Equipment Acquisition and Service Agreement: The Procurement Perspective

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USAID GLOBAL HEALTH SUPPLY CHAIN PROGRAM

Procurement and Supply Management

8 December 2018
SLIPTA/SLMTA SYMPOSIUM
Lab Equipment Procurement

Lab equipment procurement models:
• Buying
• Leasing
• Renting

Factors to consider
• Need for maintenance services
• Tenure of equipment usage
• Frequency of usage
• Necessity to upgrade equipment
• Cost

A "one size fits all" strategy is not suggested for choosing the procurement model
The Process

What makes equipment procurement unique?

• Installation,
• Users’ training
• Service maintenance and warranty

Before procurement, do you have answers?

• Is the approved budget in the work plan sufficient to finance the procurement?
• Is the equipment on the national /country-approved list?
• Is the strategic document of deployment available?
The Process

• Do you have the instrument deployment plan if the request is for new locations?
• Do you know the current estimated diagnostic capability?
• Is your selection appropriate based on instrument capacity vs diagnostic demand?
• Are infrastructure needs in place before equipment delivery?
• Has the additional cost of reagents, staff training, maintenance been considered?
• After the warranty expires, will the required Preventive Maintenance Service (Extended Warranty) elapse?
The Process

• Is there a local Authorized Manufacturer Distributor available in-country to service the equipment?

• Do you have a Maintenance Service Agreement (MSA) in place for similar equipment you have on hand?

• Do you have appropriate storage requirements (conditions and capacity) for reagents?

If the answers are YES, then:

✓ Submit the procurement request to the procurement unit for the RFQ/RFP.

✓ Evaluate the quotes/proposals that are within the approved budget.

✓ Oversee a seamless equipment delivery.
RFP Requirements

A well-developed RFP requires due diligence.

Due Diligence Level 1:
• Price
• Equipment service contract
• Duration of the manufacturer’s warranty
• Availability of parts and consumables
• Technical support
• System updates
RFP Requirements

Due Diligence Level 2 – Equipment Maintenance:

Working with

• In-house teams
• Third-party service providers
• Original equipment manufacturers
• Multiservice providers.

Due Diligence Level 3 – Information Gathering on Potential Suppliers:

• Financial viability
• Track record of previous performance on similar job, where available,
Procurement Challenges

• Developing the specifications
  o Sole sourced requires more efforts to justify the procurement.

• Procuring based on DDP (Delivered Duty Paid)
  o Shipping cost depends largely on what the vendor quotes with no alternative.

• Coordinating delivery (Vendor wants payment)
  o Infrastructure requirements have not been completed at the site.