

GPO Market Overview: Online/e-Commerce Marketplaces

Summary: Group purchasing organizations (GPOs) are healthcare improvement and transformation organizations. GPOs leverage product sourcing and procurement to help hospitals and other healthcare providers reduce costs and improve patient outcomes. Recently, as market dynamics have evolved, online e-commerce marketplaces have gained some traction for simple commodity goods purchases. GPOs are innovative and self-disrupting organizations and most already offer sophisticated and accessible online marketplaces to their customers. The value that GPOs provide to their customers beyond a price in a catalog is what allows them to differentiate themselves in a rigorously competitive marketplace.

Healthcare is a Vigorously Competitive and Innovative Market.

- GPOs welcome and support a competitive environment because it increases efficiencies and enhances value to healthcare providers and the patients they serve.

GPOs are a Constantly Innovating, Self-Disruptive Industry with Sophisticated Online Marketplaces

- GPOs have existed for 100+ years. They thrive and remain valuable to their healthcare provider customers by constantly innovating, trying new models, competing rigorously with one another for business, and evolving to meet customer needs.
- Most GPOs already offer their customers sophisticated and convenient online purchasing platforms. Recently, some online e-commerce marketplaces have gained traction for simple transactions, largely for commodity goods. A significant part of the GPO value proposition and a major differentiator for GPOs is the upstream and downstream work that GPOs do for providers.

GPOs are Cost-Savings Drivers for Hospitals, But They Deliver Value Beyond Price That Sets Them Apart

- GPOs are helping providers confront an expanding range of challenges by offering a predictive and dedicated supply of the products providers use consistently; confidence that products are high-quality and meet regulations; and reliable data for their product acquisition and usage process.
- To meet evolving provider needs, GPOs offer providers value and efficacy analysis; long-term contracting; help with standardization and compliance; innovative technology analysis; clinical support; clinician education; product recall and shortage support; natural disaster response and emergency preparedness; and cost, utilization and outcome analytics.
- GPOs actively work with clinicians and supply chain experts to coordinate clinical best practices with supply chain data, which helps reduce variability, improve quality of care, and reduce overall costs.

GPOs Deliver Significant Value to Manufacturers and Product Suppliers

- It is not only healthcare providers that benefit from GPOs – GPOs provide suppliers with significant value by reducing their marketing and selling costs, allowing for more predictive demand forecasting, providing them with rigorous analytics and a dedicated supplier team, and helping with standardization and compliance around their products.