

# Value-Adds in Competitive Tendering



**MEDEC**

CANADA'S MEDICAL TECHNOLOGY COMPANIES  
LES SOCIÉTÉS CANADIENNES DE TECHNOLOGIES MÉDICALES



## What is a Value-Add?

***A value-add is a product, service, or funding of any nature that is solicited in an RFX or offered by a supplier company as part of an RFX response at no additional charge or on concessionary terms.***

## IN GENERAL

Healthcare systems in Canada use tendering processes for the procurement of medical devices and diagnostics technologies. These tendering processes are becoming increasingly complex with growing requests for value-adds and are requiring a significant allocation of resources. The medical device industry is concerned about the direction of requests for these value-adds and the “uneven playing field” that may result due to them.

This paper outlines MEDEC’s position regarding the definition of appropriate value-adds<sup>1</sup> in a fair and transparent sourcing process.

## MEDEC POSITION

It is MEDEC’s position that medical technology companies and their customers (i.e., Canadian hospitals) should not be expected to buy business through value-add or in any other form of transactional relationship. There should be no unlawful inducement through unrelated or indirect grants or donations.

### Non-RFX<sup>2</sup> Value-add Requests

In the event a university, hospital or other institution would like to request a grant or donation, or other grant or donation not related to a specific product or service sourcing need, MEDEC recommends that these requests follow a transparent process completed outside of an RFX process, one that respects all stakeholders’ business protocol guidelines as well as MEDEC’s Code of Conduct.

### RFX Value-Add Requests

All RFX proponents should be bound by the same guidelines.

#### Acceptable Sourcing Protocol:

- Any request for a value-add must relate to the product(s) or service(s) requested in the RFX.
- The value-add request should be clearly defined and documented within the RFX document.
- An example of a directly related value-add would be supplier support to optimize patient outcomes for the proposed product(s) and/or service(s), such as training and education.
- Value-adds should not be a mandatory requirement of the RFX.
- When a proposal contains a separate price envelope, the values-adds should be presented exclusively in this price envelope or form their own envelope so that it does not influence the quality evaluation of the product. Furthermore, objective and strict evaluation grids should be used to counter balance the influence of the value-adds in the final overall evaluation.

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## ABOUT MEDEC

**MEDEC** is the national association representing the medical technology industry in Canada. Our members are committed to providing safe and innovative medical technologies that enhance patient care and advance patient outcomes. The medical technology industry in Canada employs over 35,000 Canadians in close to 1,500 corporate facilities, and has sales of nearly \$7 billion per annum. We are committed to ensuring that Canada has a strong and vibrant medical technology industry.

### Acceptable Supplier Protocol:

- Value-adds offered by a supplier should be clearly documented as part of the RFX response.
- The value-add should be limited to product(s) or service(s) provided for a related purpose and be reasonably necessary or useful for proper installation, use, or servicing of the product. It should contribute to more effective patient care.
- Value-adds should adhere to the MEDEC Code of Conduct, Canada's anti-bribery and anti-corruption laws, and each company's own code of conduct and ethics. Value-Adds should not promote an anticompetitive environment in any manner.

### Unacceptable Value-Adds:

- Unrestricted value-adds, and value-adds that include items such as: cash payments to individuals or institutions, unrelated capital equipment, direct benefits to specific individuals, and/or donations or grants which do not relate to the medical device industry or the products or services in the RFX are not appropriate.
- Value-adds linked to, or in any way connected with, the purchase of products not requested on the RFX are not appropriate.
- An RFX requesting specific value-adds unrelated to the products or services being sourced are not appropriate.
- Mandatory value-adds are not appropriate for fair business practice.

### Glossary

For the purposes of this position paper a Value-Add is defined as follows:

A value-add is a product, service, or funding of any nature that is solicited in an RFX or offered by a supplier company as part of an RFX response at no additional charge or on concessionary terms. The value-add provides additional benefit(s) to the contracting body or its affiliations over and above the specific product or service requested in the RFX.

The term "RFX" (Request For <business opportunity>) is used to represent any type of formal procurement process, such as Request for Information (RFI), Request for Proposal (RFP), Request for Quote (RFQ), or Request for Tender (RFT) from a Canadian healthcare institution, system or governing body.



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