

## USAID GLOBAL HEALTH SUPPLY CHAIN PROGRAM

Procurement and Supply Management

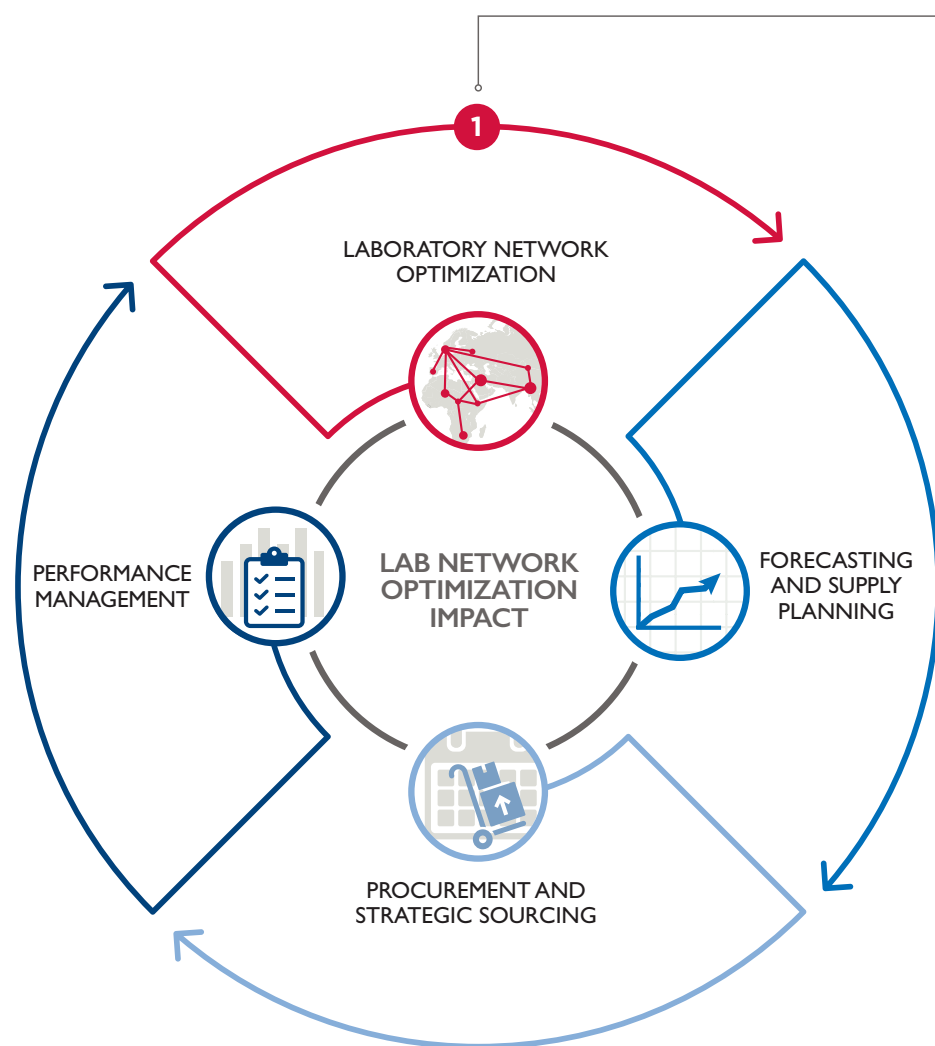
### THE LABORATORY NETWORK APPROACH FOR PROCUREMENT AND SUPPLY MANAGEMENT

Optimizing laboratory networks to strengthen procurement and supply chain management, and improve health outcomes

The USAID Global Health Supply Chain Program-Procurement and Supply Management (GHSC-PSM) project is improving laboratory networks across the globe with procurement and supply management best practices. Through training and close collaboration, countries implementing the Laboratory Network Approach are experiencing a more efficient and effective procurement and supply chain management cycle, and ultimately improving health outcomes.

#### THE IMPACT

Countries that are taking the Laboratory Network Approach to improve supply chain management of their laboratory networks are realizing cost-savings, more efficient and effective services, and have increased testing and treatment accessibility for more patients. These countries are seeing significant benefits as they move through each step of the procurement and supply chain management cycle.



#### Optimizing laboratory networks

Fully engaged stakeholders and proactive data collection and visualization allows countries to optimize equipment placement now and in the future.



#### Forecasting and supply planning

Institutionalizing collaboration among stakeholders and data best practices for future planning leads to improved procurement and stock management.



#### Procurement and strategic sourcing

An optimized network lowers procurement risks and increases pricing transparency, leading to cost savings and improved quality of services.



#### Performance management

Establishing performance indicators improves and standardizes oversight, improves information sharing among stakeholders, and ultimately leads to better functioning equipment.

## Laboratory Network Optimization

### This approach incorporates

- Stakeholder engagement, data collection, and data validation
- Baseline mapping of the laboratory network and referral system
- Identification of national demand and targets, current testing capacity, and current utilization rates
- Development of scenarios based current state and future state
- Ensuring laboratory instruments are placed “appropriately” to meet current and future needs

### Benefits

- Alignment of stakeholders around current laboratory network and approach
- Identification of current and future needs for laboratory testing
- Virtual piloting of various network scenarios
- Balanced and efficient workloads across testing laboratories
- More cost efficient laboratory testing: higher utilization rates and lower operational costs

## Procurement and Strategic Sourcing

### This approach incorporates

- Shift from capital procurement to all-inclusive reagent rental pricing based on optimized network
- Robust contracts that include well defined service terms and expectations
- Transparent pricing broken down by key elements
- Incoterms and volumes that are defined in collaboration with all stakeholders

### Benefits

- Increased cost savings and efficient use of funds; better value for money
- More informed budgeting for stakeholders and donors
- Better pricing and terms for procurement of laboratory supplies and services
- Appropriate diversity of suppliers to reduce impact of quality and supply risks

## Forecasting and Supply Planning

### This approach incorporates

- National quantification using robust data from testing laboratories
- A national laboratory quantification committee made of lab experts and supply chain managers from all stakeholder groups
- Bi-annual or annual national quantification for laboratory commodities that includes all donors and disease areas
- Analytical methods to complete the forecast, including demographic, consumption and service
- Supply Planning that includes all donors and is 18 months forward looking
- Use of standardized planning tools, including ForLab and Pipeline

### Benefits

- Accurate forecasts limit over or under procurement of key laboratory reagents and supplies
- Uninterrupted flow of laboratory commodities to eliminate stockouts and testing interruptions
- Generates reliable data for supply decision-making by governments and donors
- Active engagement with manufacturers to inform production planning
- Uses data for monitoring product consumption and stock levels

## Performance Management

### This approach incorporates

- Key performance indicators (KPIs) established to define service expectations and hold vendors accountable
- Monthly and quarterly reports on KPIs
- Quarterly meetings between distributors and stakeholders to identify systemic issues and conduct root cause analysis
- KPIs that measure service and maintenance, reporting and management, and supply chain management

### Benefits

- Increased cost savings and efficient use of funds; better value for money
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