



**Memorial Medical Center initiates
cost saving initiative, terminating
all OEM Extended Service
Contracts, implements MVP in
facility and generates savings of
30% to 40% per year!**

Memorial Medical Center faced a problem several years ago that was eroding their bottom line; the costs of their ongoing equipment maintenance. Memorial had entrusted the maintenance program to one of their OEM partners. This led to multiple contracts on various equipment throughout the facility. Over time, employees were replaced by OEM employees, ultimately taking overall control of the maintenance program away from the facility. To solve the problem, Memorial contracted with the Maintenance Value Plan (MVP). MVP brought a solution to Memorial which cut their overall costs by 30% to 40% per year, allowed them to use the same OEM to service equipment if necessary, and improved their cash flows! All with the backing of an A rated insurance carrier.

About Maintenance Value Plan

The Maintenance Value Plan (MVP) is a company that provides service contract alternatives to various types of businesses throughout the United States. Industries serviced include Health Care, Education, Government, Retail, Restaurant, Manufacturing, and any other industry that has a high concentration of extended service agreements.

MVP provides a program that allows the client to eliminate their current service contracts, convert their service to a time and materials basis, all while having the security of the MVP contract which is fully backed by an A rated insurance partner.

MVP utilizes a self insured model which allows the client to pay for their own repairs under a set retention level. If the clients repairs fall under this level, these dollars stay with the client as additional savings. If the client exceeds the retention, then they are reimbursed by MVP.

The following is a financial example of how the program actually benefits our clients:

Current Service Contracts with OEM	\$1,000,000
MVP Service Contract Cost	\$ 250,000
Retention	<u>\$ 600,000</u>
Minimum Initial Savings	\$ 150,000 15%
Retention	\$ 600,000
Actual Repair Costs During Contract Term	\$ 450,000
Additional Savings	<u>\$ 150,000</u>
Total Savings	<u>\$ 300,000</u>

Memorial Medical Centers Results

In 2003, Memorial was spending in excess of \$3 Million dollars per year on service contracts alone. This cost was inclusive of their Medical Equipment, Plant, IT, Kitchen, Lab and various other departments.

Memorial initiated the MVP program in June of that year. Each OEM vendor was notified that Memorial would be terminating their service contract and converting to a Time & Materials basis. Each vendor was asked for their T&M rates so that Memorial could continue their relationship with the vendor.

Memorial then proceeded to use the OEM vendors as before, however, in lieu of using them on a contracted basis, paying for the service in advance, Memorial now called them only when a repair or PM was required.

By utilizing this system, Memorial was able to save 32% over the costs of their OEM service contracts in year one alone. This equates to an initial savings of over \$900,000!

If Memorial wasn't satisfied with the service they were provided by the OEM, they contacted MVP for additional approved vendors in their area that serviced their equipment. On the medical side alone, MVP was able to find vendors whose rates averaged 40% less than those of the OEM in year one and two. This helped Memorial increase their savings to 37% in year 2 and 42% in year three.

MVP's TRAC System

MVP tracks each and every service event on behalf of the client. As repairs and preventative maintenance is performed, clients provide MVP copies of their repair work orders and invoices.

MVP then tracks the repair information on several levels including:

- Master Company Level
- Facility Level
- Department Level
- Equipment Level

This tracking allows management to use the information as a tool when negotiating rates with various vendors. Not only is the information provided on these levels, but at the equipment level, it is then broken down further:

- Parts Cost
- Labor Cost
- PM Cost
- Travel Cost
- Tax

This gives the client ability to use their information when discussing hourly rates and parts costs. The information is available to the client on MVP's website at www.maintenancevalueplan.com

Clients can download the reports in various formats for their use.

MEMORIAL MEDICAL CENTER.....AN MVP SUCCESS STORY

By implementing MVP, Memorial has saved in excess of \$3 Million dollars in the past 3 years. This has allowed them to meet their overall goals of taking control of their run-away maintenance costs, all while capitating their budget, improving cash flow, with the comfort of an A rated insurance carrier providing their protection.

The success at Memorial has allowed MVP to be implemented at other facilities within Memorials parent organization, recreating the success story over and over again.