These 10 tips for purchasing new technology were offered by Anthony J. Montagnolo, executive vice president and chief operating officer for ECRI, at the OR Business Management Conference May 10 to 12 in Austin, Tex. ECRI is a nonprofit technology assessment organization in Plymouth Meeting, Pa.

Tip 1: Carpe datum—seize the data
Before purchasing any technology, make sure there is a business case for acquiring it. “Data is not the plural of anecdote,” Montagnolo said, quoting quality improvement guru Don Berwick, MD.

“Many times, we adopt new technology before we need to. There is an opportunity cost to that—if we buy a technology too soon, we don’t have the money to invest in something else that might be of more benefit.”

An example is robotic surgery for coronary artery bypass grafting, which some institutions invested in several years ago when its use was limited primarily to single-vessel disease. Some surgeons who were initially enthusiastic found the learning curve was longer than expected, and hospitals learned there would be only a few patients. As it turns out, the most widely used application of robotic surgery today is prostatectomy.

Tip 2: The ‘field of dreams’ corollary
This tongue-in-cheek corollary states: “If they build it, we will buy it. If we buy it, the feds will pay for it. If we have it, the physicians will use it. If we use it, the patients will come to it. If we use it, we will make money.”

“You can’t assume that if you buy a device, you will make money anymore,” Montagnolo says. If there is reimbursement today, remember revenue isn’t static. “If you do an analysis on current reimbursement, it may change and could go down over time. Try to figure out the trends. Has reimbursement in this area been rising or decreasing?”

Tip 3: Beware of the Centers of Excellence syndrome
Be wary of the statement, “We need to buy this because we are a Center of Excellence.”

“Being a Center of Excellence isn’t an adequate justification for making a technology decision,” he says. “Excellence should be based on your clinical outcomes. You should be asking, does this technology make good clinical and business sense?”

Tip 4: You can’t use an old map to find a new land
More imaging technology is being incorporated into ORs. Eventually, most ORs will need more sophisticated equipment. Timing and priority setting are critical.

A best practice is to set up a technology advisory committee and develop a systematic process for making decisions, Montagnolo says.

The most important success factor is the people on the committee. “You need physicians and administrators who are as objective as possible,” he says. Too often, the members are technology advocates who threaten to take their patients elsewhere if they don’t get what they want.

Developing a strategic technology plan for the OR also helps in setting priorities. The plan doesn’t have to be complicated. It should list acquisition priorities for the next 4 to 5 years, not neglecting replacement items.
“If you don’t have a plan, when capital budget time comes, you won’t have time to analyze your priorities,” he says.

Tip 5: Trust, but verify

“When you buy a car, you take it for a test drive. Why should you take a million-dollar risk on an untested technology?” he says.

Some approaches:

• Try to set up a trial before you buy.
• Develop a decision analysis matrix to compare vendors. On the matrix, list the technology’s features and set up a column for each vendor, noting which vendors have those features and how they compare.

“The matrix doesn’t have to be too complicated,” he says. “Most decisions come down to a handful of factors.”

Tip 6: Create competition

Avoid the “cupholder syndrome,” where you become so taken with a minor feature like a car’s cupholder that you lose your objectivity about a purchase. Montagnolo remembers one committee that spent a half-hour debating about the handle on an imaging table.

“The most important thing in getting a good price is competition. If you get fixated on one feature, you may lose your bargaining power,” he says. “Rarely is there only one choice.”

Tip 7: Remember the razor blade

Gillette made a business with the strategy: “Give ‘em the razor and sell ‘em the blades.” That’s every manufacturer’s dream,” an ongoing revenue stream, Montagnolo says. “You need to understand the true cost of ownership—which includes the original cost plus the ongoing cost.”

Perform a life-cycle cost analysis for the technology’s life span. A life-cycle analysis considers not only the purchase price but ongoing costs such as consumables and labor.

Tip 8: The interface menace

There’s a trend for medical technology to “merge” with information technology—“everything wants to be connected to everything else,” Montagnolo says. That means your technology acquisition committee needs to be knowledgeable about information technology as well as the medical aspects.

“One of the biggest areas where you can lose money is in creating interfaces,” he says. “When you hear a company say, ‘Oh sure, we can connect to that,’ find out where else they have done the exact same thing.” Contact those users and talk to them about their experience. “Put a lot of emphasis on this,” he advises.

Tip 9: Implementation by design

“We race to make decisions about information technology. We want to ram it through as soon as possible,” Montagnolo notes. But poorly planned and implemented software leads to unfulfilled expectations and productivity drains.

One large hospital had to toss out its homegrown computerized physician order entry system after physicians refused to use it. The cost: $34 million to $100 million.

“If at all possible, pilot the software before you buy,” he suggests. “Vendors are usually supportive of this.”

Tip 10: Negotiate with knowledge

“Sales people are taught to be your friend because you like to buy from a friend. But your goal is different than theirs,” Montagnolo advises.

To negotiate with knowledge:

• Do your homework on the product you plan to purchase.
• Know the marketplace. Participate in benchmarking so you know the average price others are paying. Then try to beat the average.

• Stop talking. As you talk, the sales person is watching for “buying signals,” and you can give away too much information about what you think of the product. Don’t give the impression that you favor one vendor over another. “If a salesperson asks, ‘Are we going to get the sale?’ rub your chin and say, ‘I don’t know. It’s really close.’” Repeat as necessary.

• Don’t make ridiculous requests, like asking for half price. You will lose credibility.

ECRI’s web site is www.ecri.org.

See the PowerPoint handouts from this presentation at www.ormanager.com.