

CASE STUDY

BMI Healthcare

Onboarding processes identify and resolve significant contract rate and price exposure issues



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The Company:

Established in 1970, BMI Healthcare is the UK's leading independent provider of private healthcare with more than 50 hospitals and healthcare facilities. More than 6,500 Consultants practise at BMI Healthcare hospitals, which handle more than 2 million patient visits a year.

In 2020, BMI was acquired by Circle Health, the independent hospital group in a deal that will deliver a new generation of best-in-class hospitals. BMI now forms part of the wider Circle Health Group.

The Background:

BMI's objective was to carry out a market test of energy consultancy services. Following a supplier selection process, BMI engaged Alfa Energy as preferred supplier in August 2020. Service provision includes procurement and energy management services, covering a large multi-site portfolio of electricity and gas supplies.

The Challenge:

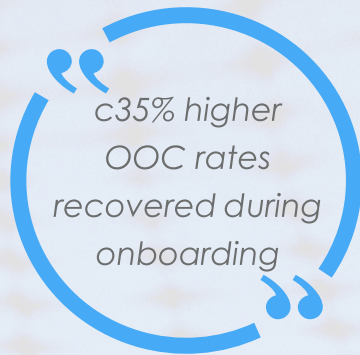
The go-live date for services was 1st October 2020, meaning slick onboarding processes were essential. All site details, contract information and associated consumption data must have been captured for services to start successfully without delay.

In transitioning the business from the incumbent, it quickly became apparent that the Meter Operator (MOP) contract for the Half Hourly (HH) electricity estate had been out of date for a period, meaning BMI were paying excessive charges. It was also evident that the flexible contracts were not hedged forward sufficiently to protect the client's budget and swift action was required to ensure immediate price risk was mitigated.

The Solution:

Alfa Energy implemented their established onboarding processes, which allowed for thorough but rapid data gathering, cleansing, uploading procedures, and to address the urgent issues of excessive out of contract charges, and wholesale price risk exposure.

Result/Conclusion:



As a result of these processes, Alfa onboarded BMI's portfolio seamlessly, completing the process within four weeks of the signed service agreement. BMI was kept informed of progress through weekly onboarding update calls with their Alfa team. Alfa immediately arranged a backdated MOP contract for the HH electricity estate, voiding all out of contract charges with the service provider. Out of contract MOP tariffs are typically 35% higher than contract tariffs.

For HH electricity and Gas, Alfa promptly sought flexible contract extensions based on the same favourable terms and fixed costs as previously agreed. The current risk strategy was reviewed and updated in line with the contract extensions, with critical gas hedging activity undertaken to cover off immediate winter delivery price risk. Competitive tender activity is planned for the near future on both electricity and gas.

Commenting on the onboarding process, Steven Buchan, Group Chief Engineer of Circle Health Group remarked that "we are delighted with the way in which Alfa Energy onboarded BMI's estate and service provision so efficiently. We would highly recommend Alfa as an energy consultant".