

**MD Buyline Member Hospital**

**Vendor:** Hospital Informatics Vendor  
**Technology:** Nurse Call  
**Model:** Model A, Version 1.0

**Requested By:** Director of IT

**Quote Number:** 12345  
**Quote Date:** 07/01/09  
**Tracking #:** 979212

**July 13, 2009**

The Bottom Line

Equipment	List Price	Purchase Price	Overall Discount	Recommend	Identified Savings
Nurse Call	\$8,358,539.17	\$5,451,378.90	34.78%	37.12%	<b>\$195,403.13</b>

**Note:** The summary above reflects overall quoted and recommended discounts on all items. Discounts for each area (e.g., software, interfaces, services, third party, etc.) are discussed separately below.

**Model A Turnkey Items (Software & Hardware) – Non-Competitive Discount**

Vendor is quoting the system items at **46.12%** off list price. This includes the core components, software options and hardware options. The MD Buyline pricing database indicates the best discount seen during the last 12-months for a similar configuration was 50.50%. Therefore, we are recommending the same level (**50.50%**) for a competitive quote.

**Model A Professional Fees**

The hourly rates indicated for labor are competitively priced. We have previously reviewed these same items quoted at a blended rate of \$75.12/hour. When items in this quote are blended, the average rate is \$66.97. Since this is a very competitive rate, I would be sure that your contract reflects the final negotiated hourly rate in the event of project scope expansion.

End-User training is quoted at \$64/hour which is also very competitively priced. We have recently reviewed this item at \$85/hour.

We have not reviewed the item for Manufacturer’s Training on previous quotes and therefore; cannot confirm pricing for this item. We assume fees are charged on a per day basis at \$8,000.00/day although it is not clearly indicated in the quote. This seems to be very expensive and the vendor has not provided any information that explains exactly what is included for this price.

In any installation, it is imperative to eliminate any type of risk. Therefore, a strong implementation plan is required. Recommend that the vendor provide the following information as a minimum requirement for this implementation.

Ensure the following information is included as part of a Project Plan, preferably prior to contract execution:

- Detailed breakdown of vendor resources, responsibilities, and time estimates
- Detailed definition of hospital resource requirements, responsibilities, and time estimates
- Installation plan with major tasks, responsible party, start time, and stop time from execution of the agreement to post-live
- Definition of testing and acceptance process
- Definition of training approach and schedule as part of install plan including attendees, detailed course description, location and time required
- Definition of vendor hourly or daily rates by resource type

**Model A General Items - \$237,913.26**

The general items include, cabling, and miscellaneous hardware connectors, etc. Again, the vendor has only provided net price and we do not know the list price or if a discount has been applied to this total. At \$2.46/item, 31,000 pieces is quite expensive (\$76,260). I recommend that you request the vendor to explain the pricing structure for these items. Is this an average price? Was a discount applied? Will they refund the cost of any unused items?

Cable Cost: **\$107,200**. We rarely see cable cost discounted, however; the vendor has not stated list price for these item numbers and we do not know if this is discounted or not.

Freight Cost - **\$54,453.26**

**Third Party Vendor 1- \$442,900.00**

The Third Party vendor is not tracked in the MD Buyline database, however; we have seen the technology quoted by several vendors and distributors. While we can provide some degree of comparison, we cannot confirm the discount calculated for this purchase. I strongly suggest that you have the vendor provide a line item quote that includes both list and net pricing so that an accurate analysis can be provided.

With that being said, we have compared pricing to other quotes containing Vendor pricing in our database and have determined that the discount offered on this purchase is 65.68%. If this is correct, then the price is very competitive.

**Third Party Vendor 1 Professional Fees-\$492,512.00**

Versus professional fees total \$492,512.00 and are based on the same rates at those quoted for the Telligence product. This is competitive for this level of service.

**Third Party Vendor 1 - General - \$326,597.56**

Versus general items include non-discountable cable, \$311,640 and freight charges at \$14,957.56.

**Third Party Vendor 2 - \$463,724.80**

Third-party Vendor 2 is not tracked in the MD Buyline database. However, like Third Party Vendor 1, we have reviewed numerous quotes from vendors and distributors that included list pricing. The items in this quote, across the board, are 12% higher than what we have previously seen quoted. This could mean that Third Party Vendor 2 has had a very recent price increase of 12%, or the items are marked-up 12% over list price.

Again, I strongly recommend that the vendor provide a line item quotes that states the list and net price for each component included in this quote.

**Third Party Vendor 2 Professional Fees - \$195,544.00**

Third Party Vendor 2 professional fees total \$195,544.00 and are based on the same rates at those quoted for the Model A product. This is competitive for this level of service.

**Third Party Vendor 2 General - \$52,516.35**

Third Party Vendor 2 general items include:

Cable, \$28,140.00

Software Maintenance, \$10,268.80 – It is not clear exactly what items are covered in this agreement, however; I am estimating that the fee is about 16% of the list software costs. The vendor must be required to provide a detailed agreement that list exactly what products are covered which will eliminate any doubt.

## Nurse Call

### Model: Model A

#### Purchase

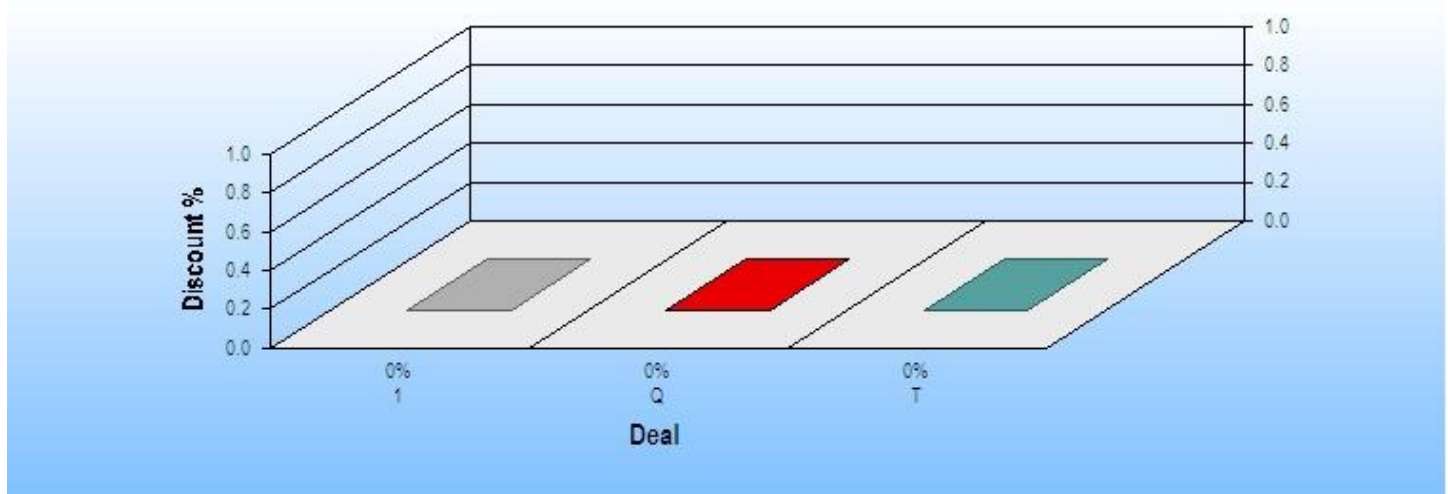
General	Quoted	MDB Recommended
Discount %	0%	0%
List Price	\$237,913.26	\$237,913.26
Purchase Price	\$237,913.26	\$237,913.26

Professional Services	Quoted	MDB Recommended
Discount %	0%	0%
List Price	\$833,776.00	\$833,776.00
Purchase Price	\$833,776.00	\$833,776.00

3rd Party	Quoted	MDB Recommended
Discount %	30.04%	30.04%
List Price	\$2,821,209.91	\$2,821,209.91
Purchase Price	\$1,973,794.71	\$1,973,794.71

Turnkey	Quoted	MDB Recommended
Discount %	46.12%	50.50%
List Price	\$4,465,640.00	\$4,465,640.00
Purchase Price	\$2,405,894.93	\$2,210,491.80

## Professional Services Market Comparison Chart

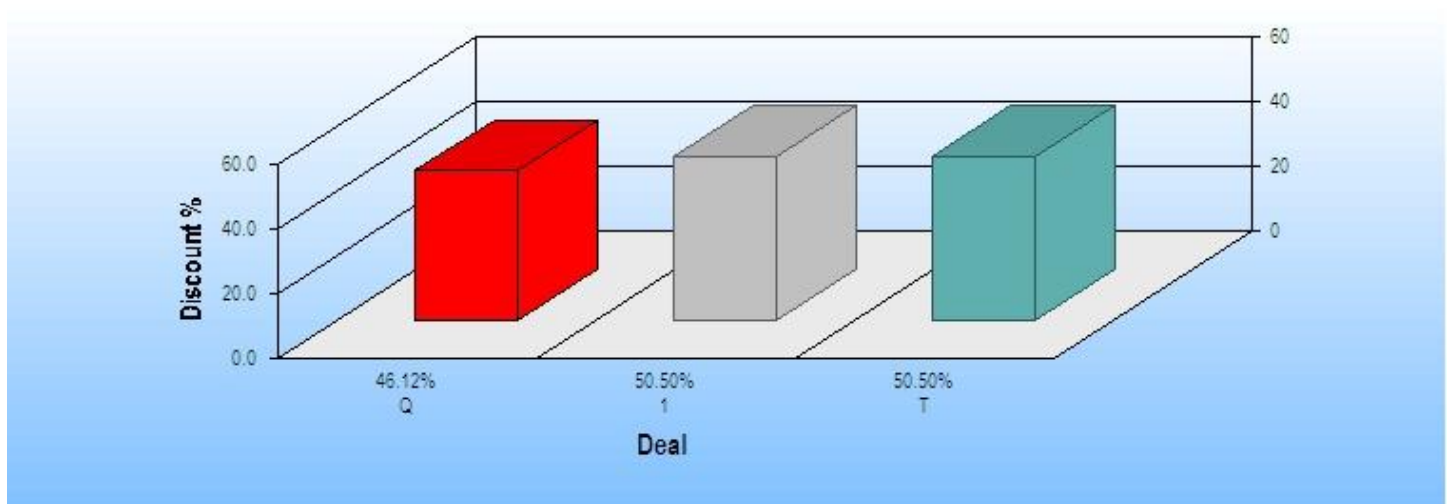


The above graph represents the previous discounts or deals that are comparable to your quotation. There is also graphical representation of your current quoted deal (**Q**), and of MDB's recommended target discount (**T**) based on our database. If viewed/printed in color, quoted and target deals are shown in red and blue-green, respectively. The graph may show additional higher discounts that might be achievable under certain circumstances as explained in Bottom Line Comments. Below is a detailed explanation of each deal represented in the graphical analysis.

## Professional Services Market Comparison Detail

Deal	List Price	Disc %	Quoted Price	Date	Model	Comments
1	\$329,200.00	0%	\$329,200.00	3/11/2008	Model A	This quote is based on bed size. This includes 402 units. Vendor consultation is included. This is a hardware and software purchase.

## Turnkey Market Comparison Chart



The above graph represents the previous discounts or deals that are comparable to your quotation. There is also graphical representation of your current quoted deal (**Q**), and of MDB's recommended target discount (**T**) based on our database. If viewed/printed in color, quoted and target deals are shown in red and blue-green, respectively. The graph may show additional higher discounts that might be achievable under certain circumstances as explained in Bottom Line Comments. Below is a detailed explanation of each deal represented in the graphical analysis.

## Turnkey Market Comparison Detail

Deal	List Price	Disc %	Quoted Price	Date	Model	Comments
1	\$1,725,390.96	50.50%	\$854,068.53	3/11/2008	Model A	This quote is based on bed size. This includes 402 units. Vendor consultation is included. This is a hardware and software purchase.

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