

**PARTSSOURCE**  
**JEREMY LUKOVICH**  
**OCTOBER 2, 2014**

Indiana Pressler Memorial Chapter HFMA

# Topics

- Introduction
- Who is PartsSource?
- Replacement Parts Industry at a glance
- How changes in healthcare are driving a **R**evolution of the procurement process
- Inefficiencies in our current procurement process
- Future state
- Effecting change

# Introduction

**Jeremy Lukovich**  
Director of Business Development

**P** 877.497.6412 ext. 1510  
**D** 330.954.1510  
**M** 734.635.5569  
**F** 330.562.9901  
**E** [jlukovich@partssource.com](mailto:jlukovich@partssource.com)  
**W** [www.partssource.com](http://www.partssource.com)

**PartsSource**  
THE ANSWER IS *yes!*™

**GSA** Contract Holder  
GS-35F-0592Y

ISO 9001:2008

777 Lena Drive | Aurora, OH 44202

# PartsSource

- Nation's only multi-modality, multi-vendor supplier of medical replacement parts
- Replacement Parts Vendor
- Driving Solutions in procurement
- Supply Chain Powerhouse
- Redefining procurement methodologies
- Technology
- Full-service solution

# Replacement Parts Industry

- \$5.0B Annually spent on Medical Device Replacement Parts
- 1,100 OEMs (GE, Siemens, Philips, Toshiba, Steris, Stryker etc.)
- 42% of devices will require a replacement part EACH YEAR
- Average cost spent on repairs = \$3,300/bed per year
- OEM/ISO Service Contracts are Expensive & Incomplete
- 15-25% of parts purchased should have been covered by a contract
- Current Parts Procurement Process is: Manual, Expensive, and Inefficient

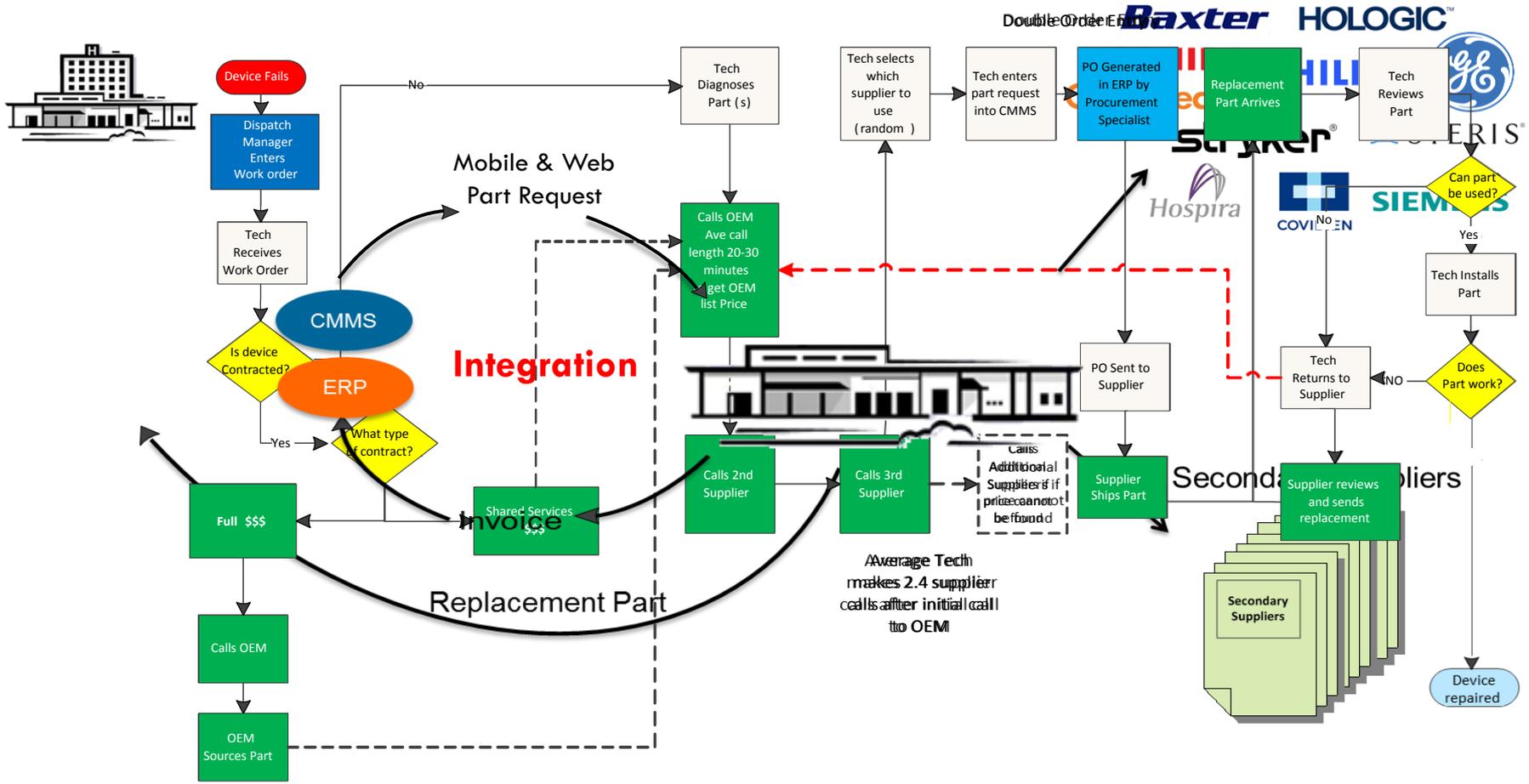
# Changing Trends in Healthcare

- New laws and regulations in place today
- IDN's often consider cost savings methodologies over revenue generating approach
  - Capital budgets get slashed
  - Life of modality must be extended
    - Less net new device sales means a drop in OEM Net New revenue
    - Increased replacement part costs to make up for lost revenues
- Mergers and Acquisitions are on the rise
  - Disjointed line of business applications
    - Data everywhere
    - Difficult to predict spend
- These trends force all of us to do more with less...
  - Operate as efficiently as possible

# Is your procurement process efficient?

- ❑ Do you have a dedicated resource(s) who sources parts 24 hours a day, 7 days a week?
- ❑ Can this resource find the right part at the right price at the right time?
- ❑ Does this resource gather statistical information on all of your purchases and input this data, without error, into your CMMS and ERP simultaneously?
- ❑ Does this resource guarantee you'll never purchase a replacement part that should be covered under a contract?
- ❑ Does this resource predict failures and preemptively suggest purchases to decrease urgency and lower shipping costs?
- ❑ Does this resource evaluate your supply chain in real time?
- ❑ Does this resource have insight into the industry's best practices and the ability to change tactics on the fly?
- ❑ Can this resource track the shipment of the parts he or she orders in real time?
- ❑ Can this resource report on the management of returns at any time and without notice?
- ❑ Do you pay this resource their weight in gold? Because that's what he or she is worth...

# Is your procurement process efficient?



# Examples outside of Healthcare

- Costco/Sam's Club
  - Leverage massive supply chain in return for membership fees
- Amazon
  - Simple, intuitive interface that allows efficient sourcing
- Auto Industry
  - Standardized communication platforms that allow OEM and Secondary Suppliers to electronically communicate with one another

# The Opportunity Exists To Do It Better

## ✓ **Hard Costs**

- Discounts on OEM Parts Pricing
- Maximize Existing Contracts
- Leverage Supply Chain
- New Pricing Methodologies

## ✓ **Soft Costs**

- Cost Containment Education
- Single Platform for Procurement & Workflow
- Streamline Procurement Process, Efficiencies & Best Practice
- Proactive Management of the Business
- Avoid Urgency
- Lower Administrative Burden

## ✓ **Adoption of Technology & Industry Innovation**

- Multi-Vendor eCatalog for Automation & Mobility
- Seamless Integrations with CMMS & ERP
- Data Analytics & Reporting



# Questions?

---

# Thank You!

---