SUSTAINABLE CORPORATE GOVERNANCE IN TIMES OF CHANGE
"The principles of the circular economy are firmly embedded in our corporate philosophy."

Virginie Versavel, Account Manager at CHG-MERIDIAN Belgium and member of the Belgian Circular Economy Taskforce.
SUSTAINABLE CORPORATE GOVERNANCE IN TIMES OF CHANGE

A lot happened in 2019, both on the political and the economic front. The global economy has entered into a downturn, many industrial sectors are undergoing severe changes, and interest rates remain at an exceptionally low level. Despite these demanding conditions, CHG-MERIDIAN Group continued to perform well and increased the volume of lease origination by 32 percent to €1.99 billion.

At the same time, sustainability topics were under broad discussion in 2019, both in business community and in society at large. A key part of the debate is devoted to the circular economy and the way we think about using goods and resources—precisely the core elements of our business model ever since our company’s foundation, more than 40 years ago. We have always combined our entrepreneurial activities with an awareness of environmental, social and community concerns, and the current coronavirus crisis will not change this.
We have always combined our business activities with an awareness of environmental, social and community concerns. The current coronavirus crisis will not change this.
OUR EXPERTISE IS IN DEMAND

Our business model allows us to offer our customers maximum support with their greatest challenges – Digital transformation, sustainable business practices, employer branding. This keeps us on course for growth and cushions us to a large extend from economic fluctuations.

In an interview, Rony Timmermans, Vice President Finance Benelux and France, looks back on 2019. It was a successful year for the CHG-MERIDIAN Group and for Belgium, the Netherlands, and Luxembourg despite difficult economic conditions.
2019 was a turning point for the global economy. After a decade of virtually un-checked recovery, the economy slowed down considerably. How was business at CHG-MERIDIAN?

Timmermans: We are seeing the effects of the cooling economy in some of the industries in which we operate. Nevertheless, we not only maintained the growth trajectory of previous years at CHG-MERIDIAN, we surpassed ourselves yet again. Our lease originations in the Benelux countries contributed to the Group result with lease origination of some €115 million. €75 million of this is attributable to Belgium and Luxembourg, and just over €40 million to the Netherlands. The Belgian market is not especially large. However, our market share is very high and still growing, with new customers accounting for 30 percent of our business last year. In the Netherlands, the business is not quite as advanced as this yet, and we expect strong growth in the coming years, as the market potential is there.

What political and economic conditions shaped the markets in the Benelux countries in 2019, and how did the local subsidiaries in these countries contribute to CHG-MERIDIAN’s volume of lease origination?

Timmermans: Belgium is known for its complex political environment. We have not had a government since the elections in May 2019, and unfortunately this also means that there are no long-term strategies for social and economic issues. By contrast, political stability in the Netherlands is visibly benefiting economic growth.

Belgium, Luxembourg, and the Netherlands contributed to the Group result with lease origination of some €115 million. €75 million of this is attributable to Belgium and Luxembourg, and just over €40 million to the Netherlands. The Belgian market is not especially large. However, our market share is very high and still growing, with new customers accounting for 30 percent of our business last year. In the Netherlands, the business is not quite as advanced as this yet, and we expect strong growth in the coming years, as the market potential is there.

Timmermans: In 2019, the total funding volume of our customers’ technology investments across the whole Group was €1.88 billion, a very positive year-on-year increase of 29 percent. Non-recourse funding transactions continue to play a key role in our financing strategy. Two-thirds of the total funding volume was on a non-recourse basis in 2019. This is very encouraging. Our funding base is very broad and international, and reflects the great confidence placed in us. We work with a total of 168 financial institutions in more than 20 countries. They include 105 investors with ongoing exposure in our bonded loans and syndicated loans, and 77 funding partners that directly fund our lease origination.

Before the coronavirus crisis began to unfold, the Dutch Bureau for Economic Policy Analysis (CPB) forecast a slowdown in economic growth for the third consecutive year in 2020. In view of the current situation, what is your assessment with regard to CHG-MERIDIAN?

Timmermans: The markets in Europe are facing severe challenges. The impact of coronavirus is the biggest challenge, but we are also facing a possible trade war between the USA and China and the consequences of Brexit – all of which mean that little or no growth can be expected in Europe in the current year. Nevertheless, we must take a nuanced view. The coronavirus crisis will accelerate the progress of digitalization in all sectors of the economy. As experts in this field, we are on hand to support businesses. So far, despite close trade relations with the UK in the Benelux countries, we have not experienced any adverse effects as a result of Brexit. Some major financial institutions are retreating to the mainland, which could open up new opportunities for us. So the overall economic situation does not necessarily always provide the blueprint for our business. On the contrary, I would even say that the slowdown in economic growth could accommodate our business model.

Your financing strategy is an important element of being able to fund technology investments for your customers. How did this strategy evolve?

Timmermans: Our comprehensive technological management, and our enterprise, mobility, and employer benefit solutions provide customers with a wide range of value-added solutions in addition to financing. This applies equally to issues such as sustainability and efficiency enhancement – and to the growing recognition in companies that creating modern, digital workplaces can be critical to their future viability and a valuable trump card. This combination of technological and financial expertise gives us a head start even when the economy is slowing. It is already the case in Belgium that only some 10 percent of customers come to us exclusively for finance. The vast majority trust in our expertise along the entire value chain.
The topic of sustainability in particular is currently experiencing an enormous upsurge. CHG-MERIDIAN’s business model is based on the principles of the circular economy. To what extent is this a selling point in new client business and a means of setting the Group apart from its competitors?

Timmermans: Belgium was one of the first countries in the CHG-MERIDIAN Group to focus strongly on the circular economy, and we are seeing there that this new awareness is opening doors for us. Sustainability in the management of resources is becoming increasingly important, and there is active demand for solutions in this area. Our approach of resource-efficient technology management, which covers the entire lifecycle from equipment procurement to remarketing, is tapping into the current mood. Our unique selling proposition is that we can promise sustainability in a credible manner. Circular economy is not only a principle that we have embraced as part of our daily practice. In contrast to our competitors, our technology centers also provide us with the necessary infrastructure to recycle our assets for secondary use, for example.

With regard to Benelux and the Group as a whole: apart from the current market-related uncertainties, what are the challenges?

Timmermans: Our goal is to further increase the Benelux countries’ share of the Group’s overall earnings. We got off to an extremely good start in the first quarter of 2020 and, without daring to risk an exact forecast, I am very optimistic about the near future. We can rely on the strength of our business model, but we cannot be complacent in this respect. We have to look closely at the transformations we need to carry out and the areas we should be consolidating in order to be prepared for the future. Potential customers need to understand what our strengths are and how we differ from new competitors such as fintechs. Financial engineering has many facets and for us is much more than just financing technology. In 2020 we are not going to see the growth rates we have seen in recent years, but I am confident that we will continue our organic growth.
In the future, business models based on the circular economy will play a key role in making sustainable use of the planet’s limited resources. The CHG-MERIDIAN Group, which is operating in 27 countries, has been managing technology investments for 40 years. The principles of the circular economy have been at the heart of its business model throughout this time. CHG-MERIDIAN experts Virginie Versavel from Belgium, Jan-Thore Johnsen from Norway, and Klaus Form from Germany explain how customers and the environment are benefiting from this.
Awareness of the need to do business in a way that is sustainable and protects resources varies around the world. What is the attitude in your country?

Versavel: The need to protect the climate is now at the top of the agenda in Belgium and Luxembourg, particularly in its companies. More and more customers are asking for carbon footprint data for their IT equipment or for certified reports on the disposal of their devices and the raw materials they contain. One of the reasons behind this trend is that a growing number of companies are publishing non-financial information on sustainability and corporate social responsibility, and selecting suppliers according to how green they are.

Form: In Germany, the focus is increasingly on this topic. The term ‘green IT’ established itself several years ago with the rapid advance of technology around the globe. Demand for green, energy-efficient solutions along the entire value chain has steadily increased since then.

Johnsen: Norway has undergone a major evolution. We owe our prosperity to North Sea oil, yet we are pioneers when it comes to climate protection. We are very proud of the fact that 95 percent of our electricity comes from hydro, solar, or wind power, that we do not have any coal-fired power plants, and that almost half of all vehicles sold in the first quarter of 2020 were electric. Policy-makers have a strong influence on environmental awareness, for example by giving sustainability criteria a considerable weighting of 30 percent in public tenders.

What can CHG-MERIDIAN do to ensure that companies make their processes more sustainable?

Johnsen: Our first task is to raise awareness. When it comes to sustainability, it is important for companies to understand that 95 percent of the IT equipment they want to replace still has a value for someone else. We support this by considering the entire technology lifecycle, rather than just providing product financing. This starts with the roll-out and the productive phase and ends with the return of equipment and the professional refurbishment for the secondary market. Our partnership with Green Mountain in Norway, which we entered into last year, is a flagship project in this respect. Green Mountain runs carbon-neutral data centers and has seen an increase in demand for secure and sustainable end-of-life services in recent years. As experts in this field, we support Green Mountain with this.

Form: Our technology centers in Gross-Gerau, Germany, and Skien, Norway, are an important part of the entire value chain, as it is here that we refurbish IT assets for the secondary market. The centers themselves have been designed with sustainability in mind and use renewable energy and eco-friendly packaging.

Johnsen: Our technology centers in Gross-Gerau, Germany, and Skien, Norway, are an important part of the entire value chain, as it is here that we refurbish IT assets for the secondary market. The centers themselves have been designed with sustainability in mind and use renewable energy and eco-friendly packaging.

VERNANT

Virginie Versavel, Solutions Development Manager: Working with customers and prospects in Belgium and Luxembourg, and with suppliers globally, she has observed a growing interest – and need for support – in sustainability matters. She has been attending summits and meetings at national and European level for many years, delivering presentations on the subjects of sustainability and the circular economy. In 2017, she steered the evaluation of CHG-MERIDIAN’s business model that was carried out by research organization VITO. She has been a member of the Belgian Circular Economy Taskforce at Febelfin since 2016.

Jan-Thore Johnsen, Senior Technical Sales: When Johnsen joined CHG-MERIDIAN in 2017, he initiated a dialog with the Norwegian digital agency digdr and since 2018 has been part of an expert group there, advising on the development of selection criteria for sustainable public sector procurement. Several years ago, he developed a sustainability reporting system for customers that is now used by the technology center in Skien, Norway.

GREEN MOUNTAIN

Green Mountain is based in Norway and specializes in sustainable data centers that combine carbon neutrality with the highest security standards. The data centers are operated using hydroelectric power and cooled for most of the year by the rough Norwegian weather and the icy waters in the fjords. The high-performance servers are used by international companies to run complex and energy-intensive vehicle development projects for example.
Companies are often accused of greenwashing. Has it been proven that CHG-MERIDIAN’s business model meets the demands of the circular economy?

**Versavel:** The principles of the circular economy are firmly embedded in our corporate philosophy, and this has been independently verified. For example, the cyclical use of IT hardware in our leasing model has been assessed by VITO, a leading European research organization in the field of clean-tech and sustainable development. VITO has over 20 years’ experience in environmental impact assessments.

While remarketing has environmental benefits, there is a risk for companies when it comes to their data. How do you eliminate this risk?

**Form:** The European General Data Protection Regulation has placed even greater responsibility on companies to look after their data. CHG-MERIDIAN has extensive process expertise in this area. For us, service management involves offering our customers a solution with high data security at any point in the technology lifecycle, for example if a device is defective. At the end of the lease term, our ISO-certified eraSURE® process ensures that there is no more data on the device before it enters its next lifecycle.

Outside of customer relationships, what else is your company doing to protect the environment?

**Versavel:** In mid-2017, the Circular Flanders initiative was launched in Belgium, with more than 100 companies participating to finance green deals on different levels, including CHG-MERIDIAN. Since then, I have been a member of the Circular Economy Taskforce at Fedefin, the federation of the Belgian financial sector. We have finalized a Circular Economy Charter, describing how Belgian companies can benefit from and contribute to the circular economy through leasing. Specific examples are cited to demonstrate these benefits.

Johnsen: CHG-MERIDIAN Norway is working closely with digdir, the Norwegian Digitalisation Agency, which develops sustainable procurement guidelines based on the circular economy. I am one of a group of experts exploring how sustainability criteria can be integrated into public tenders. As a result of this work, we are jointly developing a new guideline for selecting sustainability criteria in public tenders. Part of this is considering the question of whether to lease or to buy. The answer is simple: it makes more sense financially and environmentally to lease any items that lose value.

**Form:** The principles of the circular economy are firmly established in our business model, and our technology centers in Germany and Norway have become an integral element of the value chain for sustainable IT solutions. After all, we achieve very high refurbishment rates of 95 percent here, and last year this enabled us to give more than 697,000 assets a second lifecycle. We want to refine what we are doing, beyond end-of-life services, and become even better. That is why we have made a conscious effort to put sustainability on our agenda for 2020.

**Klaus Form, Head of Group Service Delivery:**
Klaus Form is responsible for operational end-of-life processes in the company’s two technology centers, among other things, and for refurbished equipment sales on the global secondary IT market. He and his employees turn the principles of the circular economy into reality each and every day.

**Norway has set itself the goal of providing an effective digital public administration for its citizens. The government believes that prioritizing digitalization policy is an important factor in the country’s economic strength.**

The Norwegian Digitalisation Agency will be the government’s most important tool to coordinate and accelerate the digitalization of the public sector in Norway. The agency will be subordinate to the Ministry of Local Government and Modernisation, and have a more prominent role as a rule setter and a supplier. Its main target groups will be central and local government bodies, the voluntary sector, and businesses.

**WHAT IS DIGDIR?**
Form: The principles of the circular economy are firmly established in our business model, and our technology centers in Germany and Norway have become an integral element of the value chain for sustainable IT solutions. After all, we achieve very high refurbishment rates of 95 percent here, and last year this enabled us to give more than 697,000 assets a second lifecycle. We want to refine what we are doing, beyond end-of-life services, and become even better. That is why we have made a conscious effort to put sustainability on our agenda for 2020.
THE CIRCULAR ECONOMY ...

Buy, use, throw away – today’s consumer behavior wastes huge amounts of resources and damages the environment. This is particularly true for IT equipment, where devices are replaced that are still working fine but are no longer state-of-the-art. Scrapping them makes neither financial nor environmental sense. That is why the circular economy also focuses on extending the useful life of products, for example by refurbishing them and using them more than once, and on reducing and recycling waste. CHG-MERIDIAN’s business model is the perfect example of how this works in practice.

The e-waste mountain is growing rapidly – by around 50 million tons globally every year. And experts forecast that this will increase to 120 million tons a year by 2050.1 Smartphones are the most popular mobile devices, and a record 52.5 million new phones were sold in Europe in the third quarter of 2019 alone.2 One of the reasons behind this figure is that smartphones are being replaced with newer models at ever-shorter intervals as companies try to keep pace with technological developments in the digital age.

FROM WASTE TO VALUABLE RESOURCE

Earth Overshoot Day arrives earlier every year. This is the day on which humanity has consumed all the natural resources that the Earth can regenerate and make sustainably available within the space of one year. In 2019, Earth’s resources had already been used up by July 29. The manufacture of IT equipment consumes a relatively large amount of raw materials, some of which are rare. At first glance, it is not obvious what these devices contain, for example the gold in the circuit boards of laptops. Systematic recycling undoubtedly has a positive impact on the environment by returning valuable raw materials to the material cycle. But refurbishing and reusing a device, prior to it’s recycling, has a greater beneficial effect.

REFURISHING GIVES DEVICES A SECOND LIFE

The service portfolio around the digital workplace allows CHG-MERIDIAN’s customers to use the latest technology without having to own it. At the end of the lease term, the used devices are optically and technically refurbished in the company’s technology centers in Gross-Gerau, Germany, and Skien, Norway, as well as by certified partners. Refurbishing is based on the principle of turning old into new. This way, 95 percent of all assets returned to CHG-MERIDIAN are given a second life, in line with the principles of the circular economy. In 2019, CHG-MERIDIAN remanufactured 697,000 used devices to companies and other customers on the secondary market. Each device that is remanufactured contributes to greater sustainability by saving the energy, raw materials, and greenhouse gas emissions otherwise used or generated in the manufacture of a new device.

RELIABLE DATA ERASURE IS THE KEY TO SUCCESS

Smartphones and laptops, but also PCs, servers and printers, store large amounts of data, which is why professional data erasure in accordance with statutory requirements is essential for remanufacturing. To ensure that data protection and remanufacturing are not in conflict, CHG-MERIDIAN sets a high benchmark with its eraSURE® product. This ISO-certified data erasure method can be adapted to the type of device, to the data scenario, and to the companies’ individual security requirements. This guarantees that data does not fall into the hands of unauthorized parties.

THE CIRCULAR ECONOMY WORKS WELL

To minimize the environmental footprint of electronic goods, they should be used for at least as long as their theoretical lifetime. This requires a shift in thinking: outdated or defective devices are not ‘waste’, they are a valuable resource that can be refurbished, repaired, and reused several times. This way of thinking is not new to CHG-MERIDIAN – it is firmly established in the company’s DNA. CHG-MERIDIAN has been managing its customers’ technology investments for more than 40 years, and now covers the entire lifecycle from procurement and use to data erasure, refurbishing, and remanufacturing. The business model shows that the circular economy is much more than just an idea, it is a financially and environmentally sensible way to do business which has proven itself in the field.

REFURBISHMENT RATIO

95 %

of all assets returned to CHG-MERIDIAN are given a second life.

697,000

Number of refurbished and remanufactured assets.

266,000

Number of assets reused using certified erasure methods.

REMARKETING

Top five countries in which we have remanufactured our assets:

GERMANY
POLAND
CZECH REPUBLIC
POLAND
NETHERLANDS

2 Source: Canalys Smartphone Analysis, November 2019
Overall, 48 of the 82 peaks over four thousand meters in the Alps are located in Switzerland. The country hits the heights not only when it comes to mountains but also in many other areas. For example, the Global Innovation Index has ranked the country in first place every year since 2011. With its four official languages German, French, Italian, and Romansh, Switzerland also scores highly when it comes to cultural diversity.

CHG-MERIDIAN has had a local presence in the Swiss and Liechtenstein market for 16 years. Some of the employees have been here since the very first day.

At 28.7 percent, Austria has the largest share of the Alps by area, which cover almost three quarters of the country’s total land area. From its vantage point high up in the mountains, the country enjoys a close relationship with its neighbors. Austria has three official languages in addition to German: Croatian, Slovenian, and Hungarian.

CHG-MERIDIAN has had a presence in Austria since 2000, from where it also covers the Slovenian market. The focus here is on IT and industrial technology customers, especially if they operate internationally.

Just over a fifth of Austria’s population lives in Vienna, and many decisions are made here. That is one of the reasons why CHG-MERIDIAN’s Austrian team, which currently has nine employees, has its finger on the pulse in Vienna. But no matter where in Austria, the team’s focus is always on how they can help customers to reach for the top.

At its offices in Baden, the team supports customers with their digital transformation, offering CHG-MERIDIAN’s full range of services in IT, industrial technology, and healthcare technology.

New services providing real added value for customers are often trialed in the Swiss market first. This is due not only to the customers’ deep trust in CHG-MERIDIAN but also to the fact that companies here have a very open attitude that makes them keen early adopters.

Austria likes its food: schnitzel, tafelspitz, and sachertorte are its national dishes.

Austria’s capital city, Vienna, is renowned not only for coffee houses, sachertorte, and schnitzel but also for offering an excellent quality of life and its proximity to countries in Central and Eastern Europe. Many companies use the city as a base from which to develop new markets.

From its offices in Baden, the team supports customers with their digital transformation, offering CHG-MERIDIAN’s full range of services in IT, industrial technology, and healthcare technology.

More than two-thirds of the population live in the Swiss Plateau, which covers 30 percent of Switzerland’s land area.

Vienna is the country’s capital and its most populous city, with 1.89 million inhabitants.

Vienna is the country’s capital and its most populous city, with 1.89 million inhabitants.

From its offices in Baden, the team supports customers with their digital transformation, offering CHG-MERIDIAN’s full range of services in IT, industrial technology, and healthcare technology.

NEW SERVICES PROVIDING REAL ADDED VALUE FOR CUSTOMERS ARE OFTEN TRIALED IN THE SWISS MARKET FIRST. THIS IS DUE NOT ONLY TO THE CUSTOMERS’ DEEP TRUST IN CHG-MERIDIAN BUT ALSO TO THE FACT THAT COMPANIES HERE HAVE A VERY OPEN ATTITUDE THAT MAKES THEM KEEN EARLY ADOPTERS.

CHEMICALS, MACHINERY, AND ELECTRONICS ARE THE HOBBITS OF THE SWISS INNOVATION SYSTEM.
In order to expand its position as a market leader in the highly competitive commercial vehicle market, SISAMEX relies on constant renewal processes and the integration of the latest technology into production. CHG-MERIDIAN helped the company to develop and implement customized manufacturing processes and optimize its IT infrastructure.

SISAMEX is a leading global manufacturer of automotive components for commercial vehicles based in Escobedo, Nuevo León, Mexico. The company, which is jointly owned by Quimico and Meritor Inc., makes axles, brakes, and related components for trucks and agricultural machinery. It currently employs around 2,000 people and counts John Deere, Magna, Freightliner, and Caterpillar among its customers.
HIGH DEMANDS MADE OF PRODUCTS REQUIRE CUSTOM SOLUTIONS

Innovations are a key element of SISAMEX’s success. For over 30 years, the company has specialized in identifying opportunities and developing ideas, and translating them into products, workflows, and marketable solutions. As part of its ongoing innovation program, the commercial vehicle supplier commissioned CHG-MERIDIAN to develop a custom solution for the integration of new technology into its industrial production. The aim was to make efficiency gains in two important production steps: the smelting of materials and the subsequent manufacture of metal parts for the high-precision components sold to SISAMEX customers.

HAND IN HAND: TECHNOLOGICAL EXPERTISE AND FINANCIAL ENGINEERING

CHG-MERIDIAN helped SISAMEX to integrate cutting-edge technology into its production lines and improve its IT infrastructure, IT administration, and IT management. The team at CHG-MERIDIAN managed all import processes, the administration of customs documents, and the delivery of the project. Through TESMA®, the team provided a clear timeline and input/output data, and made all information available in real time.

CHG-MERIDIAN’s agile business model allowed SISAMEX to deal with a single source for the procurement, financing, and operation of the latest technology in production and IT. All workflows in production and IT were optimized as part of this process. Better interaction between business units has already improved their performance and results, which has had a positive effect on overall operating profit.

This holistic approach had a further, compelling advantage: instead of dealing with a range of service providers, managers at SISAMEX had a single point of contact who took care of everything. The experts at CHG-MERIDIAN also provided support with importing the high-tech equipment, which involved a lot of red tape and complex logistics. “We are very happy to be working hand in hand with CHG-MERIDIAN,” said Pedro Jesús Vota, Treasury Director at SISAMEX. “The project has helped us to identify our company’s specific requirements and challenges. Thanks to the professional support of our partners at CHG-MERIDIAN with procuring and integrating the new technology, we were able to implement the best solution within a short space of time.”

Adrian Puente Montemayor, Key Account Manager at CHG-MERIDIAN Mexico (left)
Pedro Jesús Vota, Treasury Director at SISAMEX (right)
The technological infrastructure at North Bay Regional Health Centre in Canada was becoming outdated as national requirements mandated the use of electronic medical records. But despite a very tight budget, the solutions from CHG-MERIDIAN helped to equip the hospital with new technology and prepare it for the future.
NEW DEMANDS MADE OF OUTDATED EQUIPMENT

Technology is evolving at a rapid pace, particularly in the healthcare sector. Where the lifetime of technology could once reach up to twelve years, it is now only five years. North Bay’s budget came under increased pressure as the switch to electronic medical records approached. “Many Canadian hospitals were having budget issues when it came to implementing electronic medical records,” says Guy Poirier, Head of Canadian Healthcare at CHG-MERIDIAN. “The four large hospitals in the northern region, of which North Bay is included, had to cover the bulk of the project’s funding at a cost of $120 million. It is almost impossible to find an additional $30 million in regions with only a very small population.”

FROM INVENTORY TO FUTURE-PROOF SOLUTION

In 2016, CHG-MERIDIAN embarked on an in-depth analysis of the medical and technological infrastructure at North Bay Regional Health Centre. Working closely with finance, operations, clinical teams, and medical staff, the hospital looked at the various equipment types in detail. “There was an active exchange of information about the estimated useful life of equipment, and about what to expect for maintenance costs for certain device categories,” says Poirier.

This thorough dialog played a key role in identifying the areas where change was needed most. It became clear that there was a requirement for reliable asset management that considers the entire lifecycle from procurement to potential remarketing. “This is where we were able to bring all of our expertise to bear. We also increased the customer’s trust in us by not merely introducing our own technology and service management system TESMA® also testing the suitability of other asset management platforms on the market,” says Poirier. CHG-MERIDIAN was also able to apply its expertise in the implementation of tracking activities and the resulting process changes and identified and recommended experts to assist with complex liability matters.

Guy Poirier, Head of Canadian Healthcare at CHG-MERIDIAN, in conversation with Paul Valenti, Purchasing and Contracts Manager at North Bay, and his team.

North Bay Regional Health Centre Annual Report 2018/19
Using priority lists, CHG-MERIDIAN then worked with the finance and procurement departments and the clinical committees to determine which technological equipment should be financed in which way. Dividing the medical devices into different categories made it clearer which ones should be purchased and which should be leased.

Poirier and his colleagues also carried out a lease-versus-buy analysis to calculate the expected leasing costs. After nine months, they prepared the request for proposal (RFP) for financing all of the devices and asked bidders to categorize these by their expected lifecycles.

“We are upgrading all of our technology, which improves our ability to diagnose cancer, for example.”

Paul Valenti, Purchasing and Contracts Manager at North Bay

PROCUREMENT EFFICIENCY ALSO INCREASES THE QUALITY OF CARE

Paul Valenti believes that the support from CHG-MERIDIAN has made North Bay much more flexible as well as provided greater transparency in asset procurement and management. When their healthcare technology comes to the end of its useful life, management now has the option to return it, upgrade it, or carry on using it. “CHG-MERIDIAN has given us the tools we need to calculate the costs at the end of the term. We can lease a piece of equipment for five years and decide at the end of the term whether to continue leasing it, to buy it, or to return it. This gives us far greater flexibility,” says Valenti. Another advantage he believes should not be underestimated is that all services and equipment are handled exclusively by the experts at CHG-MERIDIAN.

“This has a positive impact on the price and avoids having to deal with ten different companies, invoice formats, and expiry dates. And we can build up a relationship,” he adds.

The management of technology over the entire lifecycle not only has monetary benefits but also increases – and this is the main objective of North Bay’s management team – the quality of care provided. Endoscopes are a good example: “Because we are now leasing our endoscopic equipment, we can replace it all in one go after trials a new model, rather than buying just a few new devices every year. We are upgrading all of our technology, which improves our ability to diagnose cancer, for example,” Valenti says with a smile.
Disclaimer: This report contains forward-looking statements that reflect the views currently held by the Board of Management of CHG-MERIDIAN AG with respect to future events. These forward-looking statements are based on our latest plans, assessments, and projections. Assertions relating to the future merely reflect the situation at the time that they were made. These assertions are dependent on risks and uncertainties as well as other factors over which CHG-MERIDIAN AG has no influence and which can lead to significant deviations from the actual results of these assertions. These risks, uncertainties, and other factors are described in detail in the risk report section of the CHG-MERIDIAN AG annual report. CHG-MERIDIAN AG does not intend to update such assertions relating to the future.