

Getting creative with contracts

The Northeast Purchasing Coalition and Stryker used a non-traditional approach to implement a mutually beneficial agreement through **aptitude**.

The Northeast Purchasing Coalition (NPC) was in the market for a new bone cement contract. They made the decision to reach out to Stryker, a leading medical device and equipment company, to see if they could find a path to a mutually beneficial agreement by leveraging the resources available through **aptitude**.

Going into the negotiations, both parties were highly motivated. NPC saw an opportunity to leverage its combined purchasing power to achieve excellent pricing. For Stryker, NPC offered increased market share from 15 different healthcare systems through a single contract that could be monitored for performance.

Bulk benefits

As a coalition composed of healthcare systems of varied sizes, NPC had unique contracting needs. Specifically, some members were able to purchase in bulk while others could not. Therefore a traditional bulk contract wasn't going to deliver the best value for this partnership.

But that did not derail the negotiation.

Northeast Purchasing Coalition

Composed of 15 health systems in the upper Northeast states, NPC leverages the power of clinical networking and integrates evidence-based practices with strategic sourcing to deliver the best overall value to its members.

Stryker Corporation

One of the leading medical technology companies in the world, Stryker offers innovative products and services in orthopedics, medical and surgical, and neurotechnology and spine to improve outcomes for patients and hospitals.



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John-Michael Mascia
Sourcing and Program Director
Northeast Purchasing Coalition

“It truly was a success story for all parties. The coalition achieved a bulk buy offer for all their members, and Stryker can avoid delivering lots of small orders. I was proud to be a part of this project and see it come to fruition.”

Melissa Szabo
aptitude Sales Consultant

Laurie Zinn, aptitude market director, saw early in the process that the buyer and the supplier were committed to working together to come to a mutually beneficial agreement. Part of her role at aptitude is to facilitate communication and transparency to accelerate strategic relationships in often unconventional ways. “This Bone Cement contract was executed with a unique path to value, different from the traditional contracting process, due to the creativity that both sides employed,” Zinn said.

NPC and Stryker joined forces to develop an agreement that was flexible and met the needs of both parties. They limited the number of purchase orders throughout the year – and worked the resulting savings into the contract.

“We were able to meet in the middle of the road and provide something for members who couldn’t bulk buy,” said John-Michael Mascia, sourcing and program director for Member Business Ventures – Northeast Purchasing Coalition. “Working collaboratively allowed us to create a contract that will benefit all members, not just our largest participants which is critical to our overall success.”

For Stryker, the benefits were found in additional market share plus reduced operational costs. Instead of shipping bone cement weekly or monthly, Stryker would make deliveries every three to six months, cutting 10 to 12 purchase orders down to one.

“There are costs associated with processing purchase orders – with fewer orders we can deliver more value to providers,” said Guy Gaudio, national accounts manager for Stryker. “Because the NPC was willing to streamline purchase orders, we were able to offer a cost structure that reflected savings for them.”

Through the contract – which was just under \$3 million – NPC received the benefits of a sole-source agreement at 70% market share.

A win-win

Both NPC and Stryker felt that aptitude played a key role in the contracting process, simplifying the details and speeding implementation.

“Finalizing the contract through aptitude was seamless,” said Mascia. “Once we came to a consensus, we were really able to just flip the switch and go. In fact, we have a few other initiatives (outside of aptitude) we began before Bone Cement that haven’t been finalized yet. When we contract through the online market, it is faster than traditional methods.”

Mascia feels that aptitude helped improve communication on both sides as well. “The online component is important, but the people and personal resources are really significant in getting that speed to value for members,” he said.

About aptitude

Launched as a contracting market in 2013, aptitude reduces the cost of healthcare and accelerates strategic supply chain partnerships by allowing providers and suppliers to explore opportunities, streamline execution and improve performance.

Gaudio agreed that aptitude streamlined what can be a complicated process. “We already had master agreements in place for terms and conditions, which made things a lot simpler from a legal perspective,” he said. “While not all members will be the same, we know they are a compliant group and we have access to aptitude analytics for validation so we were willing to be flexible to win their business.”

Melissa Szabo, aptitude sales consultant who supports providers, agrees. “It truly was a success story for all parties. The coalition achieved a bulk buy offer for all their members, and Stryker can avoid delivering lots of small orders. I was proud to be a part of this project and see it come to fruition.”

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