

# **PROCUREMENT BEST PRACTICES, BARRIERS & SOLUTIONS**

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# Procurement Governance

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- Trade Legislation
  - AIT (National)
  - NWTPA (Alberta, Saskatchewan, BC)
- Best Practices (Other Jurisdictions)
  - Ontario Buys Public Sector Directives
- Policies
  - AHS (Contracting, Procurement Business Practice Policy)
  - GOA
- Focus is on an open, competitive, transparent, non-discriminatory process for procurement
- “Innovative Procurement” versus “Procurement of Innovation”

## Principles for Engaging Vendors

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- Use a fair, open, transparent and defensible process in choosing a strategic business partner.
- Conflict of interest policies will apply throughout the selection process and throughout the term of the innovative business arrangement.
- The business arrangement will uphold the reputation and support AHS vision and values.
- The business arrangement must be of positive benefit to the organization, within an acceptable level of risk.

## Principles (cont'd)

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- The arrangement offers continuous value within the public sector environment.
- Implementation of the business arrangements will be coordinated with key milestones associated with capital project design and related decisions.
- There should be a central point of entry for the vendor community
- Relationships and partnerships should be based on AHS priorities – not always industry initiated.
- Engagement must be done in compliance with legislation and policies

## Past Experience

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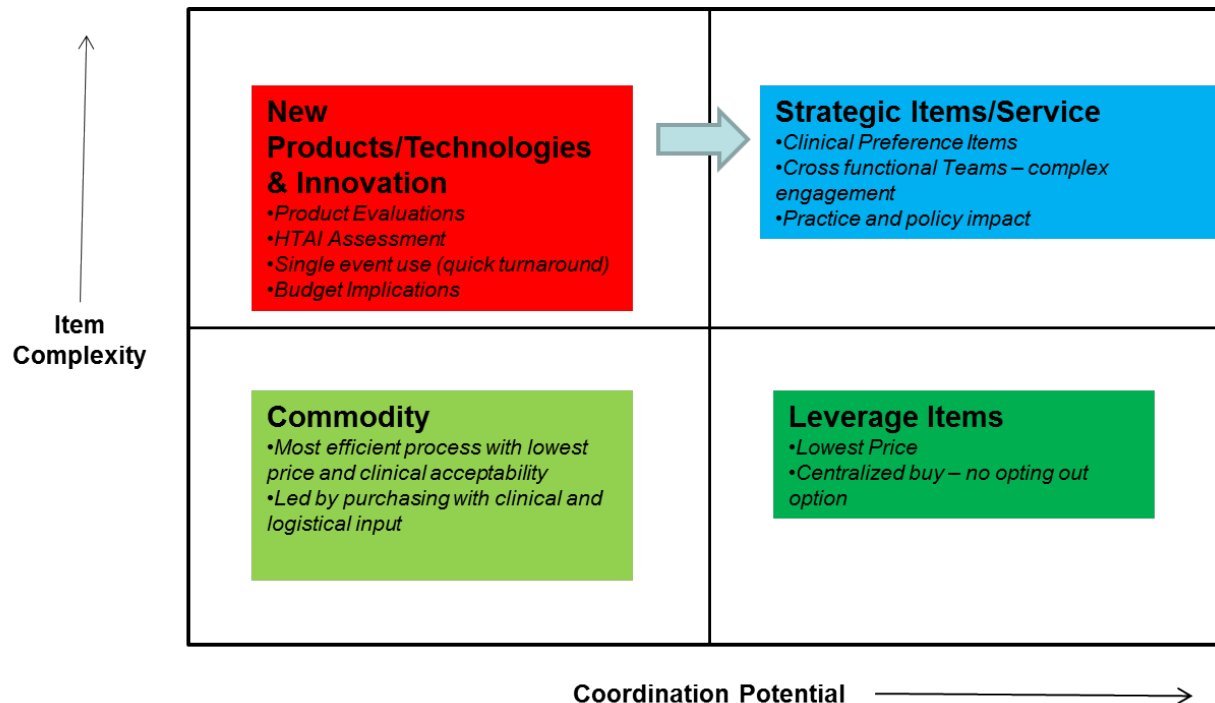
- Former RHA (Capital Health) initiated a study with U of A School of Business which resulted in a report “Innovation in Health” and one of the major recommendation was to establish a single point of entry through the establishment of a Office for Health Innovation (OHI) which was launched in 2003
- Establishment of a single access point – “Biz Worx” – which channeled 60+ access points into a single call center
- Focus on industry partnerships, access point for innovation (local and national), coordination of HTAI initiatives, commercialization initiatives
- Strategic Alliances with vendors – Philips, J&J, and local vendors
- RFEOI for Innovation – open and transparent process for identifying partners for innovation and commercialization

# Framing Procurement Services with Quality

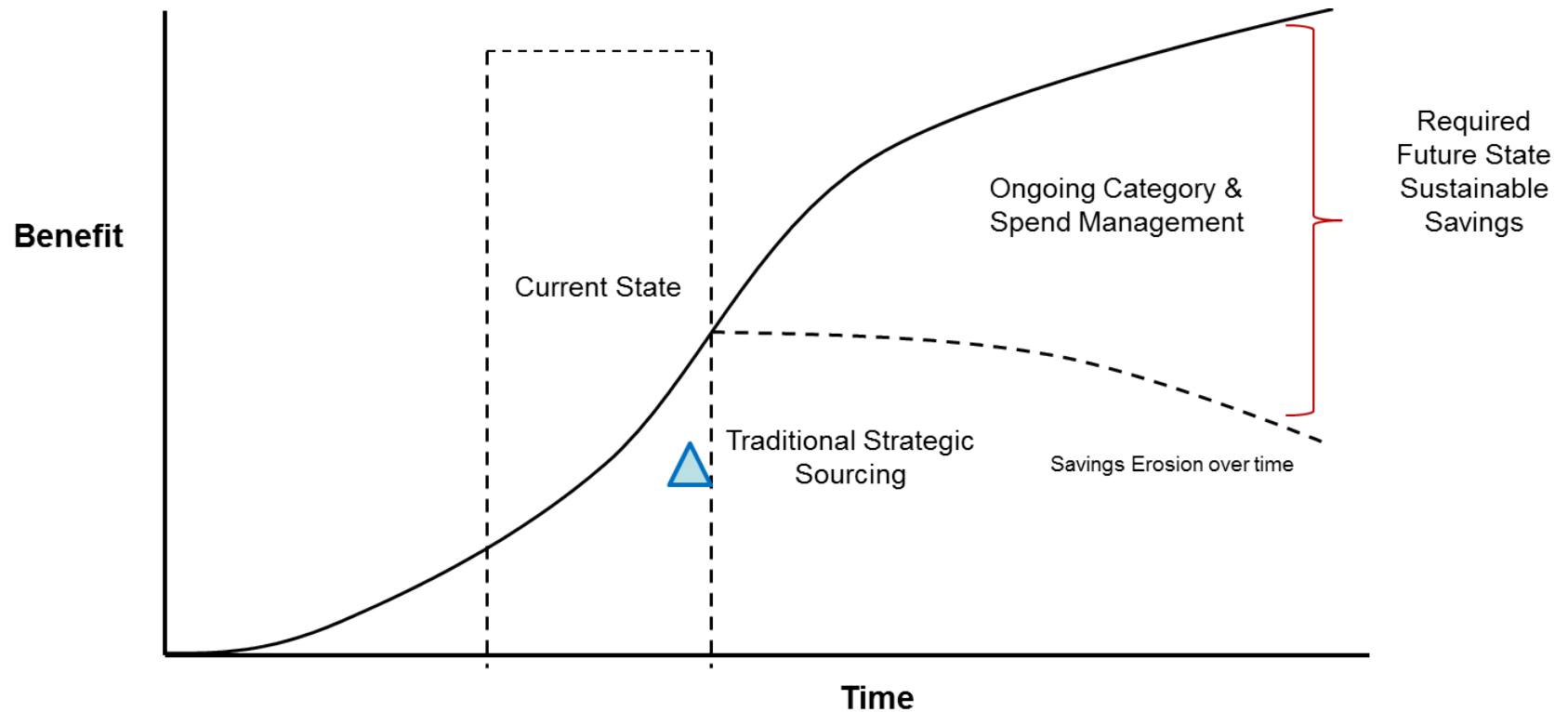
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- **Acceptability** - Health services need to be respectful and responsive to patients and communities.
- **Accessibility** - Health services must be obtained in the most suitable setting, in a reasonable time and distance.
- **Appropriateness** - Health services are relevant to patient/community needs, and based on accepted/best practice.
- **Effectiveness** - Health services are provided based on scientific knowledge to achieve desired outcomes.
- **Efficiency** – Resources are optimally used in achieving desired outcomes.
- **Safety** - Risks are mitigated to avoid unintended or harmful results.
  
- Every CPSM function and service either directly or indirectly impacts the provision of patient care in the five (5) Areas of Need, as defined in the Alberta Quality Matrix for Health —Being Healthy, Getting Better, Living with Illness or Disability, and End of Life.
- This allows us to look at Procurement as an opportunity for change and innovation – ***its not just about buying!***

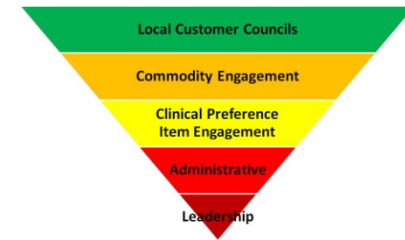
# Categorization of Products



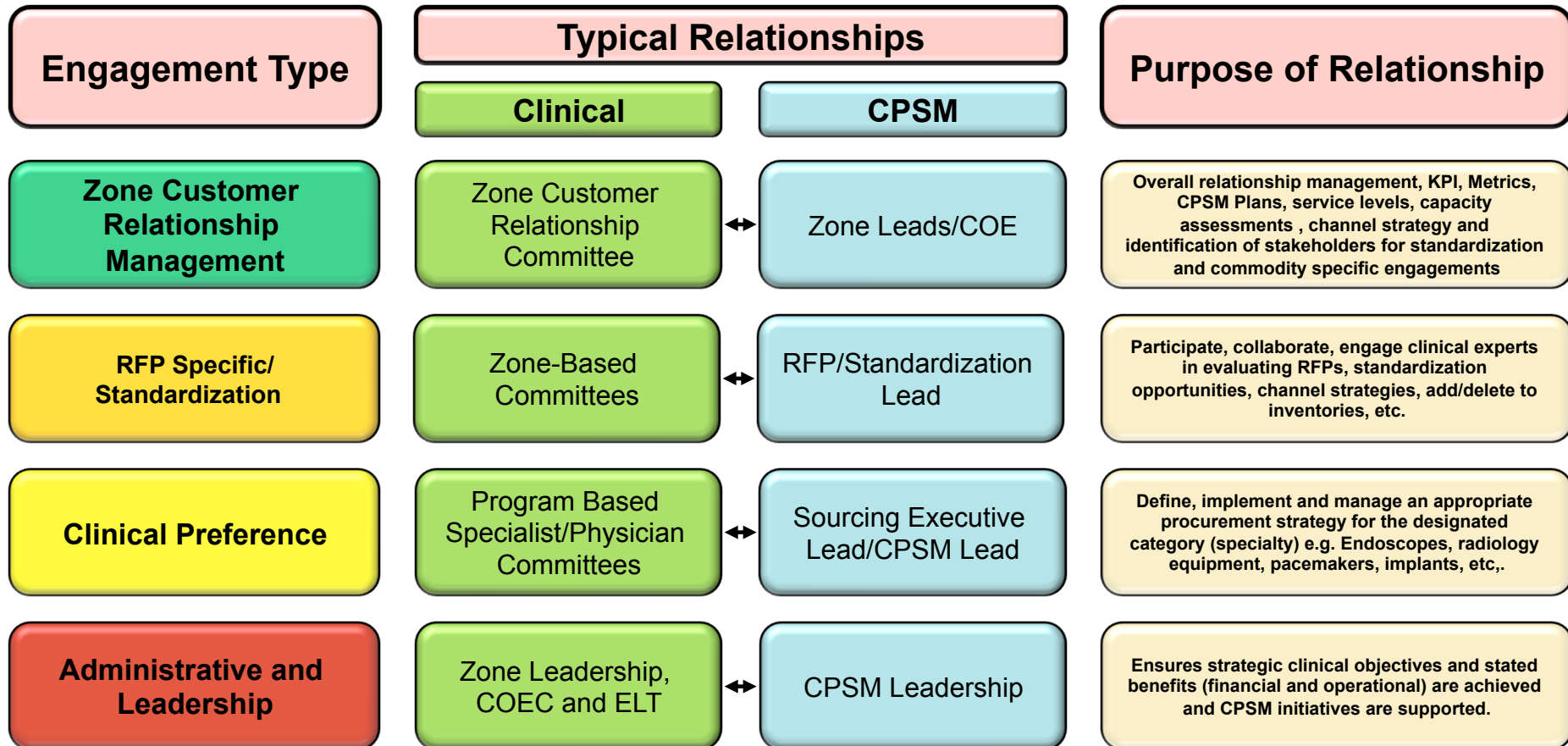
# What Happens in Procurement Today?







# Clinical Engagement Framework Hierarchy



## Challenges for AHS Procurement

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- Large organization – 100,000 staff – how do you effectively engage to get best outcomes and identify innovation pathways and entry points?
- Capacity and capability for change – leading a provincial organization is very different from leading a smaller organization – building this capability is essential as part of the journey
- Exploring options for innovation and engagement with vendors – how do ideas get communicated?
- Recognition of Procurement as an integral part of health care and as an economic enabler – how do we retain and build this capability when competing against the private sector due to budget challenges
- Constant focus on generating short-term savings, which takes away from innovative approaches to procurement innovation
- Partnership with Strategic Clinical Networks as enablers of Procurement Innovation

## Procurement Best Practices to Promote Innovation

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- Procurement for solutions as opposed to products
- Market segmentation based on supplier potential – local versus national versus international?
- Encourage innovation through pre-market assessment and commitment
- Potential to explore forward commitment procurement
- Procurement for an unmet need or service
- Procurement based on AHS priorities
- Engagement with clinical decision makers, researchers, SCN to deliver solutions that enhances care

## Barriers

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- What are some of the barriers:
  - Legal framework
  - Policy
  - Operational
  - Lack of Expertise
  - Supply and Demand Equation
  - Engagement potential
  - Organizational capacity to accept change
- Are there really barriers or are these created because we are risk averse?

## Some Ideas for Discussion

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- Outcome/Solution based procurement
- Risk sharing agreements
- Strategic partnerships – developed through regular process but once in place use to incubate innovation
- “Call for Ideas of Innovation” – and then based on benefit to patient care and health care sustainability forward commit. How will this work with SCN?
- Identify need through SCN – then do a call for interested proponents to partner – “bake off” concept
- Segment organization – routine and innovative procurement

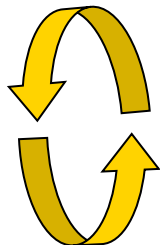
# Vendor Relationships

Vendors: Pharmaceutical,  
Research, IT, Equipment...etc

Many 1000's

< 10's

Old "out"



New "in"

Transaction

Strategic

Relationship

True Partnership

Low

High

## Value Contribution

## Working Together - Individual Strengths

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### AHS

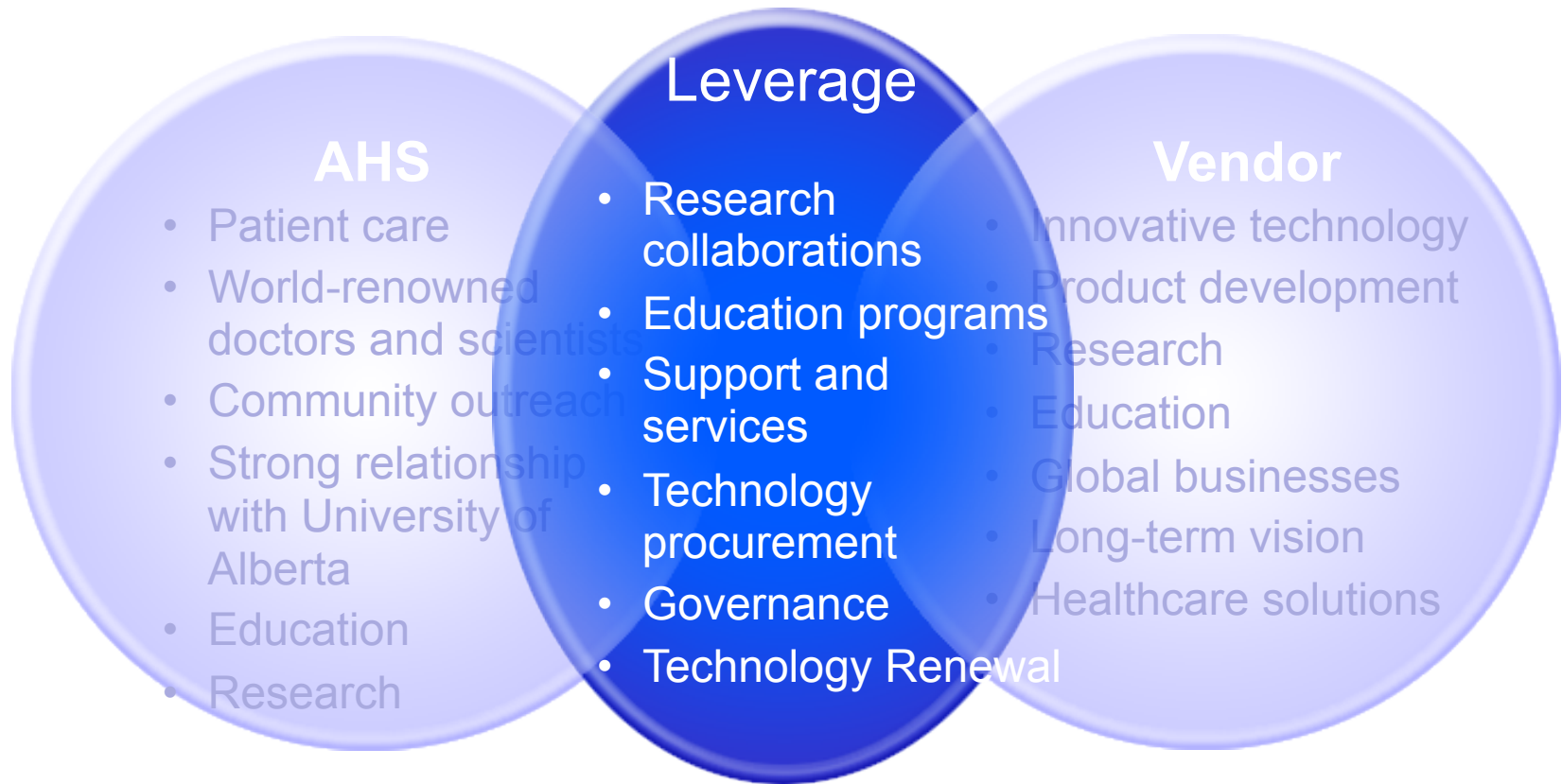
- Patient care
- World-renowned doctors and scientists
- Community outreach
- Strong academic relationship
- Education
- Research

### Vendor

- Innovative technology
- Product development
- Research
- Education
- Global businesses
- Long-term vision
- Healthcare solutions

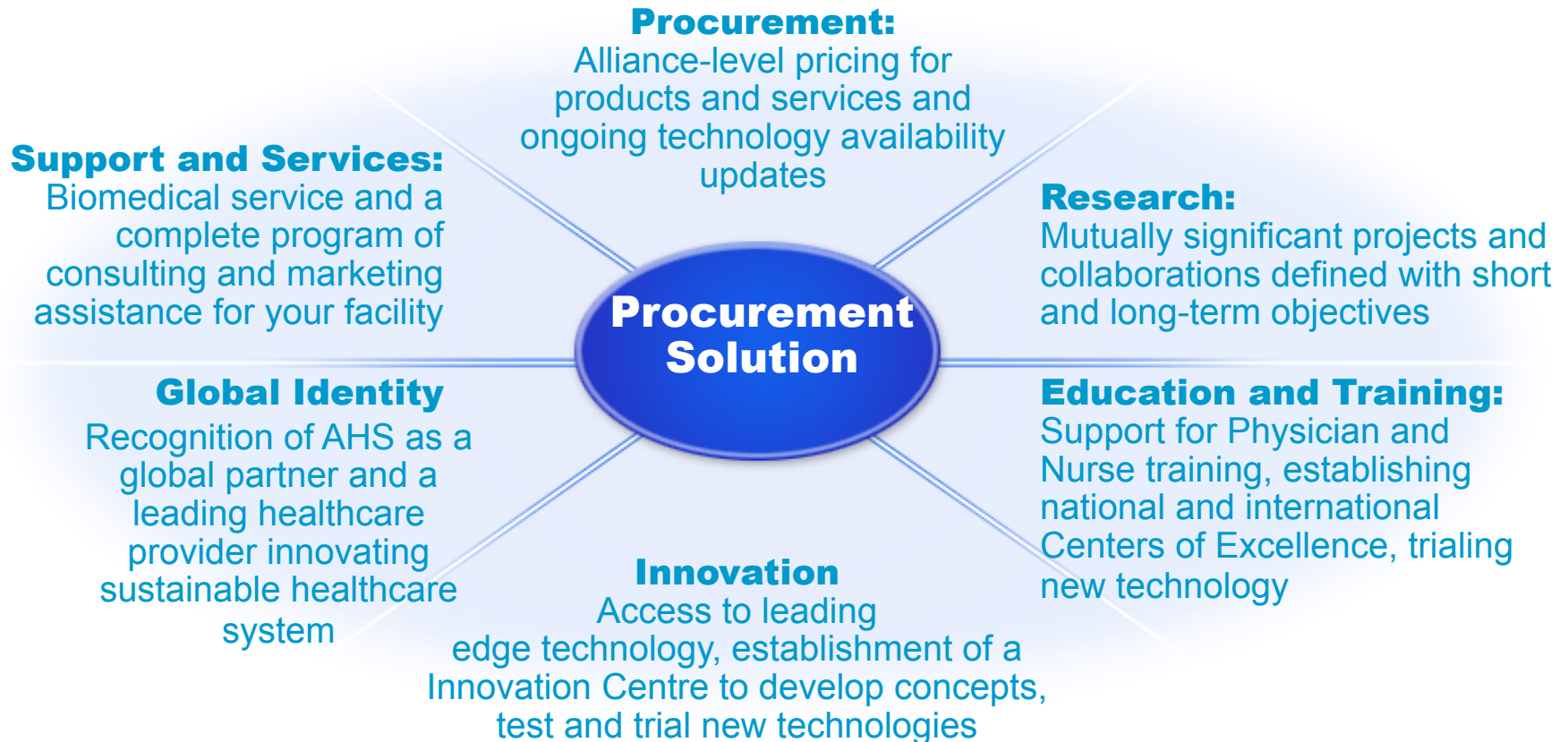
## Leveraged Strength - Relationship Benefits

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# Complete Procurement Solution



## Critical Success Factors

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- Involve Procurement early and often – when developing strategy or incubating ideas
- Clinical leadership for effective engagement
- Partnership with SCN
- Innovation based on AHS priorities through a single point of entry
- Working within the trade legislation and AHS policies
- Proactive development of market strategies
- Ability to retain expertise for complex procurement
- Focus on long term strategic initiatives as opposed to quick win savings

**Questions?**