REPORT

GROUP PURCHASING CHAPTER
IHF-GPO-INDUSTRY EXCHANGE MEETING
Geneva, Switzerland
29 November 2012
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(Presentations and Photos can be viewed at: www.ihf-fih.org/events)
SESSION 1:  
**INTELLECTUAL PROPERTY, TRADE AND PUBLIC HEALTH**

Best practice in purchase and capacity can give the best value for money in the healthcare facility however; there is a limitation for new products when it comes to purchasing and standardization.

*Interplay of intellectual property with Drug Innovation, Procurement & Pricing (Presenter: Thomas Bombelles – World Intellectual Property Organization (WIPO))*

The World Intellectual Property Organization (WIPO) fights for intellectual property such as copyrights. They also initiate treaties that spell out the framework where people can apply for intellectual properties.

Innovation property in healthcare is different. Everyone needs access to health as opposed to music. No one dies if they don’t have access to music.

*Who pays for innovation in healthcare and how?*

Most organizations are concerned with value for money. Also, companies that are involved in innovation need to know who will support their work in terms of funding. WIPO looks for areas in healthcare where there is a need for innovation. Examples of such areas are; neglected tropical diseases (NTDs), malaria, Tuberculosis (TB), etc.

The purpose for the research will be to generate new potential drugs, diagnostics and vaccines for neglected tropical diseases such as malaria and TB, which disproportionately affects the world’s most disadvantaged population.

This can be achieved by sharing a centralized database of available research and resources.

There is a list of 21 neglected diseases/conditions in the database. This database can be accessed by the public. A report from WHO on NTDs prompted the need to develop and introduce new medicines.
International Framework of Innovation and Access to Medical Technologies  
(Presenter: Antony Taubman – World Trade Organization (WTO))

There are agreed rules governing the international trade. Ways to balance intellectual property and patient rights:
   a. Use a set of rules for patient rights  
   b. The more restricted the rules, the more limited the access to patient rights; rules have an impact on access  
   c. The rule takes account of standards

Tariffs can be significant in access especially in the case of pharmaceutical companies and R & D. There is a suggestion to remove or reduce tariffs to open up access to medicines in developing countries.

Standards and Trade Agreements are used to reduce competition  
Some challenges of trade rules are:  
   a. Members have been reluctant to open health services so there is a need for intervention trade negotiations.  
   b. Government procurement; an agreement of procurement of goods and services in the health area

Commit to open tenders to competitors to foreign providers who are part of the members  
Some advantages are:  
   a. There is competition as such, best value for money.  
   b. Best quality  

Competition policy:

Since rules are not clearly defined, it could lead to serious confusion with protection for medical technologies;  
   a. What medical technologies are actually valid and to what extend?  
   b. What should be available and how can they be used?

There is an intellectual property and trade debate in relation to the cigarette companies. Restriction on trade marks and branding of tobacco has been a serious concern.
SESSION 2: 
HOW TO DEVELOP OPEN INNOVATION WITH SUPPLIERS
What is open innovation? How to classify and assess innovation?
How to bring up innovations in hospitals?
How to turn your supplier into a partner for innovation?
(Presenter: Carole Gandon - Resah-IDF)

Carole Gandon recalled the main definitions of innovation: product / service, breakthrough/incremental.
One method to classify innovation is to assess it through 2 main criteria: Cost efficiency and quality.

4 types of innovation can then be found:
- Value destroying (low quality, high cost)
- Disruptive (low quality, low cost)
- Accretive (high quality, high cost)
- Value increasing (high quality, low cost)

Open innovation is an innovation process developed through the interplay of several operators from different organizations.

Open innovation can be classified according to the kind of players involved:
- Downstream is when you involve patients in the process
- Midstream refers to the cooperation between several buyers in a cross-fertilization approach
- Upstream is the integration of suppliers.

Today in the industry, 85% of innovation comes from upstream relations.
And in hospitals?

Most healthcare organizations have a passive attitude toward innovation. They usually expect suppliers to bring innovation, instead of asking for it explicitly.

Carole Gandon presents a suggested method on how to turn your suppliers into partners for innovation:
1. Develop the lead of purchasers: Since there can be a lack of consensus among players with different priorities, purchasers make a good entry point for innovation.
2. Give direction to suppliers: give them an idea or some guidelines of what you need. The root cause for failure is not bad outcome, it is bad expectation.
3. Build collaborative approach with suppliers, for example, involve suppliers in the process such as developing new products, demonstrate openness, share information timely and help suppliers improve competitively in terms of cost and quality
4. Become a preferred customer of leading suppliers, this generates a virtuous circle (commitment, long term partnership, good level of feedback, price cuts).
5. Identify most relevant partners that are prone to innovation. These partners should have a certain level of know how (assess their potential through trainings, IP ownership, level of R&D expenses), consider SMEs) and think global.

**Supplier versus Buyer: Can we dance together? - Workshop**

Your Role: You are a supplier who usually works with hospitals

Three questions were presented and participants were divided into groups to analyze and present conclusions.
The groups were divided into four groups; 2 buyers teams and 2 suppliers teams.

**From the standpoint of a buyer:**
1. *What do you expect from your partner (supplier) to foster innovation?*
   *Answers:*
   - The supplier has to understand the issues. When you understand the buyer’s problems, you have the knowledge to better meet the buyer’s needs
   - There should be transparency and mutual understanding between the hospitals, suppliers and researchers
   - There should be clarity on competition and conflict of interest. No collision between the groups.
   - Provide a solution that is acceptable for all the staff not just a product
   - Have an efficient and cost effective solution

2. *What are the main obstacles?*
   - Lack of transparency and cooperation between hospitals, suppliers and groups of researchers
   - Suppliers are too focused on selling existing products
   - Suppliers don’t include the end users (staff) enough
   - Too many regulations to introduce partnership and open innovation
   - There is an issue with financing; hospitals do not have much money. Who pays for innovation?

3. *How to support partnership to develop open innovation?*
   - Need to know each other better to allow better exchange of information and data Incentives
   - Regulations have to be modified
   - Need to develop a new economic model to support the cost of innovation
- There should be a win-win thrust relationship between the partners (suppliers, hospitals and researchers)
- Understand and meet the needs of suppliers, researchers and hospital)
- The purchasing function serves a key role to facilitate and support innovation processes

From the standpoint of a supplier:

1. **What do you expect from your partner (buyer) to foster innovation in hospitals**
   - Need to have a clear process in terms of customer needs, specifications, clear time line, regular feedback, clear payment terms, access to technology and information on process)
   - Need for relevant decision makers and end-users to get involved
   - Have an open-minded and professional attitude

2. **What are the main obstacles?**
   - Misalignment between procurement managers and end users
   - Mistrust and lack of full engagement of all stockholders
   - Lack of holistic approach
   - Absence of flexibility on process and people
   - Corruption when promoting something new

3. **How to support partnership to develop innovation?**
   - Find ways to provide platform for exchange of information + ideas + sharing best practices
   - Solutions to measure outcomes and monitor projects
   - Financing schemes to support hospitals and Healthcare facilities
   - Ensure trust and transparency
   - Good management and information technology
SESSION 3:
INDUSTRY AND INNOVATION

Best Practices in Innovation: From Idea/Concept; Generation to Hypothesis Testing and Project Pilots
(Presenter: Matthew Conrad, Director of Innovation and Customer - Global Healthcare Practice, Trane-Ingersoll Rand (IHF Corporate Partner)).

1. Mr. Conrad discussed 3 of the 4 different phases Ingersoll Rand recommends for innovating.

2. The first phase was coming up with the idea, which involves knowing the customer and what the job their customer is trying to do. The importance of the value chain, and creating a culture of innovation through crowd sourcing was discussed.

3. The second phase involved testing and evaluating if the innovation is the right idea. Mr. Conrad mentioned how important it is to know that most ideas aren’t going to work, and to go outside the comfort zone and package innovation so you can separate yourselves from competitors.

4. The third phase addressing the question, “How do I commercialize and make this service/product work? Mr. Conrad discussed that creating a comprehensive strategy around the concept/offering, and implement best practice are very important.

5. The 4th phase was not discussed.

6. The discussion after the presentation highlighted how partnering at a higher level has developed trust. Also, the members all agreed that everyone involved in this innovation process has a common interest of working towards efficient healthcare services that are widely supported by all people and politicians in particular regions.

7. It was also discussed that Innovation fosters a collaborative approach, GPO’s play large roles, and that industry has a counterpart.
Breakthrough Innovation in the Health Procurement Field
(Presenter: Mauricio de Lazzari Barbosa, Chief Executive Officer, Bionexo (IHF Corporate Partner)).

1. Mr. Lazzari Barbosa discussed that we are now collecting and finding more of a technology based platform, and that the healthcare sector largely hasn’t kept up with this switch.

2. Specifically within technology based platform, we are shifting to a different world of internet; we are shifting from websites to video links, smartphones, tablets etc.

3. Next, Mr. Lazzari Barbosa gave details on the Bionexo System, which allows healthcare providers to be able to see up to date prices and availability of supplier products by region that any provider in healthcare in Brazil could purchase. Essentially, Bionexo has developed a technology based, price disclosure system that develops transparency in health supplier goods that are accessible for healthcare providers can utilize.

4. It was mentioned that this is especially useful because materials take up a large amount of costs for hospitals, and this system can cut back on these costs.

5. The discussion after the presentation highlighted again the importance of trust, and if Bionexo can ensure accountability that goods aren’t counterfeit. The answer from Mr. Lazzarro Barbosa was that they don’t have much control on this, and rely simply on the honesty of healthcare providers and suppliers.
GROUP PURCHASING CHAPTER
DIALOGUE EXCHANGE MEETING
29 November 2012 – Geneva, Switzerland
PROGRAMME

Venue: Zurich Room, Crowne Plaza (Geneva) Hotel
75-77 Avenue Louis-Casai, CH-1216 Geneva, Switzerland (Tel: +41 22 710 30 00)

9:30 – 10:00 Registration / Coffee - Foyer
10:00 – 11:00 PART I: Intellectual Property, Trade and Public Health – Zurich Room

10:00 – 10:10 Opening: IHF Activities and Group Purchasing Chapter
Eric de Roendenbeke, CEO, International Hospital Federation
Dominique Legouge, Director, Resah idf

Speaker: Thomas Bombeles, Consultant, Global Challenges Division – World Intellectual Property Organization (WIPO)

10:25 – 10:40 Plenary Session: International Framework for Innovation and Access of Medical Technologies
Speaker: Antony Taubman, Director, Intellectual Property Division, World Trade Organization (WTO)

10:40 – 11:00 Group Discussion
Facilitator: Thomas C. Dolan, IHF President & CEO, American College of Healthcare Executives

11:00 – 11:15 Coffee Break - Foyer

11:15 – 13:15 PART 2: Group Purchasing and Innovation – Zurich Room

11:15 – 12:15 Presentation & discussion: How to turn your supplier into a partner for innovation?
What’s innovation? How to give the market time to react and develop solutions to defined needs? How to identify the most relevant suppliers for partnerships? How to support innovativeness of the market?
Speaker: Carole Gandon, International Project Manager, Resah-idf.

12:15 – 13:15 Workshop: Suppliers versus buyers: can we dance together?
Facilitator: Carole Gandon, International Project Manager, Resah-idf.

13:15 – 14:15 Lunch – Cornavin & Meyrin Room

14:30 – 15:30 PART 3: Industry and Innovation – Zurich Room

14:30 – 15:00 Roundtable 3: Best practices in innovation: from idea/concept; generation to hypothesis testing &
project pilots
Speaker: Matthew Conrad, Director, Innovation and Customer Experience, Global Healthcare Practice,
Ingersoll Rand

15:00 – 15:30 Bionexo: Breakthrough innovation in the Health procurement field
Speaker: Mauricio De Lazzari Barbosa, Chief Executive Officer, Bionexo (Brazil)

15:30 – 15:45 Tea Break - Foyer

15:45 – 16:45 Group Discussion: How to best promote Innovation with Group purchasing
Facilitator: Eric de Roordenbeke

16:45 – 17:00 Closing Remarks
Eric de Roordenbeke, CEO, International Hospital Federation
Dominique Legouge, Director of GIP Resah-idf
Thomas C. Dolan, CEO American College of Healthcare Executives & IHF President

17:00 Meeting End

19.00 DINNER
Cornavin & Meyrin Room
Crowne Plaza Hotel