Update on Cepheid service

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IDC meeting, Washington DC, 12-13 September 2019
Surcharge-based service and maintenance (AccessCare)

- GDF starting implementation of surcharge for its clients (Uganda, Malawi)
  - GDF to agree with Cepheid about global reporting according to KPIs
- GDF proactively reaching out to countries to provide guidance on AccessCare and SLAs
  - SLAs reviewed are mostly in-line with Model SLA developed by GDF + TPMAT + IDC
    - Discrepancies observed among initial SLAs:
      - 2 SLA: No indication that HIV, HPV, HCV cartridges are included (later amended)
      - 1 draft SLA: TB/HIV/HPV/HCV cartridges included; price based on volumes of TB cartridges?
      - 2 SLA (1 draft): No service level indicated in Annex
      - 3 SLA: Service and maintenance tracking tool not specified as online
  - Challenges:
    - Country reluctance to engage in sharing draft contracts or price points
    - Providing guidance on pricing: can only compare to other countries’ instrument utilization rates, % of modules off-warranty, service level
Surcharge-based service and maintenance (AccessCare)

- Proposed next steps for partner collaboration
  - Continue to share intelligence about countries approached by Cepheid, provide them guidance
  - Align on requested format from Cepheid for periodic data on service provider performance
    - Linking payment of surcharges to cartridges through international procurement mechanisms will allow for monitoring at global level
  - Share intelligence on offered price points vs key cost drivers (instrument utilization rate, % of modules off warranty, service level), while respecting country confidentiality

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<th>SLA signed</th>
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Alternatives to country-specific AccessCare

• Many countries will be offered price points of over $1: is it cost-effective?
  • Country X: ~3.5 / tests per GX4 per day and very few machines on warranty
    • Surcharge offered: ~$2 / test
    • Extended warranty cost ($2,898 / year) divided by 1,000 tests / GX4 / year = ~$3 / test
• Ad hoc module swapping might be lowest cost but difficult to manage
• Extended warranty continues to be overpriced and sub-optimal
• Service and maintenance inclusive in a lower cartridge price (MSF proposal)
Thank you

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