



SPEYWOOD LABORATORIES LIMITED

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M. J. Jones
1. 2. 3.
2. We must see
him.
3. Dr. Winters
should have
copy.

DH/JMP.

12th September, 1977.

GRO-C

14-9-77

Mr. Peter Jones,
Health Service Supply Branch,
Department of Health and Social Security,
14 Russell Square,
London WC1B 5EP.

Dear Mr. Jones,

Koate - Antihaemophilic Factor VIII Concentrate.

I thought it only courteous that I write to you and give an explanation why my company have not tendered for the 1977-8 Factor VIII contract.

Overall we feel that the contract does not work to the benefit of the N.H.S. or the tenderers. It is a non-competitive contract and there is no incentive for the manufacturers to quote 'keen' prices to secure a place on the 'Contractors List'.

When the contract prices become general knowledge, early in November, all bids are forgotten and 'open market' trading begins in a price region close to the lowest bidder. Since the lowest bidder has not necessarily quoted his 'best' price, then the market settles down at an artificial price. The N.H.S. loses out.

Because the contract is 'open-ended' i.e. gives no guaranteed order to any particular tenderer, the manufacturer is left in the dark as far as future planning and costings are concerned. Reason enough to quote a 'safe' high price.

If the contract were truly competitive, on quality and price, and the two or three successful tenderers were guaranteed definite orders, then prices would be realistic. Both the N.H.S. and the manufacturers would be the winners.

I realize that my action may be jeopardizing my company's chances of securing a growing share of sales to Haemophilia Centres, but I do feel very strongly that I must resist the temptation to set prices higher than they need be.

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Registered Office: Chancel House, East Street, Bingham, Nottingham NG13 8DR

Telephone: Bingham 38655-6 Telex 377138

Directors: J. M. W. Hogan D. Heath J. H. Archer W. R. Alexander J. F. W. Hamilton

Registered in England No. 1146227

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Speywood will continue to supply Koāte at the best price we can afford; hopefully our decision will not result in any directive which misleads our customers into believing they cannot buy Koāte simply because it does not appear on the 'Official D.H.S.S. Contract List'.

I have previously spoken to Mr. Drew on the above subject, perhaps he can explain to you a few of the things I have left unsaid. However, if you would like to see me personally I shall be available at your convenience.

Yours sincerely,

GRO-C

D. Heath.