

# GPO MODEL MORPHING

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 At the end of 2016, UniPro created the first foodservice distributor GPO, Unity Advantage Group (UAG), which enables its distributor members to compete with other distributors aligned with GPOs. If properly executed, this concept has the potential to rapidly gain momentum and shift market-place leverage.

UAG has now reached an agreement with Foodbuy, creating a direct Access GPO relationship between the two organizations. The magnitude of this development ensures more complexity and puts pressure on other trading partners and competitors to identify and update strategies to account for new challenges.

## WHAT DOES THIS MEAN FOR TRADING PARTNERS?

**GPO:** In short, more competition among GPOs. Traditional GPOs that were aligned with UniPro members may find their business with those distributors at risk. Other Source GPOs may follow Foodbuy's lead and establish their own Access GPOs.

**Distributors:** For non-UniPro distributors, this activity will require close observation. It may have an influence on foodservice operator decisions and ultimately lead to further competitive responses, including more distributor-owned GPO alliances.

**Manufacturers:** It's time to develop operating guidelines for this hybrid distributor-GPO model. As with other Access GPOs, decisions will need to be made on deal extendibility and how to manage deals with LLOs (local leverage operators).

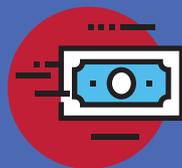
**Operators:** A bigger GPO footprint will provide some operators with new access to a GPO, or with new choices of GPOs with which to affiliate. It's an added level of complexity that will heighten scrutiny, yet ultimately holds the potential to "clean things up."

**WHATEVER CATEGORY YOU'RE IN, KEEP A CLOSE EYE ON THE GPO LANDSCAPE AND BE PREPARED TO RESPOND TO A RAPIDLY EVOLVING MARKETPLACE.**

## WHY IS THIS BIG NEWS?



It's a new platform for which independent distributors can compete with broadline and specialty distributors aligned with traditional Access GPOs.



It may be the first time a distributor-related entity could have joint access to both distribution trade deals and GPO incentives.



It alters the traditional trading partner landscape and competition between distributors and GPOs.



The Foodbuy-UAG alliance provides access to a broader and more robust book of discounts and allowances.