

Hospitals' Outsourcing of Sterile Processing Expands Opportunities for Third-Party Service Providers

Feb 28, 2017

To ensure better compliance with infection control standards and top-notch management of sophisticated surgical instruments, United States and Western Europe-based healthcare centers are increasingly outsourcing central sterile supply department (CSSD), also known as sterile processing department (SPD), functions, according to a report from Frost & Sullivan. Until 2022, third-party sterilization service vendors will focus on becoming end-to-end solution providers, covering CSSD layout design, tracking and managing workflow, cleaning, sterilization and logistics services. This will reshape the competitive landscape as original equipment manufacturers (OEMs) will race to include value-added services, such as equipment repair, inventory management and CSSD integration in their portfolio.

"Market players, especially sterilization and disinfection equipment manufacturers struggling with diminishing sales, are adopting aggressive strategies to bolster their service offerings and expand operations locally and internationally," said Anuj Agarwal, transformational health senior research analyst. "These measures include acquiring rivals to gain market share and joint ventures with local players to enter new markets. Bigger players will look at value-chain integrations to gain broader strategic advantage."

"Third-party Sterilization Services for Care Providers in the U.S. and Western Europe, Forecast to 2022, recent analysis from Frost & Sullivan's Transformational Health Growth Partnership Service program," explores service models in the U.S. and Western European markets, and factors driving OEMs to embrace a service-based model over the traditional product-centric approach. The research also details major market trends such as commoditization of standalone sterilization equipment business, operating room (OR) and CSSD integration, and replacement of managed services by integrated CSSD or OR solutions.

By 2022, up to 45 percent of care providers in the U.S., United Kingdom, Italy, Germany and France will opt for third-party sterilization services for CSSD management, the report says, adding that the surgical department's lack of awareness about the quality of services is hindering this adoption. To overcome this, service providers must build credibility and brand value.

"Third-party sterilization services are the first step towards better infection control and potentially open further avenues of growth for market participants by putting them in direct contact with key decision makers in care settings," said Sowmya Rajagopalan, transformational health industry principal.