



# Value-Based Supply:

## Developing Internal Readiness

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### GET INVOLVED!

This is the final white paper in a series sponsored by Mölnlycke from the Value-Based Health and Care Academy at Swansea University. Please join in with the debate. Share your views online using #valuebasedsupply and join the **Value-Based Supply Group on LinkedIn**. The other three papers in the series are still available to download from the **EU Alliance for Value in Health**.

In producing this series on Value-Based Supply [1,2,3] it has become increasingly clear that for suppliers to succeed in a Value-Based Health and Care (VBHC) environment, they must develop and adapt to become “internally ready” as an organisation, ensuring that they can engage differently with healthcare systems, fully understand customer expectation and develop their organisational culture and behaviours to focus on improving outcomes and value, rather than outputs and volume.

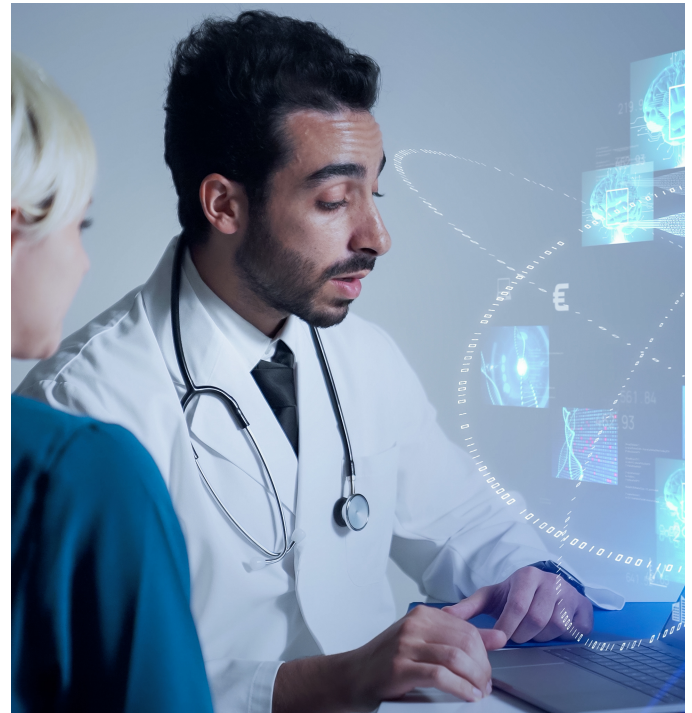
In December 2023 we conducted two Value-Based Supply workshops at the 5th EU Value-Based Procurement Conference [4] in Brussels. In addition, we invited conference participants to access and complete an online survey and publicised the link through relevant social media channels. This white paper reports on our findings and how we intend to apply the learning to support Value-Based Supply.

### THE SURVEY

The survey was delivered using Qualtrics™ in English. It was completed by 124 respondents, nearly all of whom were from Europe, with the majority from the UK. Not all respondents answered every question.

### Q. WHAT COUNTRY ARE YOU BASED IN?

United Kingdom	61%
Other Europe (excl. UK)	35%
Other: Brazil, Saudi Arabia, South Africa	4%



### Q. WHICH IS THE MAIN STAKEHOLDER GROUP THAT YOU REPRESENT?

Most respondents were from Life Science Industry suppliers (“Industry”) or from the health system and these were equally represented. Within the Industry cohort, MedTech employees dominated.

INDUSTRY		
MedTech	32%	} 39%
Diagnostics	4%	
Pharma	3%	
NON-INDUSTRY		
Procurement	8%	} 41%
Health Management	19%	
HCP	14%	
Patient	1%	
Payer/Insurer	1%	
HTA	1%	
Academia	8%	
Other Health economics, Policy, Social care	9%	

## Q. CONSIDER THESE CRITERIA FOR A COMPANY WANTING TO ADOPT THE PRINCIPLES OF VBHC IN ITS BUSINESS AND RANK THEM.

In this question, respondents were asked to rank a list of critical success factors that have emerged from our work as being essential for Value-Based Supply. Rankings were considered separately for "Industry" and "Non-Industry" respondents. Both cohorts identified the same top four criteria in their ranking, although there were some slight differences in absolute rank.

These were:

- A patient-centric approach
- Visible executive leadership for Value-Based Health and Care
- Partnerships for Value
- An effective process for sharing learning and knowledge.

Of the other five lower ranked criteria (5th-9th), there was a shared view of the importance of three items, but two were ranked very differently.

Critical success factors	Industry	Non-industry
A patient centric approach in product/service design	1	1
Visible Executive leadership	2	3
Partnerships for value	3	4
An effective process for sharing learning and knowledge	4	2
A strong diversity, equality and inclusion culture	5	9
A comprehensive digitalization strategy	6	6
A well-developed sustainability strategy	7	7
Employee incentivization linked to creating value	8	8
A commitment to colleague well-being	9	5

Figure 1: Ranking of previously identified critical success factors by Industry and non-Industry respondents.

## Q. HOW IMPORTANT IS VALUE-BASED SUPPLY TO YOUR ORGANIZATION?

Survey participants were asked to rate how important they thought Value-Based Supply was to their organization at the current time. Non-Industry responders were invited to assess this from their own observations, and these have been analysed separately. We also conducted Sub-group analysis looking specifically at responses from "Health Care Professionals (HCPs) & Health Management" and also those of "Health System Procurement" within the overall non-Industry cohort.

The majority (60%) felt that Value-Based Supply is important or very important to their organisation and 13% thought it was critical.

Only 3% thought it unimportant. Nearly a fifth of non-industry participants did not know, compared to just 1% of Industry respondents. No procurers thought it was critical to organisations at the current time.

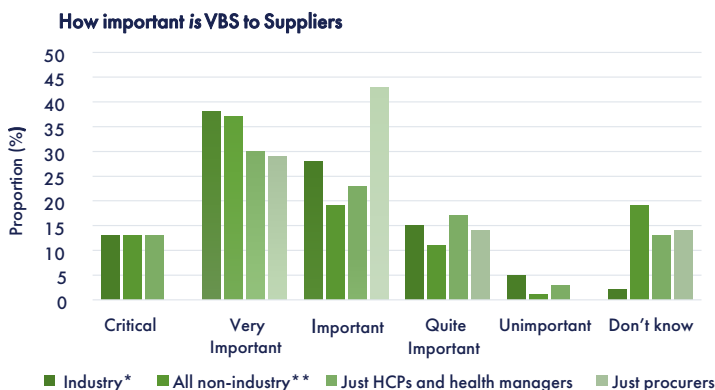


Figure 2: Importance of Value-Based Supply to organisations at the current time for Industry and all non-Industry respondents. Non-Industry subgroups of HCP & Health Management and Health Procurement also displayed.

## Q. HOW IMPORTANT SHOULD VALUE-BASED SUPPLY BE TO YOUR ORGANISATION?

Survey participants were then asked to rate how important they thought Value-Based Supply *should be* to their organisation. Non-Industry responders were invited to assess this from their own perceptions. As before, sub-group analysis was conducted on the non-Industry cohort to understand the views of "Health Care Professionals & Health Management" and of "Procurement".

The results show that nearly all respondents felt that organisations should give greater importance to Value-Based Supply than they do now, with 82% of Industry and 88% of non-Industry contributors scoring critical/very important and only 2% thinking it unimportant. The greatest difference in expectation is seen for health system procurers who **all** felt it should be critical to suppliers in future.

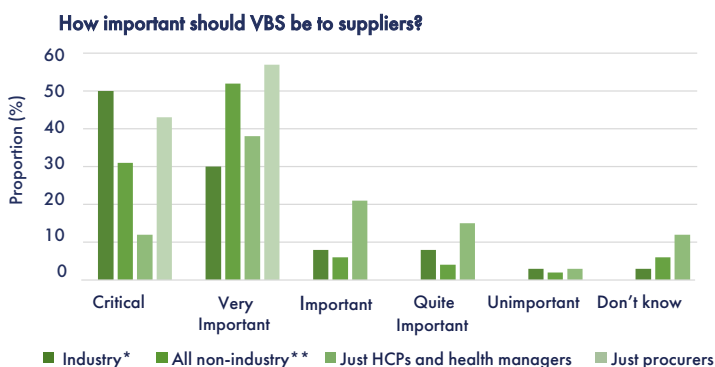


Figure 3: Importance of Value-Based Supply to organisations in future for Industry and all non-Industry respondents. Non-Industry subgroups of HCP & Health Management and Procurement also displayed.

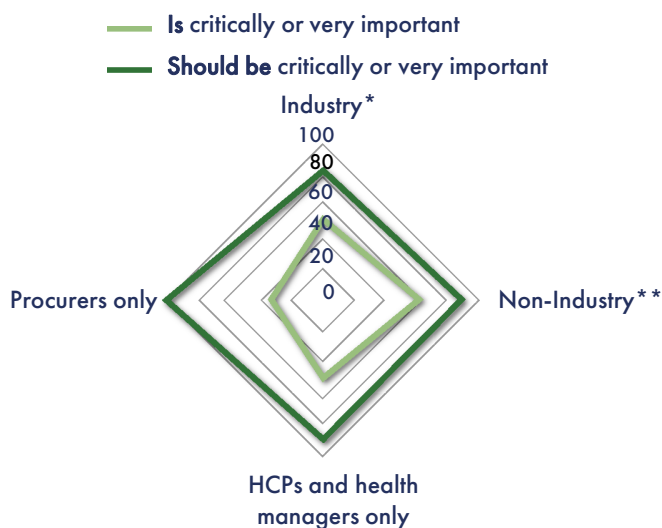


Figure 4: Difference in responses for the importance of Value-Based Supply *now* and *in future*, by the different respondent groups.

Finally, respondents were asked to provide free-text feedback on the factors required for Value-Based Supply and additional observations.

### Q. IS THERE ANYTHING IMPORTANT MISSING ...?

Several people stressed the importance of supplier organisations having innovative business models available that encouraged value-based healthcare through risk-sharing and incentivised value-based behaviours. This requires many parts of the company to be aligned such as legal, compliance and finance and not just the system-facing teams. In discussion it was clear that although respondents had not ranked 'Employee incentivization linked to creating value' highly, it was recognised that if company incentives were based on volume, then the shift to value would be challenging. In addition, the importance of healthcare system customers being ready to engage differently and prepared to build trust with suppliers was also emphasised.

### THE WORKSHOPS

Over 60 people attended one of two workshops at the 5th EU Value-Based Procurement Conference held in Brussels in December 2023. Small-group discussions provided an opportunity to explore in greater detail the relative importance of the critical success factors that we have described previously and the reasons for the prioritisation. Potential additional factors and barriers to progress were captured. Participants were invited to suggest how Value-Based Supply can be progressed and what enablers would support adoption. Additional suggestions were received during plenary feedback from the workshops.

## KEY FINDINGS FROM THE WORKSHOP

### SESSIONS

#### Success factors

Participants consistently identified four factors which are critical for a company to achieve Value-Based Supply. There was no consensus on which was the most important and it was considered that there were interdependencies between them.

- **Visible executive leadership within the company for VBHC adoption**
- **A patient-centric approach in product or service design**
- **A clear desire to establish partnerships for value**
- **Effective processes for sharing learning and knowledge**

Two factors were considered important as enablers that underpin any plan to move towards a Value-Based Supply approach but are not critical to stimulate actual change to achieve internal readiness.

- **A comprehensive digital strategy**
- **A well-developed environmental sustainability strategy**

Several participants observed that prioritisation of environmental sustainability of product and supply is high in Europe but may not yet have the same internal priority in the US and other markets. It was noted that clinicians are becoming very concerned about the environmental impact of the products they use. The link between the "value agenda" (avoidable healthcare interventions of little value) and the "green agenda" (avoidable carbon impact of those interventions) is increasingly recognised by policy makers. [3,5]

A further three factors were considered by participants to be cross-cutting principles for industry and which any responsible company would be expected to embed, but were not specific factors for Value-Based Supply, namely:

- **Strong diversity, equality and inclusion (DEI) policies**
- **A commitment to colleague well-being in the company**
- **A willingness to share learning knowledge and skills**

The final factor considered by participants was the need for **employee reward schemes that incentivise "value" rather than "volume" behaviours**. This was not ranked highly by survey respondents but when explored further in the workshops, participants agreed that misalignment of incentives would be a barrier to success in Value-Based Supply, although may be difficult to change.

Workshop delegates also agreed that the development of **innovative business models** that support value-based partnerships and behaviours is essential and emphasised the need for all parts of the company to be engaged in Value-Based Supply not just the customer-facing teams. Therefore this has been included in our critical success factors.

## SUMMARY

It is clear from the survey responses, workshop participants and conference delegates in plenary that Value-Based Supply and supplier "internal readiness" are seen by industry and healthcare system stakeholders as essential for any company wishing to be a leader and to thrive in a Value-Based Health and Care ecosystem. Five critical factors for success were confirmed with two cross-cutting enablers identified. Three further factors were considered general expectations of a high performing company but were not specific requirements for Value-Based Supply (Table 1).

### CRITICAL SUCCESS FACTORS FOR VALUE-BASED SUPPLY

Visible executive leadership for VBHC adoption  
A patient-centric approach in product or service design  
A clear desire to establish partnerships for value with customers  
Effective processes to share knowledge (a learning organisation)  
Innovative business models developed for customers and employees

### CROSS-CUTTING ENABLERS

A comprehensive digital strategy  
A well-developed environmental sustainability plan

### CORE COMPANY EXPECTATIONS

Strong policies for diversity, equality and inclusion  
A commitment to colleague well-being

*Table 1: Summary of critical success factors for VBS and other considerations for suppliers*

## NEXT STEPS

Participants showed a strong appetite for being able to measure the five key success factors that have been identified, in their own organisation and to reflect on which areas need to be strengthened. Initially this could be used for internal "self-assessment" and benchmarking but in future, being able to demonstrate high levels of internal readiness for Value-Based Supply could become an expectation in procurement to predict greater success in creating partnerships for value and innovative procurement agreements that increase the value of care. In collaboration with the Value-Based Procurement Community of Practice in Europe and its Value-Based Supply working group we will develop these learnings into an assessment tool to aid industry and non-industry stakeholders.

## ACKNOWLEDGEMENT

This is the final in a series of four white papers sponsored by Mölnlycke from the Value-Based Health and Care Academy at Swansea University. We are grateful to everyone who completed our online survey or attended one of the conference workshops. The whole series is available to download from the [EU Allience for Value in Health website](http://EU Allience for Value in Health website) [www.swansea.ac.uk/som/vbhc-academy](http://www.swansea.ac.uk/som/vbhc-academy) #valuebasedsupply

## ABOUT THE AUTHORS:



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After a career as an NHS surgeon, Medical Director and CIO, Hamish Laing is Professor of Enhanced Innovation, Engagement and Outcomes and Director of the Value-Based Health and Care Academy at Swansea University, Wales UK. He teaches about and researches the implementation of Value-Based Health Care, and the Academy provides consultancy to health systems and global life science companies.



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Nick Rich is Professor of Socio-Technical Systems Design at Swansea School of Management. He is an industrial engineer and conducts research into health and care process management including the implementation of Highly Reliable Organisational work practices, Value-Based Health Care, and service design.



### HELEN YU

Helen Yu is an associate professor and associate director of the Value-Based Health and Care Academy. Her research focuses on how existing legal and policy frameworks such as intellectual property law, value-based procurement and responsible research and innovation can be leveraged to support the sustainable development and implementation of new innovations, particularly in the biomedical and healthcare fields.



### JAMES MCHALE

James has over a decade working in the medical devices industry, obtaining a broad procurement, NHS and industry perspective through roles in the public and private sector. His journey has identified a passion for value and understanding what these means to health care providers and clinicians.

## DISCLOSURE

The Value-Based Health and Care Academy receives funding from Welsh Government and industry partners. The views expressed in this paper are the personal views of the authors.

Please join with us in the debate and share your views online using #valuebasedsupply and join our LinkedIn group **Value-based Supply**.

## REFERENCES:

- [1] Value-Based Supply: Re-imagining value from within
- [2] Value-Based Supply: Dynamic competencies and the power of digital transformation
- [3] Value-Based Supply: How to improve health system sustainability
- [4] 5th EU Value Based Procurement Conference Report
- [5] <https://shcoalition.org/patient-care-pathways/>