

**Cost Analysis Project:** *Procurement Strategy – William Jefferson Clinton Foundation, HIV/AIDS Initiative (CHAI)*

Helped to forge a landmark procurement agreement with leading generic pharmaceutical companies in India and South Africa, resulting in a 50% reduction in the price of key HIV/AIDS drugs for millions of people in Africa and the Caribbean. Involved an in-depth cost analysis of key suppliers.

**Procurement announcement in the press:**

**Clinton Foundation Press Release (October 23, 2003): Agreement on major reduction in price of aids drugs**

HIV/AIDS Initiative Aims To Help Deliver Life-Saving Medicine To Two Million People In Africa And The Caribbean In Next Five Years

“... under the Clinton Foundation agreement, the price of one of the commonly used triple drug therapy combinations will be substantially reduced, available for less than \$140 per person per year. That translates into a cost of just 36-to-38 cents per person per day. Overall, the Clinton Foundation agreement will be reducing by one-third to one-half the current price of drugs in the developing world...”

**Economist (Oct 23, 2003)**

“The key, says Ira Magaziner, once Mr. Clinton's health-care adviser and now chairman of the foundation's AIDS initiative, is to bring sound business analysis to the problem. Industry executives volunteered to pore over these companies' operations for five months, looking for ways to save on production costs while preserving quality. These savings have been passed along as lower final prices, with a small profit margin to keep companies interested.”

**Kaiser Health News (October 24, 2003)**

“To secure the deal, the generic drug companies allowed Clinton advisers access to information about their accounting and manufacturing practices and worked with them to cut costs (Kaiser Daily HIV/AIDS Report, 10/23). The savings on production costs were passed along as lower final prices, along with a small profit margin for the companies, according to the Economist (Economist, 10/25). In addition, consultants helped the companies cut costs by reducing marketing and distribution budgets, since the treatments are already well-known, and by using profits from other drugs to offset lower antiretroviral drug pricing, according to BBC News (BBC News, 10/24).”

*I want to thank you (Mike Stone) for all of the hard work. You did a great job, and because of that we will be able to get AIDS drugs to far more people, and we have established a procurement strategy for humanitarian causes that will have implications far beyond this particular contract.*

*Our success was in no small measure due to the fact that you established such good relationships with the vendors and did excellent cost analytic work. ...I am glad that you were able to be at President Clinton's announcement of our success. Hopefully being able to see the work lead to such a great success made all the sacrifice worthwhile.*

-- Ira Magaziner,  
Vice Chairman and CEO of the Clinton Health Access Initiative