



Supply Chain Cost Management

Bed Procurement for the Voluntary Welfare Organisations (Nursing Homes)

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Aim

In response to Agency for Integrated Care's request (AIC) in November 2011 to bulk purchase 669 beds for 3 relocating nursing homes (NHs) by February 2013 to meet the opening date.

1. Expedite the procurement process for acquiring the beds for the nursing homes.
2. Achieve savings through economies of scale with strengthened governance.

Result

- The procurement for the 3 relocating NHs were completed timely.
- The group contract prices were significantly lower than what the NH would have purchased on their own.
- The contract was bundled with preventive maintenance FOC for 2 years.
- The term contract was extended to the 27 NHs under the Shared Procurement Programme by AIC to enjoy the same financial benefits.
- Enhanced governance through rigorous procurement process and standard terms & conditions across the NHs.

Methodology

Traditionally, the NHs will ask a quotation from the vendor directly and evaluate from the given specifications.

What we do:

- ✓ Gather NHs requirements & defining specifications and contract terms & conditions
- ✓ Identify internal cost levers and wastage such as lack of preventive maintenance
- ✓ Leverage scale from bulk purchase & reduce purchase price
- ✓ Active Sourcing to identify new vendors
- ✓ Include downstream costs like spare parts replacement & preventive maintenance

Conclusion

- The 3 NHs had enjoyed a savings of 20 - 30% from their own quotation.
- The total savings achieved for the 3 NHs were approximately \$500,000.

Vendor	Item	3 NHs Order	Savings Achieved
A	Electrical Bed, ¾ & full siderails	326	
	Mechanical Bed, ¾ siderails	136	
	Mattress Pressure Relief	462	
	Bedside Cabinet	669	
	Overbed Table	710	
B	Electrical Bed, ¾ siderails	207	
	Mattress Pressure Relief	248	

Total Savings \$500,000