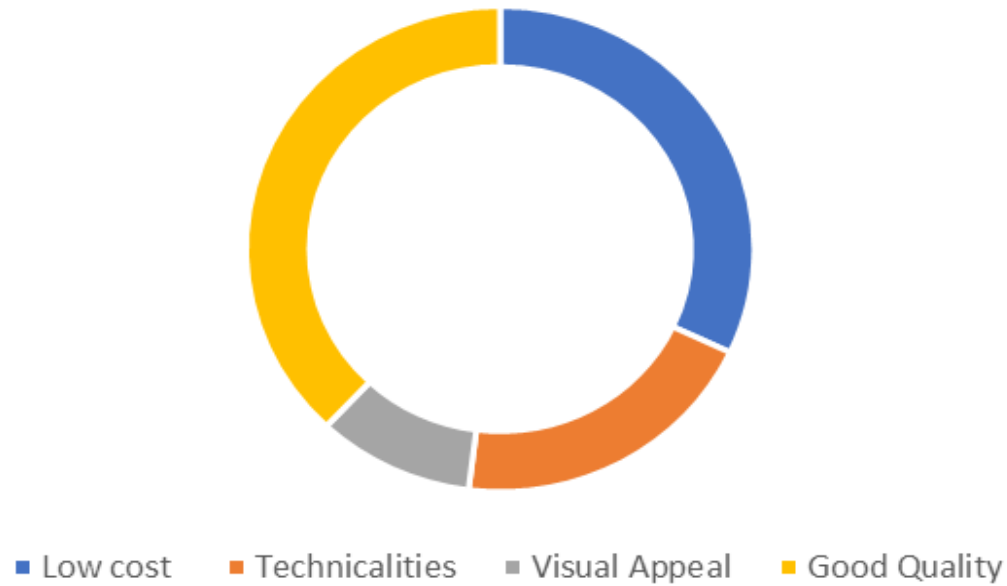


Fig 4.2: Good quality is the most important factor for selecting an organization for procuring its products, followed by low cost.

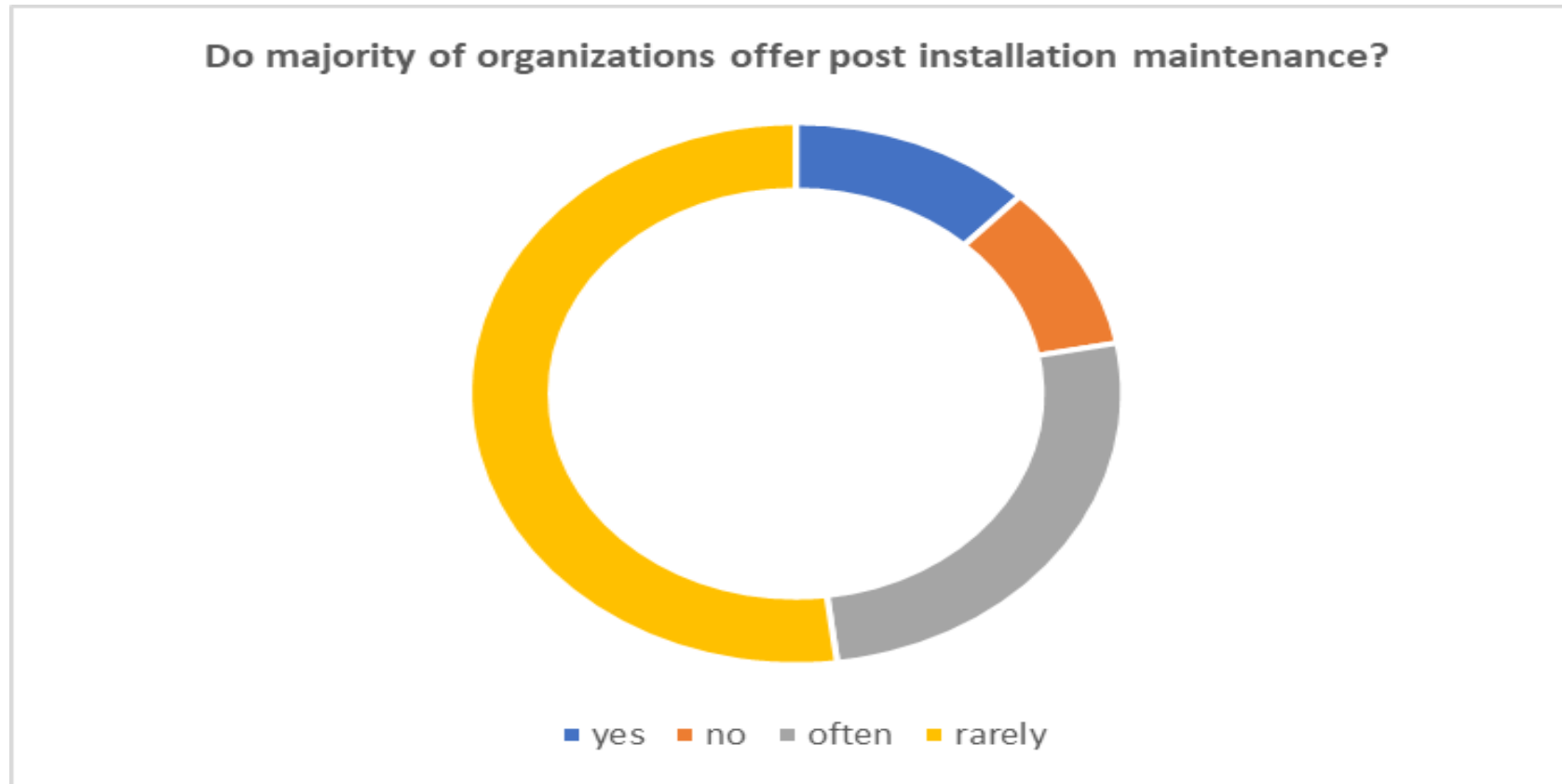


Fig 4.3: Majority of organizations rarely offer post installation maintenance.

**What is the typical warranty period given by the organizations
for the medical equipment?**

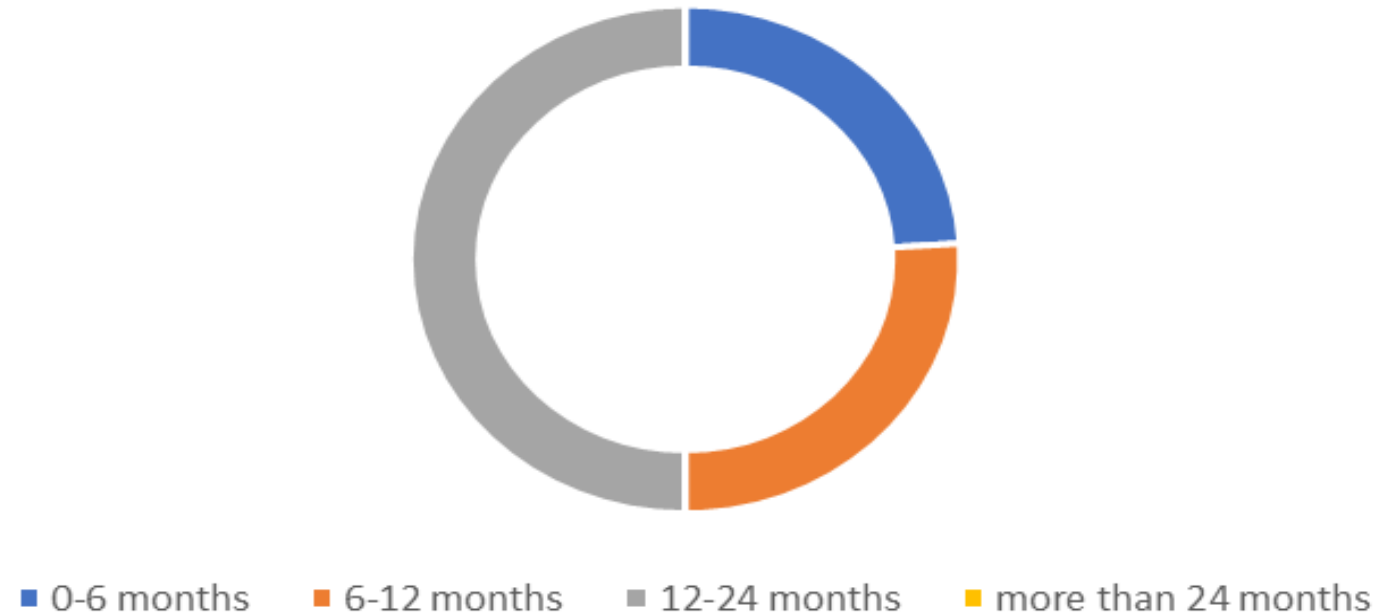


Fig 4.4: Typically, organizations offer 12-24 months of warranty period for their products

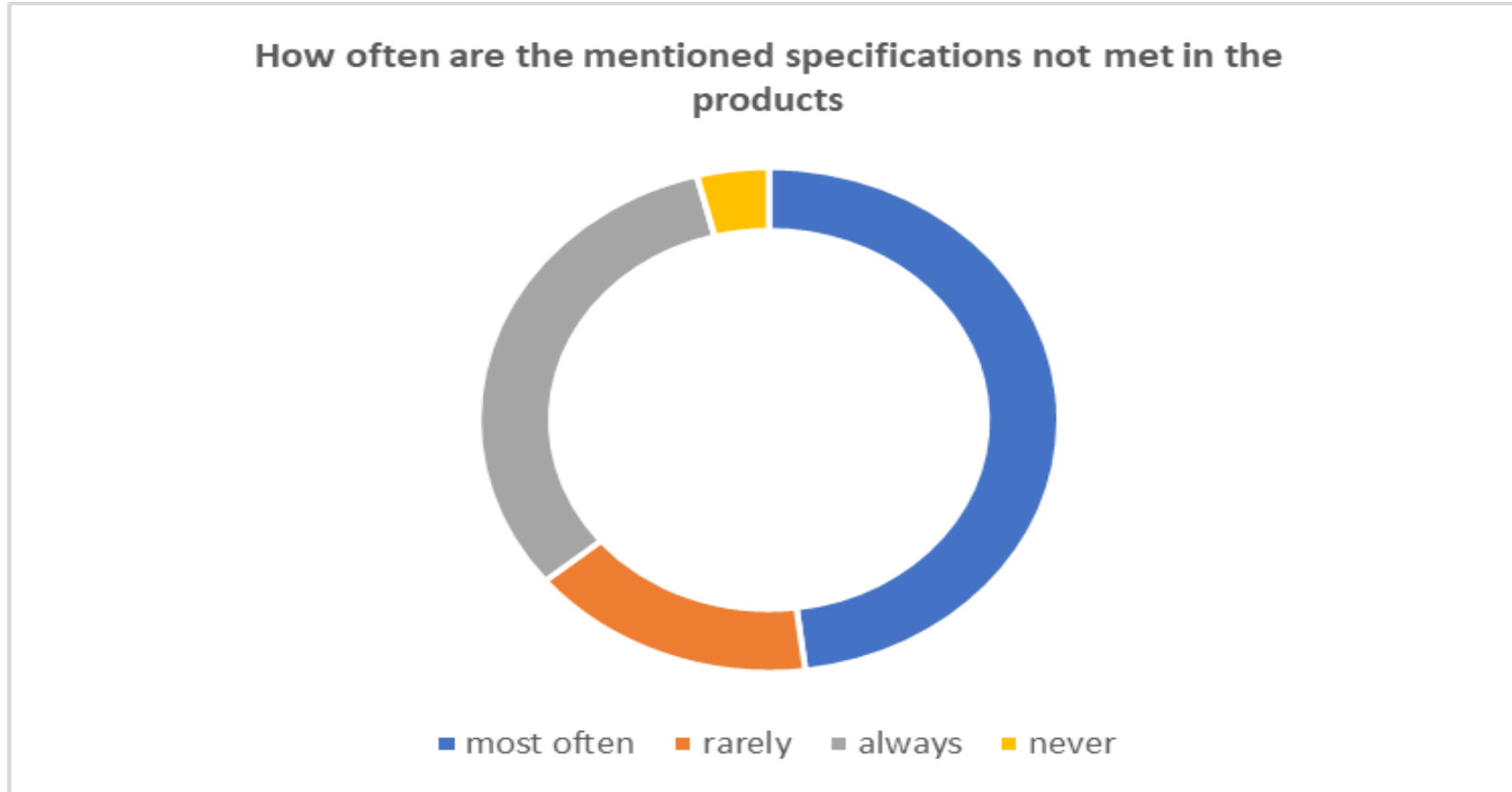


Fig 4.5: Most healthcare facilities claim that the specifications mentioned by them are not met in the products that are received.

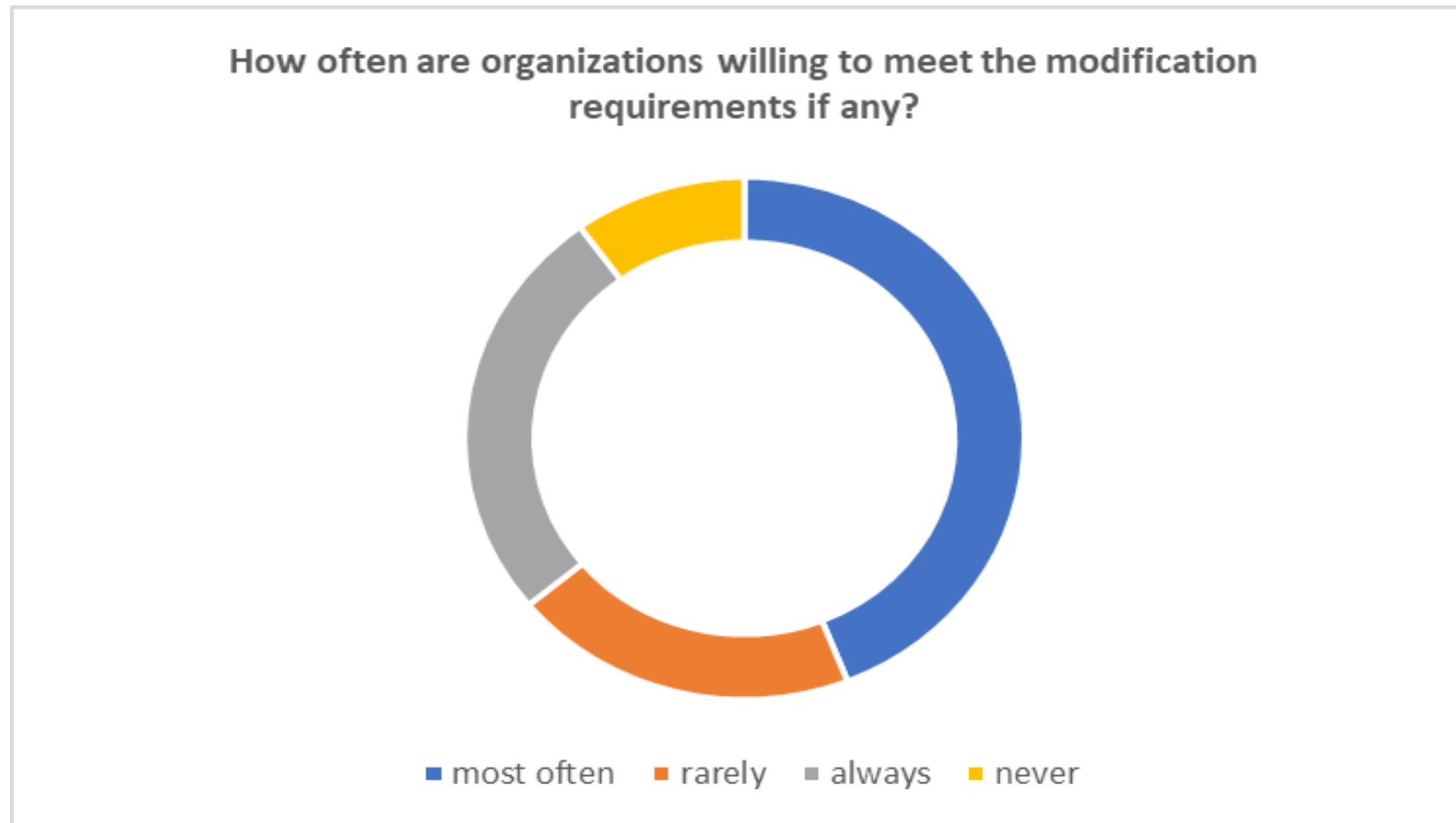


Fig 4.6: Most often, medical equipment manufacturers are open to modifications, if any, as and when requested by the purchase department.

What is the common delivery period mentioned in the purchase orders for medical equipment?

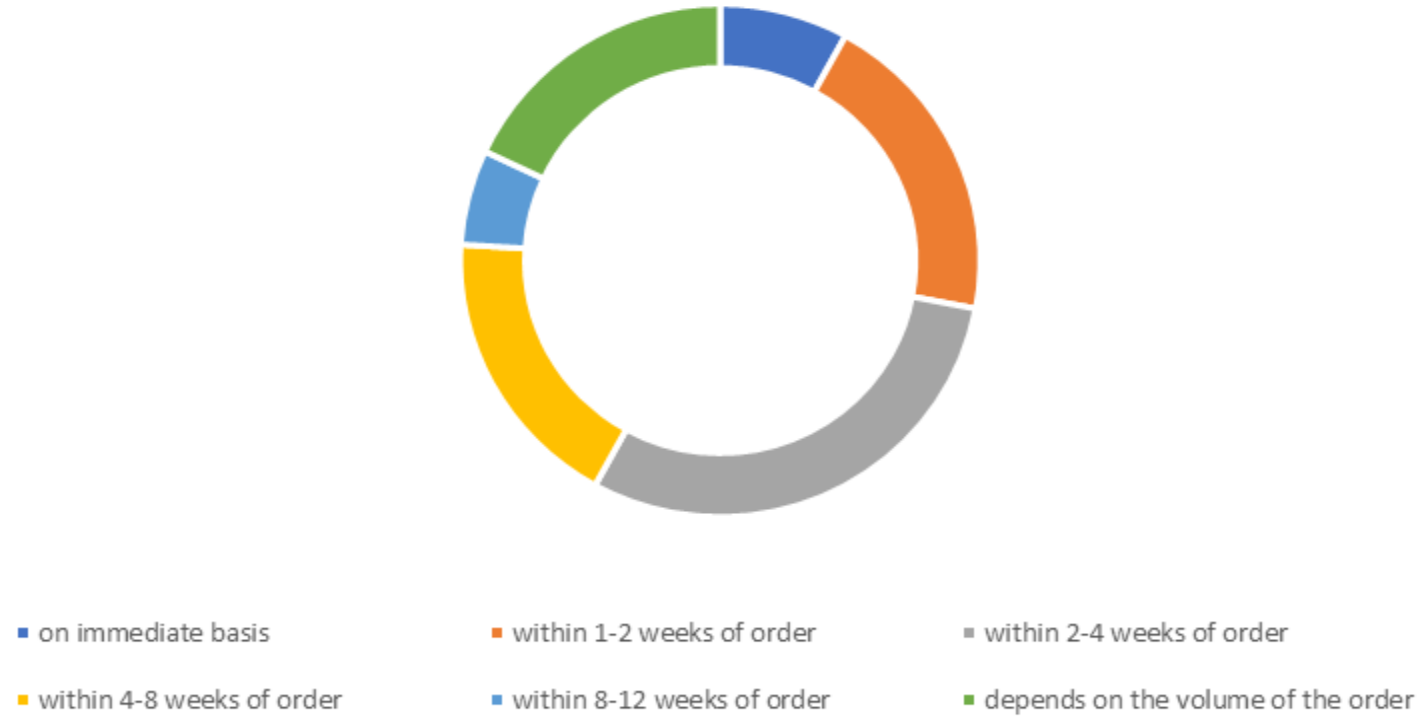


Fig 4.7: Most organizations offer 2-4 weeks of customer required delivery date.

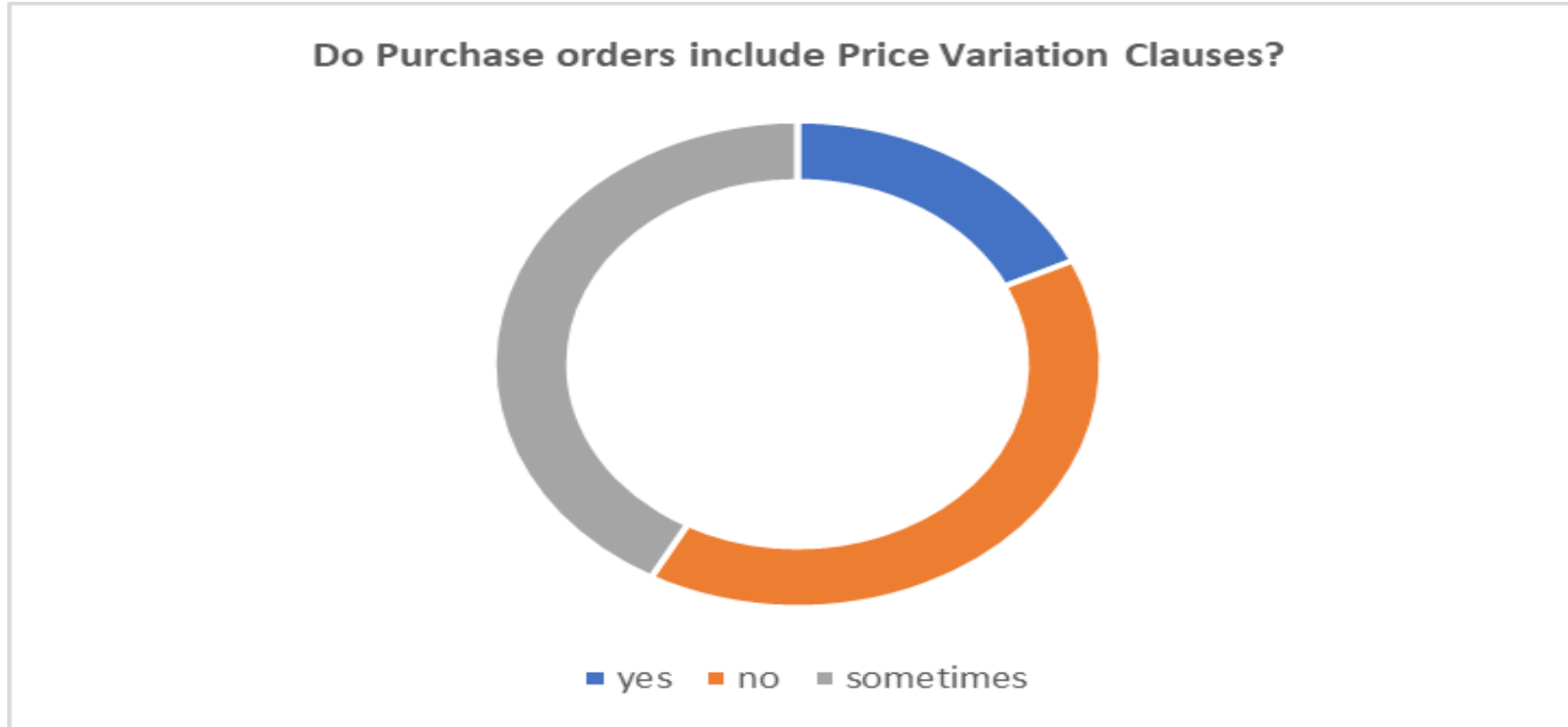


Fig 4.8: Price Variation Clause (PVC) clauses are many a times not included in the purchase orders.

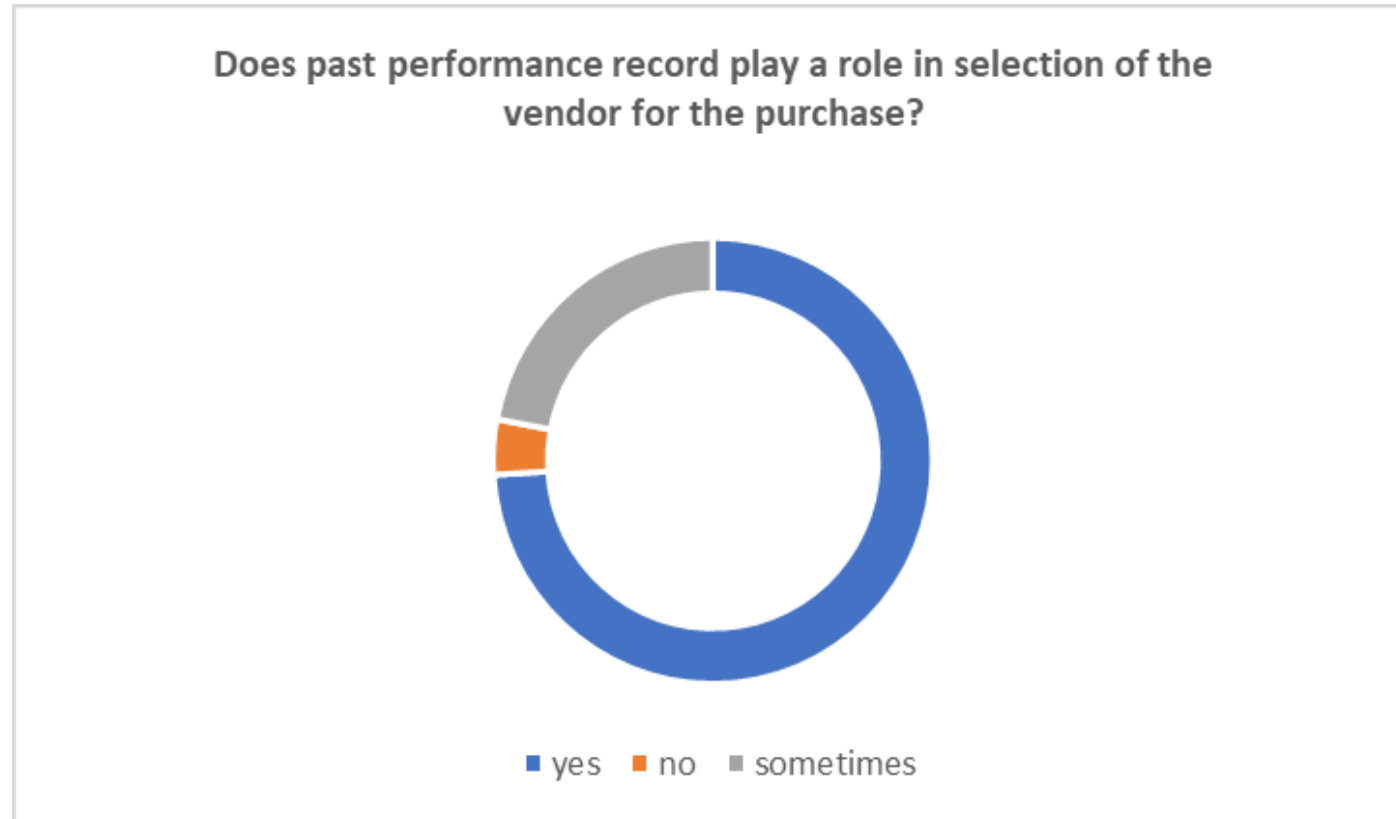


Fig 4.9: Past performance of the organizations play a major role in repeat orders by the customers

Discussion

- Through the study, following conclusions can be drawn:
- OPD and ward equipment and wheelchairs are frequently used and thus, are prone to breakage, wear offs. Therefore, it can be one of the reasons for frequent procurement. And as these equipment have a higher demand, they can be stocked prior to any order, so that an edge over the competitor can be gained in terms of required delivery time.
- Most hospital and healthcare organizations now prioritize better quality over lower price. Customers now implement Value Based Procurement (VBL) which is the act of assessing likely items, administrations, and obtain value for money (VFM), as opposed to obtaining products at lowest possible price. Delivery of good quality products can ensure customer retention and satisfaction. No compromise should be done in terms of quality of the products.
- Majority of organizations rarely offer post installation maintenance. This observation can be used as a window of opportunity to enter service-based business by providing maintenance services for the products.
- Typically, organizations offer 12-24 months of warranty period for their products.
- Most healthcare facilities claim that the specifications mentioned by them are not met in the products that are received. There is very little difference in the product specifications, which can sometimes be confusing to the manufacturers. It is necessary to get clarity on the requirement of the customer rather than delivering the wrong product.
- Most often, medical equipment manufacturers are open to modifications, if any, as and when requested by the purchase department. Most healthcare facilities desire customized products with detachable parts for multi purposes. Instead of having pre- defined SKUs, modifications as per customer's requirements are offered to gain customer satisfaction.
- Most organizations offer 2-4 weeks of customer required delivery date. It is advisable to accept orders basis the capacity of the business and manpower. If the manpower and capacity is not sufficient, the manufacturers should either make arrangements for advance payments for facilitation of the orders or not accept them.
- Price variation clauses (PVC) protect the manufacturers against the increasing prices of the raw material procured. Price variation clause protects the supplier from increase in raw material prices at the time of delivery as compared to prices at the time of bidding for tender in case of government hospitals. It was observed that PVC is many a times not included in the Purchase orders. It is advisable to explore the possibility to include PVC clauses to reduce the financial burden to the manufacturers while executing the orders.
- Past performance of the organizations play a major role in repeat orders by the customers. Continuous performance leads to customer retention. Constant delivery of high-quality products increases the business relations, thereby increasing business.

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THANK YOU