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A guide to understanding medical product buyers

A case study of Kenya

November 2019

DISCLAIMER: This product is made possible through the generous support of the Saving Lives at Birth partners: the United States Agency for International Development (USAID), the Government of Norway, the Bill & Melinda Gates Foundation, Grand Challenges Canada, the UK Government, and the Korea International Cooperation Agency (KOICA). It was prepared by Duke Global Health Innovation Center and VentureWell and does not necessarily reflect the views of the Saving Lives at Birth partners.

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What are the key challenges to scale, and what questions should I be asking as I build an in-country sales strategy?

Challenges to scale: Medical product innovators face challenges scaling their innovations, even more so in lower-and middle-income markets

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Medical product innovators' challenges scaling in new countries

Need misalignment: Innovators often may not understand their buyers' needs and context, esp. when designing for a location they are not in

Minimal in-country capacity: Innovators usually do not have the capacity to sell, distribute and service their products in new markets

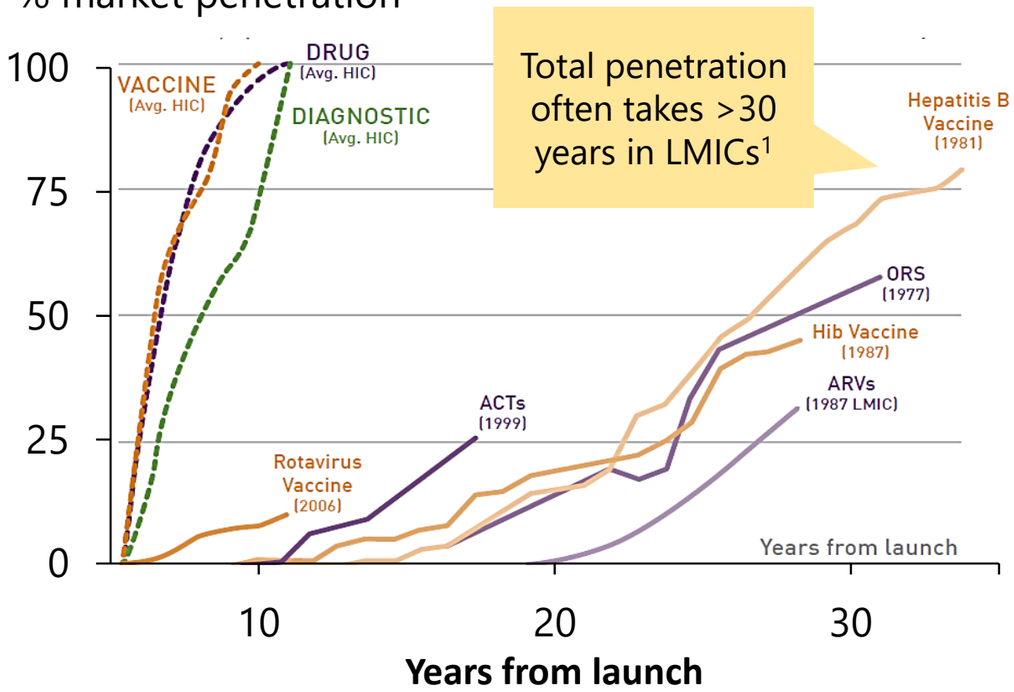
Registration ambiguity: Innovators may neither know nor have the ability to navigate when entering market sometimes-ambiguous registration processes

Minimal recognition: Innovators often may neither have the name recognition nor relationships to get buy-in from key opinion leaders in new countries

Scale takes even longer in global health

Years it takes to scale up global health innovations[1]

% market penetration



USAID created the Ready, Set, Launch[1] framework to help global health innovators navigate challenges as they scale to new markets

Source: (1) READY, SET, LAUNCH – A Country-Level Launch Planning Guide for Global Health Innovations, OCA analysis
Notes: (1) ACT: Artemisinin-based combination therapy; Hib: Haemophilus influenza type b; LMIC: Lower- and middle-income countries; ARV: Antiretroviral; HIC: High-income countries, ORS: Oral rehydration solution

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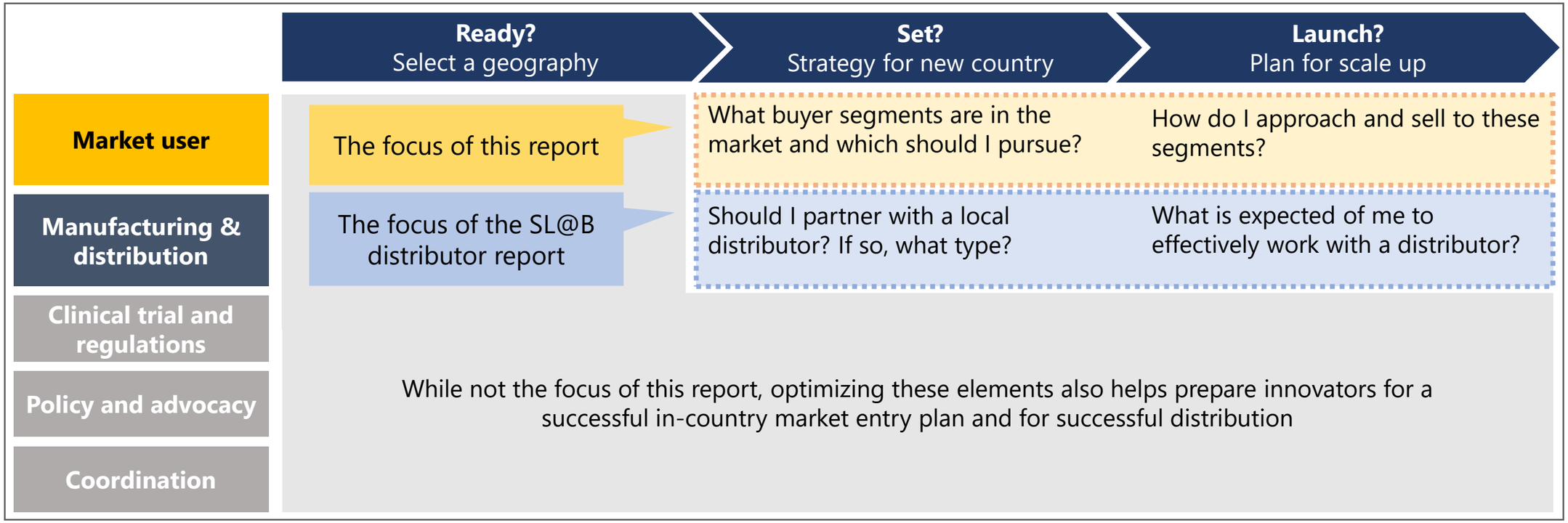
Ready, Set, Launch: Targeting buyers, one of the key challenges to scale addressed in USAID's framework, is the focus of this report

USAID's Ready, Set, Launch framework brings together guidance and tools to support country prioritization and the development of a comprehensive scale-up strategy and launch plan



This report will focus on how innovators can target buyers, covering the "Set" and "Launch" portion of this framework

Framework for targeting buyers: Innovators should consider which buyer segment to target and how to get their product selected

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Framework to guide innovators as they select and pursue specific buyer segments in a new country

Set (Buyer segment targeting strategy)

Launch (plan)

1 **For what type of buyers am I a good fit for?**

Sub questions:

- What are the various segments and ways of segmenting buyers?
- What are the needs of these segments and how do they evaluate new innovations?
- Which customer segment do my offerings align with?

2 **Once identified, what is expected of me to effectively target buyers?**

Sub questions:

- What are the steps of the buying process?
- Who are the key stakeholders/ influencers, and how do I reach them?
- What is required of me to meet buyer requirements (e.g. certifications, service level agreements, etc.)?

This report focuses on Kenya because it has been highly targeted for global health innovators.[1] While the content is Kenya-specific, innovators can use insights and frameworks from this report as a baseline when entering other markets, then verify if similar structures and dynamics hold true.

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Note: (1) Among SL@B innovators, Kenya is the most popular destination for innovator market entry (~20% of innovations funded by SL@B are targeting in Kenya)

For what type of buyers am I a good fit?

Buyer types: In Kenya, implementing partners and healthcare facilities buy medical products; facilities are public, private, FBO/ NGO

Healthcare facilities

Public facilities[1]

- **Tier 4:** National & national referral facilities that typically operate their own independent budget
- **Tier 1-3:** County-level and community-level primary care facilities that typically procure through county governments

Private facilities

- **Large facilities:** These facilities usually offer inpatient and outpatient services in Kenya and usually offer services in all healthcare segments
- **Small private facilities:** Clinics and smaller facilities that offer outpatient services and focus on a healthcare segment e.g. maternal and neonatal health

FBO and NGO facilities

- **FBO facilities:** Faith-Based Organizations (FBOs) that operate healthcare facilities. They range significantly in size and functionality
- **NGO facilities:** Usually specialized in a segment of healthcare and philanthropic in nature

Implementing partners

Implementing partners: Implementing partners work on behalf of donors to procure and donate medical supplies and products to facilities for free; this is typically done in addition to other programmatic functions performed by the partner, such as advocacy, M&E, and training

Note: (1) The Ministry of Health in Kenya classifies public facilities by classification with 4 as the most sophisticated and 1 as the least

Buyer segment sizes: Public facilities pay ~40% of healthcare bills and run 50% of facilities; 35% of facilities are private & 15% FBO/ NGO

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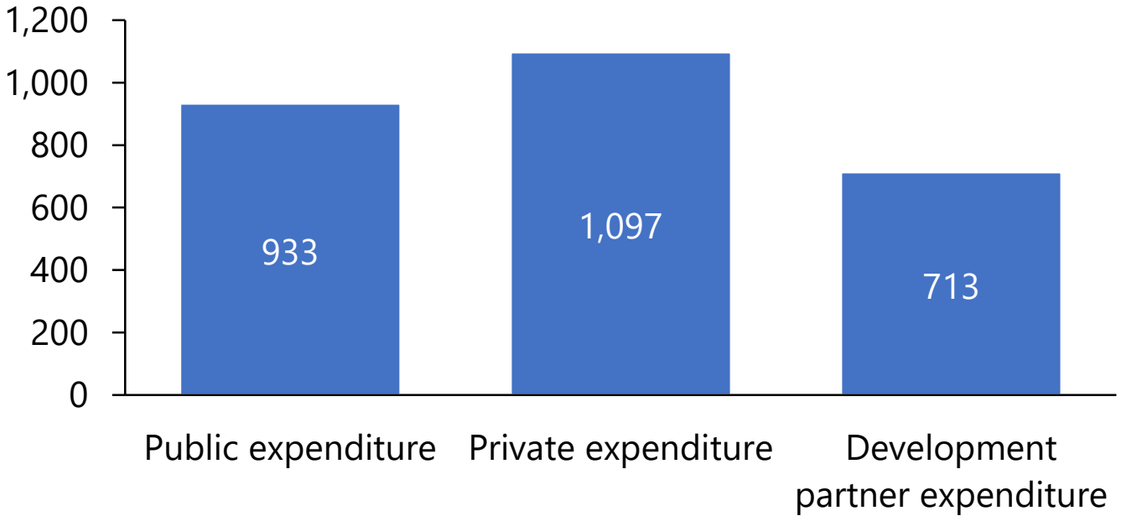
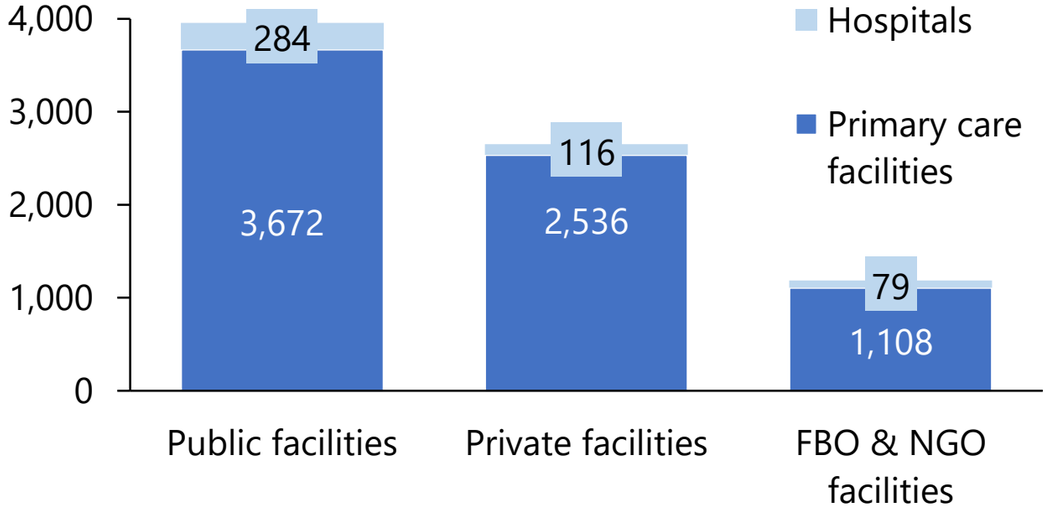
Total expenditure for healthcare services (2012/13)[1]

USD, millions



Number of healthcare facilities by segment[2]

Number of facilities



- The total health expenditure increased from **$2,155M** in 2009/10 to **$2,743M** in 2012/13
- **40%** of healthcare funding is paid privately out-of-pocket; spent at public, private and FBO facilities
- For public, national & county facilities made up about **33%** of the total healthcare expenditure, while **40%** of public facilities' funding comes from national level as the Kenyan government has a devolved system

- Though primary care facilities are numerous, their buying typically focuses on medical supplies (e.g. gloves, gauze) and basic pharmaceuticals, rather than larger medical products
- **19** public facilities currently rated as Tier 4[3]
- **Dispensaries** (tier 2) are the bulk of public facilities (2954) and FBO/ NGO facilities (761), while **medical clinics** are the bulk of private facilities (2098)

Source: (1) Netherlands Enterprise Agency, Kenya Healthcare Sector report; (2) Ministry of Health, Health Sector Human Resource Strategy 2014 – 2018 (3) Ministry of Health, Kenya Master Health Facility List, 2019

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Assessing buyer fit: Innovators should articulate their intentions for targeting buyers and product type before assessing buyer fit

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		Questions innovators should ask themselves	Potential responses		
Innovator intentions	1	In addition to impact (e.g. saving lives), what is my primary motivation as an innovator?	**Proving concept:** Seeking concept validation	**Commercialization:** Focused on financial gains	**Implementation:** personally leading impl.[1]
	2	Is my primary objective to maximize market coverage and scale?	**Scale oriented:** Interested in achieving maximum scale	**Non-scale focused:** Scale is not an important success factor	
Product type	3	What context is my product designed for?	**Design for affordability:** Designing for rural or less well-resourced settings	**Design for high-resource:** Designing for well-resourced settings	
	4	Is my product an incremental improvement on an existing technology, or more disruptive in nature?	**Incremental improvement:** Improving on outcomes or price of current products	**Disruptive products:** Introducing products that change standard of care	

As you consider the buyer types described in detail in the following pages, keep in mind your answers to these questions

Note: (1) Impl. Is short for implementation and is in reference to innovators who want to be more hands-on taking their product to market

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Public: There are 4 tiers of public healthcare facilities; tier 1–3 are managed by county governments, while tier 4 report to national gov.

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New system[1]	*Old system[1]*	*Description of level of facility[2]*	*Procurement method*
Tier 1	Level 1	**Community units** • Run by certified medical clinical officers • Deal with minor ailments e.g. malaria; refer patients w/ major ailments to other facilities	Procure through county government
Tier 2	Level 2	**Health dispensaries** • Run by certified medical clinical officers • Offer outpatient services e.g. laboratory tests; do not offer inpatient services	
	Level 3	**Health centers** • Run by at least one doctor supported by clinical officers and nurses • Offer services like big hospitals, but smaller in size	
Tier 3	Level 4	**County hospitals (previously district hospitals)** • Run by at least one doctor supported by clinical officers and nurses • Offer similar services to level 3 hospitals, as well as x-ray services	
Tier 4	Level 5	**National hospitals (previously provincial hospitals)** • Have >100 beds for inpatient services and carry out health research in the hospital	Procure independently
	Level 6	**National referral hospitals** • Serve East Africa and Central Africa • Offer similar services to level 5 hospitals and specialized treatment of patients	

*Source: (*1) Government of Kenya – Module 1: The Healthcare System in Kenya; (2) RoGGKenya – Kenya's Health Structure And The Six Levels of Hospitals

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Public: Tier 1–3 facilities purchase through county governments, and often buy more basic products allocated to their tier in the KEMSL

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Overview	• Purchasing is managed by the county government and mostly purchase products from KEMSA[1]; Purchase from MEDS[2] when KEMSA has no stock • Follow guidelines developed by Ministry of Health (MoH) protocols; e.g. "Basic Pediatric Protocols" and the Kenya Essential Medical Supplies List (KEMSL)
Key considerations for new innovations	• Can the innovations work in rural settings[2] e.g. withstand power outage etc.? • How do innovations compare to current solutions/ practices (many facilities have low/ no cost work-arounds, e.g. diagnosing jaundice by eye color)? • Are the products allocated to their tier level on the KEMSL?
Potential benefits of buyer type	• *Scale oriented*: Facilities have significant scale and they can purchase high volumes of products, thus creating high demand for innovators • *Design for affordability*: Facilities reach rural/ underserved populations, which private and FBO facilities may not reach
Potential drawbacks of buyer type	• *Design for affordability:* May not have biomedical engineers to provide product maintenance and may require products that need minimal upkeep • Must speak individually w/ counties to gain buy-in as they make purchases • Difficult to supply as purchasing is mostly done through KEMSA or MEDS • Counties often delay payments for 6 months or more

Facility examples:

NAIVASHA DISTRICT HOSPITAL

Naivasha District Hospital[1]

PUMWANI MATERNITY HOSPITAL

Pumwani Maternity Hospital[2]

MINISTRY OF MEDICAL SERVICES LONGISA LEVEL 4 HOSPITAL

Longisa County Hospital[3]

Note: (1) KEMSA stands for Kenya Medical Supplies Authority; (2) Common rural setting considerations for products include if they can withstand irregular power or dusty conditions

*Sources: (*1) Image 1; (2) Image 2; (3) Image 3

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Public: Tier 4 facilities have their own budget and buy both basic products as well as world-class, high-end products

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Overview	• Tier 4 facilities manage their own budgets • These facilities typically have highly qualified staff and multiple key opinion leaders (KOLs) as staff e.g. top doctors and top nurses in the medical field • Must try to purchase from KEMSA, but if unavailable, can purchase elsewhere
Key considerations for new innovations	• Are innovations world-class and would they be used elsewhere globally? • Are the innovations liked by KOLs in the market? Would they recommend this innovation to the facility when they are purchasing a new product? • Is there an opportunity to partner with the innovator to publish a study?
Potential benefits of buyer type	• *Scale oriented:* Facilities have many KOLs who act as influencers in the medical community who can influence buying decisions of other facilities • *Design for high-resource:* Have few buying restrictions, and may purchase specialized products as they typically have well-trained staff on hand
Potential drawbacks of buyer type	• *Disruptive products:* Purchase mainly from KEMSA & follow public purchase practices, which may not be optimal for new innovative products • Often receive donated products and may be less willing to purchase products they think they can receive through donations

Facility examples:

Kenyatta National Hospital[1]

Mbagathi County Hospital[2]

Moi Teaching and Referral Hospital[3]

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*Sources: (*1) Image 1; (2) Image 2; (3) Image 3

Private: Private facilities are fragmented, but willing to adopt innovations if better they show outcomes or cost savings

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Overview	• Private facilities vary in sizes and specialties, though most provide health center services (tier 2 equivalent), and services associated with higher tiers • Some companies run networks of healthcare facilities while others run a central facility with community clinics (e.g. The Nairobi Women's Hospital)
Key considerations for new innovations	• Does the innovation provide better health outcomes or higher cost savings than what the facility currently uses? • Do the facilities have the in-house expertise to use and maintain the products? • Will products be covered by private health insurance schemes?
Potential benefits of buyer type	• *Disruptive products:* With less regulation & protocol, they are most responsive to products with better healthcare outcomes or cost savings • Large private facilities (e.g. The Nairobi Hospital) are influential, and may influence the purchasing of other private facilities or tier 4 public facilities
Potential drawbacks of buyer type	• *Scale oriented*: Sales efforts must be targeted at each individual facility level as purchasing is fragmented across private facilities • May have preferred distributors that they continually source from, making it difficult to get initial sales without working with those distributors

Facility examples:

The Nairobi Hospital[1]

The Nairobi Women's Hospital[2]

Jacaranda Health Hospital[3]

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*Sources: (*1) Image 1; (2) Image 2; (3) Image 3

FBOs & NGO: Many FBOs consolidate buying through MEDS, making scaling easier, but they may push for low prices from innovators

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Overview	• FBO & NGO facilities have a wide range of sizes and specialties, though most are dispensaries (tier 2 equivalent) or hospitals (tier 3 equivalent) and above • Typically purchase products through MEDS, who buy in bulk and may offer products at lower costs (often a 10% mark-up margin)[1]
Key considerations for new innovations	• Does the innovation provide better health outcomes or higher cost savings than what the facility currently uses? • Do the facilities have the in-house expertise to use and maintain the products? • Is there cost savings to be realized to the buyer through supplying via MEDS?
Potential benefits of buyer type	• *Design for affordability:* Facilities may provide healthcare access in lower-income areas than private facilities as they are mission-led • Selling to one FBO supplied by MEDS may influence MEDS to encourage other FBOs to buy the same product
Potential drawbacks of buyer type	• *Commercialization:* MEDS consolidates buying and pushes innovators for lower prices which may lead to limited commercial viability • Stiff competition for innovators due to lower regulations than public facilities and more centralized purchasing than private facilities

Facility examples:

The Aga Khan University Hospital[1]

Coptic Hospital[2]

Mater Misericordiae Hospital[3]

(1) 10% is considered low in the industry
Sources: (1) Image 1; (2) Image 2; (3) Image 3

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Implementing partners: May help create demand or prove product's effectiveness, but may stop purchasing once project has concluded

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Overview	• Implement global health programs for donors, which may include purchasing supplies and products from distributors to donate to local facilities • Purchases are governed by program guidelines provided by donors e.g. USAID and may dictate types (not brands) of products to be purchased
Key considerations for new innovations	• Will innovations meet donor RFP stipulations and how restricted are partner proposals e.g. only allowing one to purchase consumables? • Am I allowed to purchase from this distributor based on the program restrictions (e.g. some donors restrict purchasing from certain countries)? • Implementing partners tend to buy rudimentary supplies or training products
Potential benefits of buyer type	• *Proving concept*: May be willing to do clinical trials or product advocacy on behalf of innovators to prove market, use cases, or impact • *Design for affordability*: Purchasing often goes to support low-resource settings/ facilities
Potential drawbacks of buyer type	• *Scale oriented:* Typically do not give innovators consistent demand for a product as they may stop purchasing products once a program ends • May be restricted to purchasing what they planned to buy in project proposals; the donor may restrict which types of suppliers they buy from

Partner examples:

jhpiego

Jhpiego[1]

amref health africa

Amref Health Africa[2]

unicef

UNICEF[3]

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*Sources: (*1) Image 1; (2) Image 2; (3) Image 3

Buyer fit: In addition to innovator intentions and product types; product buy-in, clinical evidence, & production capability drive fit

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Tier 1-3 public	Tier 4 public	Private/ FBO & NGO	Implementing partners
Innovators & products indicating a good fit[1]:	**Innovators & products indicating a good fit[1]:**	**Innovators & products indicating a good fit[1]:**	**Innovators & products indicating a good fit[1]:**
Other indications of a good buyer fit:			
• Product is created for low-resource settings (lower price than current products, withstands power outages and dust, and is low maintenance) • Product is in MoH's protocols & KEMSL or stocked by KEMSA	• Innovator has adequate evidence[2] of product's capabilities • Product is a world-class standard and would be used in high-resource settings • Product has buy-in from KOLs in the medical field	• Product leads to financials savings • Innovator cannot supply in bulk but can supply to single facilities • Insufficient clin. evidence to get into protocols • For Christian FBOs, if stocked by MEDS	• Product tackles a well-documented public health issue • Innovator wants additional data to prove product use in Kenya • Product is not yet locally financially viable

Common misperception: Early-stage innovators should target public facilities to quickly scale

Though public facilities can provide opportunities to quickly scale, getting on KEMSL, the national protocols, and getting stocked by KEMSA can take years. Building a track record in other segments may help expedite processes in the long-run. Also, for innovative products, facilities/ county government still must individually request your product.

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Note: (1) Icons reference innovator answers from slide 12; (2) Evidence may include peer-reviewed journal articles

What is expected of me to effectively target buyers?

Buyer process: For effective partnership, innovators must support distributors throughout the buyer's product evaluation process

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1 Product discovery

Buyers discover medical products through mediums including medical practitioners, clinical trials, forums, exhibitions, and search engine queries

2 Medical practitioner evaluation

A team of nurses and doctors evaluate medical use cases of the products

3 Biomedical evaluation

In-house biomedical teams usually evaluate product serviceability and suitability for facility context e.g. the product specifications, etc.

4 Procurement evaluation & purchase order (PO)

In-house procurement teams are given requests then determine how to purchase the requested products. Purchases usually occur via closed or open tenders

5 After-sales support

Procurement team discusses and negotiates after-sales support with distributors/ innovators e.g. preventive maintenance contracts or warranties

Reordering

While reordering is not a guaranteed step, it is worth noting that most facilities evaluate purchases annually or semi-annually and may choose a different provider if performance expectations are not met

Buyers have expectations of innovators at each stage. Innovators need to understand buyers' processes and be prepared to support

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Product discovery: To support distributors, innovators should gain buy-in on products from KOLs at both national level and facility level

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1. Product discovery

Key insights

Key opinion leaders (KOLs), help create demand at the industry and facility level

- *Industry level:* KOLs may be university professors or industry association heads that sit on boards/ working groups that determine healthcare strategy (e.g. national protocols)
- *Facility level:* Are top doctors or heads of departments within facilities who are well-respected in their medical fields and can influence buying practices of colleagues and peers

Large public and private facilities often influence the buying behavior of one another

- Through industry associations and informal peer networks, medical practitioners often discover medical products from one another. Working to gain buy-in from influential institutions may increase likelihood of peer-enabled product discovery

Expectations of an innovator

Gain buy-in from KOLs through industry associations and events

- Build buy in among KOLs in Kenya by demonstrating or presenting at key industry events like the annual meetings for industry associations
- Hold roundtable breakfasts with industry leaders

Gain buy-in at the individual facility level

- Facility leadership teams often have weekly meetings where they are open to presentations on innovative medical solutions. Reach out to facilities and schedule demos at these meetings
- Schedule and lead an in-house Continuous Medical Education (CME) session at influential facilities

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Deep dive – KOLs: Innovators can reach these KOLs by participating in healthcare forums and attending professional association seminars

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1. Product discovery: Deep dive on approaching and meeting key opinion leaders

How reaching KOLs can benefit innovators…

KOLs are influential in terms of buyers' purchasing behavior:

- KOLs are often high-profile professors, practitioners or industry heads that influence best practice in a field. By getting KOLs to promote a product or a practice, many industry professionals will hear about it from a trusted source

KOLs advise on the products in KEMSL and procedures in the national protocols

- The national protocols & KEMSL are determined by the National Medicines & Therapeutics Committee
- This committee, made up of MOH employees, works with a volunteer advisory committee made up of high-profile KOLs to recommend interventions

How to reach KOLs…

Participate in forums, scientific conferences to meet KOLs e.g. Arab Health, CME forums, etc.

- Innovators or marketers, on behalf of innovators, may participate in events the KOLs attend. They can showcase products and share in-depth research. Sponsoring an event may ensure guaranteed facetime with event participants

Present at and demo at professional association gatherings

- These associations are for members of a medical field. Innovators may be able to set up a demo stand or lead a teaching session during their annual gatherings, which are widely attended
- Some relevant associations in Kenya include:
  - *Kenya Pediatrics Association (KPA)*
  - *Surgical Society of Kenya (SSK)*
  - *Kenya Society of Anaesthesiologists (KSA)*

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Medical practitioner evaluation: Innovators should also gain buy-in from practitioners as they influence facility purchasing decisions

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2. Medical practitioner evaluation

Key insights

Medical practitioners, such as head nurses and doctors, make purchase requests to procurement

- This is the beginning of a purchase process that may end up as a purchase order

The product is evaluated to test its capabilities and determine if it will fit the buyer's needs and fit into the current facility protocols

- Apart from national protocols, facilities also have more specific protocols that outline procedure and product use
- Products that align with these protocols are more easily adopted

Samples or demo units are common practice and often expected in the industry

- Buyer may require samples and demonstrations performed by representatives of an innovator/ distributor
- Samples for smaller and inexpensive units and demo units for larger, more expensive products are common

Expectations of an innovator

Innovators can provide their distributors with sample protocols that can be shared with facilities concerned about how protocols might change with a new product

- Innovators of disruptive products may know better how their product affects current practices and may need to help buyers understand how to adapt

Innovators should provide distributors with samples/ demos or materials with information on the product to gain buyer buy-in

- Innovators can give buyers material e.g. brochures and pamphlets that showcase the product and its capabilities to gain buy-in
- Through samples/ demos, the buyers can test out the product before purchasing it, which is an opportunity for the innovator to gain buy-in

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Biomedical evaluation: Supporting biomedical evaluations can increase the likelihood of products being selected

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3. Biomedical evaluation

Key insights

After receiving a purchase request from a medical practitioner, biomedical teams evaluate a product's functionalities

- Once nurses and doctors at a facility are convinced that a product should be purchased, the biomedical team evaluates the quality and fit of the product; the biomedical teams are often responsible for maintaining the product after purchase

Biomedical teams evaluate the product's specifications against the facility's infrastructure and need

- Evaluation of a product against facility's structure may include the compatibility of a product with other products currently being used, its size/ capacity, electricity requirements, etc.

Maintenance and after-sales support is also evaluated

- Facilities with larger/ more experienced biomedical teams will be more willing to take on products more difficult to service as long as spare parts are readily available

Expectations of an innovator

Innovators should consider ease of maintenance when creating products and offer after-sales support

- Whether at the inception stage or at the design stage, innovators should factor in ease of maintenance when creating their products

Innovators should document the product's various specifications as these specifications are critically evaluated

- This will increase the speed and thoroughness of a biomedical evaluation
- Product documentation should be in English as products with documentation in other languages (e.g. Chinese) are less likely to be purchased and repaired

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Procurement evaluation: After biomedical evaluations, the procurement teams evaluate certifications and price

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4. Procurement evaluation

Key insights

Procurement teams do not typically decide what products to procure, but execute procurement protocol and conduct financial evaluations

- Procurement teams may not be an outreach starting point for innovators as they do not make product purchase decisions
- Practitioners/ biomedical teams help with technical evaluation of bids. Procurement, however, can be a bottleneck once a purchase is requested

Some facilities procure via closed bidding process with pre-approved vendors

- Innovators may have an easier time accessing these facilities through distributors already on pre-approved vendor lists

Procurement checks that product has the required certifications

- Pharmacy and Poisons Board (PPB) certification is required for all medical products in Kenya

Expectations of an innovator

Innovators should provide facilities with all their product certifications, especially legally required certifications e.g. PPB approval, during bidding processes

- This evaluation will likely check for required certifications (e.g. PPB) and preferred certifications (e..g. FDA, CE, ISO)
- When short listing distributors for closed bidding processes, innovator certifications may be needed

Innovators can provide buyers with documentation on the economic viability of a product as the procurement team evaluates the initial and life-time costs of product

- Calculating lifetime cost of product or cost per use may help overcome perceptions of high up-front costs

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Deep dive – PPB approval: The length of PPB registration process is based on risk level; having other approvals can expedite the process

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The Pharmacy & Poisons Board (PPB) categorizes medical products into four classes based on the risk of the product[1]

Class description	Registration TAT[1]
Class A: *Low risk* - Includes cotton wool, bandages, urine collection bottles, compression hosiery, non-invasive electrodes, etc.	30 days
Class B: *Low to moderate risk* - Includes urinary catheters, tracheal tubes, orthodontic materials, and removable dental prosthesis, etc.	160 days
Class C: *Moderate to high risk* - Includes urethral stent; contact lenses for long-term continuous use, and catheter containing sealed radioisotopes, etc.	220 days
Class D: *High risk* - Includes pacemakers, implantable defibrillators, prosthetic heart valves, deep brain stimulation, cerebrospinal catheter, etc.	310 days

Depending on the class, products with 2-3 of the following approvals may qualify for registrations process as short as 48 hours:[2]

- Australia Therapeutic Goods Administration Device Registration License
- Health Canada Device Registration License
- Japan Ministry of Health, Labor and Welfare
- US Food and Drug Administration
- European Union Notified Bodies
- Irish Health Products Regulatory Authority
- Swiss Medic
- Saudi Arabia Food and Drugs Authority

Consultants can be hired to navigate the PPB registration process

Note: (1) Indicated turn around time committed to by the PPB for full evaluation in working days
Source: (2) Guidelines on Submission of Documentation For Registration of Medical Devices Including In-Vitro-Diagnostic (IVD's) by Ministry of Health Pharmacy and Poisons Board

After-sales support: Once procurement teams evaluate products, they negotiate for after-sales support with distributors

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5. After-sales support

Key insights

Buyers want to ensure that their products can be repaired, and that downtime is minimized

- May be through readily available spare parts, service level agreements or availability of replacements for malfunctioning products
- Buyers often expect a warranty of at least one year for most products

For larger, more technical products, e.g. oxygen machines, buyers may require assistance with set-up

- This cost may be included in sales contracts

Buyers may ask to be trained on a product so that they can maintain them and perform routine maintenance checks

- Training is typically targeted towards biomedical teams who maintain products, as well as nurses and doctors who use given products

Expectations of an innovator

Innovators can have a team on-the-ground to provide this support, but more typically work with distribution partners to provide this service

- If provided by a distributor, innovators must make sure that the distributor has the skills and spare parts to perform this maintenance

Innovators should create trainings for the buyers to ensure proper usage and maintenance

- This can be done through in person training, accompanying documentation, or online training resources, e.g. videos/ e-courses
- If in person, innovators are typically expected to fly into country to give training to distributors and bear the costs. Can combine training of several distributors/ buyers into one session

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Note: It was mentioned that the minimum warranty that is expected is usually at least one year

Deep dive – types of after-sales support: To provide after-sales support to facilities, innovators/ distributors require a team on the ground

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Types of after-sales support… ***…typically performed by***

Preventive maintenance contracts
- Regularly scheduled product cleaning and check-up, typically done for larger products every 6 months to 1 year for a fixed fee

On-call service contracts
- Ensures distributor repairs or replaces product upon its malfunction to reduce operations' downtime
- Can be contracted a Service-Level-Agreement which often stipulates:
  1. **Fees:** Often include a minimum retainer fee and a fee per call-out (each time buyer wants service)
  2. **Level of cover:** Types of services and incidents are covered, and categorization of incidents
  3. **Response time:** How long it will take the distributor to respond to a service call
  4. **Replacement time:** Length of time when a product will be replaced if it cannot be repaired

Distributor

Back-to-back support
- For complicated products, the distributor may want support from the innovator for assistance on repairs, and may pay to have access to an innovator engineer (via phone or in person)
- The distributor usually includes this cost in the cost of a support contract to the buyer

Innovator

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Differences in process: Though innovator expectations are similar for all segments, there are slight differences in some buyer process stages

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FBOs & NGO facilities

Product discovery:
- Discover their products from KOLs & MEDS

Procurement & PO:
- Mostly use closed tenders to purchase products

After-sales support:
- Some prefer to include support contracts to give price visibility

Private

Product discovery:
- Discover their products from KOLs & industry associations

Procurement & PO:
- Mostly use closed tenders to purchase products

After-sales support:
- Some prefer to include support contracts to give price visibility

Tier 4 facilities

Product discovery:
- Discover their products from KOLs and other large private facilities

Procurement & PO:
- Use public procurement process

After-sales support:
- More focused on spare parts as in-house biomedical teams have more capabilities

Tier 1–3 facilities

Product discovery:
- Discover products from tier 4 facilities, KEMSA & NGOs

Procurement & PO:
- Use public procurement through county government

After-sales support:
- Though desired, difficult to offer these services due to wide geographic spread

The medical practitioner & biomedical evaluation processes are similar among buyers, but level of qualified staff who do this differs

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Implementing partners process: **Unlike other segments, implementing partner purchasing decisions center around project timelines**

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1 Project proposal

- Donors state specific program objectives and guidelines in a request for proposal (RFP)
- Implementing partners respond to RFPs through writing a proposal on how they will meet program's objectives, including costs
- At this stage, implementing partners may stipulate specific products they will procure

2 Annual work plan

- If programs are awarded, partners are required to develop annual work plans that specify budgets and procurement plans in more detail
- At this stage, product requirements may change but are likely to remain within the realms of program objectives
- Quantities for products are determined at this stage

3 Procurement

- Procurement purchases are done through open or closed bidding depending on the purchase amount
- Bids are evaluated on a financial and technical basis
- Technical performance of supplies/ product's performance are evaluated via samples by in-house biomedical and medical teams

Implementing partners typically determine which products to purchase at the project proposal stage. The RFP may stipulate types of products to buy, but rarely discuss brands or specifications

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Implementing partners process: To reach implementing partners, innovators should reach out at the proposal stage

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Implementing partners process

Key insights

Donors act as key decision makers; some may have more restrictive guidelines than others

- Some donors may categorize the healthcare products by risk and restrict purchases to certain categories, or limit purchases to suppliers located in shortlisted countries
- Some donors are more restrictive of what can be purchased (e.g. government donors) while others are less (e.g. foundations)

Samples/ demos are important for evaluating product specifications

- Implementing partners use samples to evaluate product functionalities and specifications based on donor needs

To ensure they are meeting donor objectives, implementing partners may focus more on quality of product than price

- Although implementing partners also care about price of the product, meeting programmatic goals is often more important

Expectations of an innovator

Innovators can reach out to implementing partners during all stages, but should focus most of their efforts on doing this in the project proposal stage

- Implementing partners may identify the product and ask for samples from innovators when in the RFP and proposal stage, especially when they are stating the specific products they are purchasing in the project proposals

Innovators can also cultivate relationships with donors to influence the RFP

- This may take years of relationship and trust building which may happen at conferences (such as the Grand Challenges Annual Meeting)

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Market-entry checklist: In addition to meeting buyer expectations, innovators should also plan for other market-entry considerations

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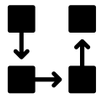
Market entry checklist innovators should research and plan before approaching buyers

Part of establishing targeting buyers

Supply samples: Ensure sample and demo units are on hand; more expensive products are usually trialed for short periods of time



Consider clinical protocols: Consider how a new product may change clinical protocols, and consider creating sample-updated protocols

Ensure after-sales support: Ensure innovator or distributor can service product; consider offering 1-year warranty on products

Create training materials: Create materials to train distributor or facility maintenance teams on product use, installation, and maintenance

Part of general market entry preparation

Register product in-country: Register product with the Pharmacy & Poisons Board (PPB), as products cannot be used in Kenya without this

Conduct lifetime cost analysis: Comparing costs against competitor and substitute products may help buyer's financial evaluations

Prepare marketing strategy: Identify industry events and KOLs to engage and gain buy-in

Clearly document product specifications: Document specifications to allow biomedical teams to easily evaluate new products

Some of these actions can be executed in parallel with sales efforts; however, all should be planned for in advance

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Appendix

Context and methodology

This report was commissioned as part of the Accelerating Saving Lives At Birth (A-SL@B) to help give insights to the portfolio of 110 innovators funded under the Saving Lives At Birth (SL@B) Grand Challenge. The SL@B program seeks to overcome these challenges by supporting the development and transition-to-scale of groundbreaking innovations in low and middle-income countries that accelerate substantial and sustainable progress against maternal and newborn deaths and in the prevention of stillbirths. Saving Lives at Birth seeks innovative solutions that are affordable, accessible, sustainable and of high quality across three focus areas: science and technology, service delivery, and demand creation.

Report methodology

To gather insights on the report, we carried out desk research and conducted consultations with 5 buyers, 6 distributors, and 2 key opinion leaders. When deciding our methodology for identifying consultations, we intended to get the views of a diverse set of stakeholders. For buyers, we interviewed government facilities, private facilities/ FBO & NGO facilities, and implementing partners. For distributors, we interviewed small and large private and public distributors, market-led distributors, and donor-aligned distributors. Lastly, for key opinion leaders, we interviewed high profile professors, practitioners, and industry heads. This enabled us to gather insights on what the various stakeholders evaluate when purchasing products, what they expect from innovators, how innovators can support them during the evaluation process, and which types of innovators are a good fit for the various stakeholders.