



"Building the Foundation for Future of Supply Chain of Biopharma:
The Business Imperative for Cost-Effective Quality Patient Care"

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Consortium Purchasing
Unlocking the Value of Collaboration

**Bill Coakley, Senior Director, Supply Chain Management, SciClone
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Tom Heebink, Business Development/Strategic Alliances/West, BIO

Vita Blake, Associate Director Membership, BayBio

Rick Fultz, Director, BIOCOM Purchasing Group

BIO Business Solutions® Overview

Tom Heebink, Business Development/Strategic Alliances/West, BIO

- BIO partners with industry leading product and service providers to bring discounts and other benefits to BIO member companies
- Originally designed for small companies; used by companies of all sizes
- Partner with state and regional biotech associations (“Affiliates”) to offer the same cost-savings benefits to their member companies
- Revenue to BIO and Affiliates
- More than 2,900 companies participate in the program
- Over \$250 million in annual sales through the program

BIO Business Solutions® Partners



Laboratory Supplies and Equipment



Business Insurance (Clinical Trials Liability, Product Liability, Property and Casualty, etc.)



News Distribution Services



Pre-Owned Laboratory Equipment



Office Supplies, Equipment & Furniture / Copy & Print Services / Promotional Products



Governmental Grant Identification & Application Assistance



FDC Reports, (e.g., Pink Sheets) / Windhover Publications / Industry Database



Shipping Services



Executive Liability Insurance (including Directors and Officers Liability)



Employee Benefits & Brokerage Solutions



Packaged and Bulk Gases



Technology & Computer Products



Governmental Financial Incentives & Tax Credit



Moving, Storage and Relocation Services

About BayBio

Vita Blake, Associate Director Membership, BayBio

BayBio focuses on improving business conditions in the industry through our purchasing programs, events and advocacy as a 501(c)(6) trade association. The BayBio Institute focuses on supporting innovation, entrepreneurship, workforce development and education for the Northern California life science industry as a 501(c)(3). As the only bioscience association in Northern California, BayBio serves the region's 1,400+ life science companies, a dozen private research institutes, nine regional universities, and public officials at all levels of government.

BayBio Business Solutions® Partners



Bedford International



About BIOCOM

Rick Fultz , Director, BIOCOM Purchasing Group

BIOCOM is the largest regional life science association in the world, representing more than 560 member companies in Southern California. The association focuses on initiatives that positively influence the region's life science community in the development and delivery of innovative products that improve health and quality of life. This includes initiatives in capital formation, public policy, workforce development, group purchasing and member services such as networking events.

BIOCOM Purchasing Group

 **BIOCOM**
Purchasing Group

Savings Portfolio

Airgas


BARNEY & BARNEY^{LLC}


BioSurplus


CHUBB

FUSIONSTORM


GRANDE COLONIAL
LA JOLLA • Est. 1913

harlan[™]
Helping you do research better

HYATT
REGENCY
LA JOLLA
AT AVENUE


INNOVATIVE
Lease Services, Inc.[®]


mentara
Drugs, Biologics, Devices


mission³


MONITOR[™]
LIABILITY MANAGERS, INC.
A BERKLEY COMPANY


NOVA
BIOLOGICS, INC.

Office DEPOT
Taking Care of Business


PEGASUS BUILDING SERVICES


PEGASUS CLEANROOM SERVICES


PR Newswire
United Business Media

Prudential
Cleanroom
Services[™]


Prudential
Overall
Supply[™]


PURE WATER
TECHNOLOGY[®]


RAINBOW
VENDING & OFFICE COFFEE SERVICE

RetirementDNA

SHARP.
SHARP BUSINESS SYSTEMS

SHRED | **SAN DIEGO**
MOBILE DOCUMENT DESTRUCTION


SourceOne
Energy Solutions

Stria

TECHDEPOT
by Office DEPOT


ups[®]


VEOLIA
ENVIRONMENTAL SERVICES

VWR
Supplier Partnerships for Customer Solutions

Agenda

- What is Consortium Purchasing?
- How are Contracts Negotiated?
- How are Contracts / Suppliers Managed?
- Disadvantages of Purchasing Consortia?
- Advantages of Purchasing Consortia?

Purchasing Consortium?

Purchasing consortium is an entity created to leverage the collective purchasing power of a group of companies to obtain more favorable pricing and added value from suppliers.

Purchasing Consortium Types

- **Vertical** – All members from the same industry such as pharmaceuticals, high-tech or healthcare.
- **Horizontal** – Members are from different industries. Source categories tend to be commodity goods such as office supplies.
- **Mixed** – Vertical focused with horizontal offerings.

Contract Development

Where are contract ideas derived from?

Contract Development

How are your contracts negotiated?

Contract Management

How do you manage your suppliers?

Purchasing Consortium - Disadvantages

- Reduced Flexibility
- Collaboration with Competitors
- Longer Lead Times
- Supplier Resistance
- Internal Resistance

Purchasing Consortium - Advantages

- Economies Of Scale
- Economies of Process
- Economies of Information
- Stability (Price Protection, Supply Chain Assurance)