

TABLE 1. EQUIPMENT PROCUREMENT

PURCHASE	
Advantages	Disadvantages
Can be shown in the balance sheet as a long-term debt	Capital cost
Save on reagents- Reagent rates definitely lower than rental, Open channels	Bank loan repayment
	Programming chemistries from different companies – blame game starts
Even if closed –reagent rates can be fixed for the duration, low cost	Difficulties in maintenance and repairs
CMC with penalty clauses	Breakdown calls may be limited and delay in attending because the company may not feel committed
In the event of advancement in technology- buy back can be included in terms and conditions	Role of Biomedical department – limited knowledge resource and manpower
Or if it is software –free up gradation can be specified	Technical expertise is required for handling – Trained technicians are a must
Training of the Biomedical engineers and technicians can be negotiated	No back up machine - Major equipment-cannot buy more than one
	Faster wear and tear in high work load area- increases cost of maintenance.
REAGENT RENTAL	
Advantages	Disadvantages
No capital cost	High reagent cost
No bank loan repayment	Reagent volume or Number of tests specified should be maintained
Maintenance, repairs breakdown calls etc. totally attended by the company. This reduces the turnaround time of the tests, improves efficiency by reducing the down time.	Hidden charges for the servicing , emergency calls etc.
Improving test menu	Cost of the equipment is also included in the reagents cost.
Volume based bargain, Blanket purchase bargaining capacity	
Ease of upgrading to latest technology	
Training of personnel – on site	
Multiple vendors takes care of mergers and acquisitions and maintains healthy competition	
Back up machine or more than one machine can be easily kept enabling continuity of work.	

