

GHX

2006 Update: Focus on Supplier Solutions



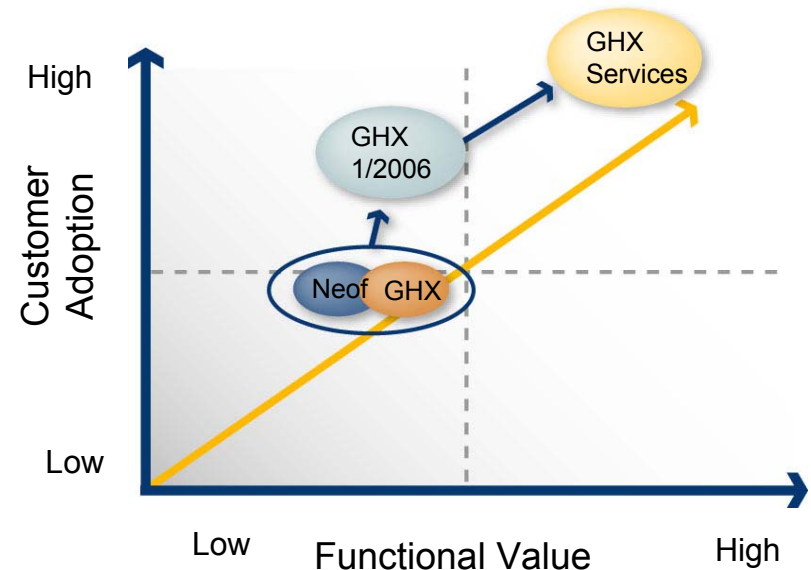
PRESENTED BY:
Mike Mahoney, CEO, GHX

MEDICAL DEVICE COUNCIL
August 28, 2006

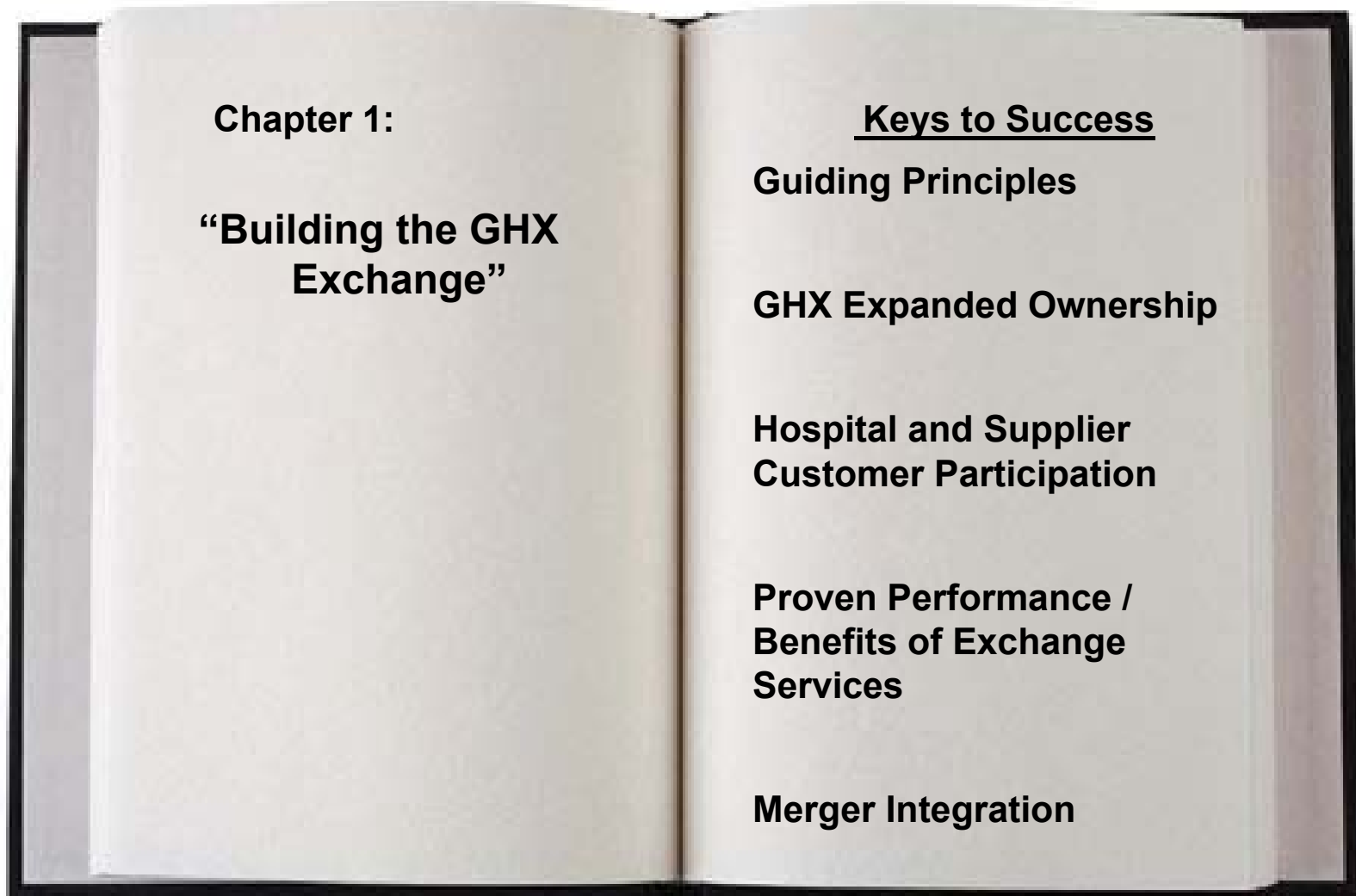
Combined Company Overview

- ◆ The merger will combined two large players in the healthcare supply chain industry
 - Connects 3,600 hospitals and clinics to over 200 supplier divisions
 - Combination of technology platform will provide greater value to customers
 - Open to all participants:
 - Operations in US, Europe, Canada
 - For 2006P, the Company expects transaction volume to be ~ \$20 billion
- ◆ Full product and service suite that offers new growth

- ◆ Stronger Financials to invest for the future
 - Combination Delivers significant reduce operating costs
 - Good reoccurring revenue stream
 - 3rd party growth via new services



How Did We Get Here? Chapter 1



Chapter 2:

**“GHX Transforms Into
A Leading Supply Chain
Services Company”**

Keys to Success

**Increasing Customer
Utilization and Value**

**Expanded GHX Services
Offering**

**Enabling Healthcare
Standards**

European Expansion

Who is GHX Today?

GHX is a supply chain services company for healthcare providers and suppliers which provides:

- An efficient, automated order-to-pay process
- Connectivity to a large base of trading partners with visibility to related data
- Real-time synchronization to the most current, supplier-verified product-related information
- Real-time contract price validation

And delivers superior customer value through:

- Lower operating costs
- Improved productivity and quality
- Intelligence to facilitate effective decision-making
- Impartiality to all parties

For suppliers and providers this means an enhancement in the quality and an overall reduction in the costs of managing the business relationships that matter most.

- **Canada**
 - Excellent hospital and supplier adoption
 - Using services from the US

- **GHX Europe consolidation**
 - GHX has consolidated the UK and continental Europe companies into a single company wholly owned by GHX, LLC
 - Create a common platform, management team
 - Leverage products and resources across teams

- **Growth Plans for Europe**
 - Invest in business to drive greater adoption and customer value
 - Leverage services developed in the US
 - Maintain connectivity alliances in markets GHX doesn't serve

GHX Metrics

Live Trading Partners	US	Canada	Europe
Providers	3170 hospitals 800 non-acute	296	670
Suppliers (including divisions)	200	57	600

2006 Projected Transaction Volume: \$16.75 Billion in the US Alone

US Transaction Volume	Q2 2006	Q2 2005	% Growth
\$ Volume	\$6,137,990,894	\$3,185,018,538	95%
Purchase Orders	29,373,887	13,475,395	117%
Lines	3,437,056	1,747,901	96%

Provider Benefits

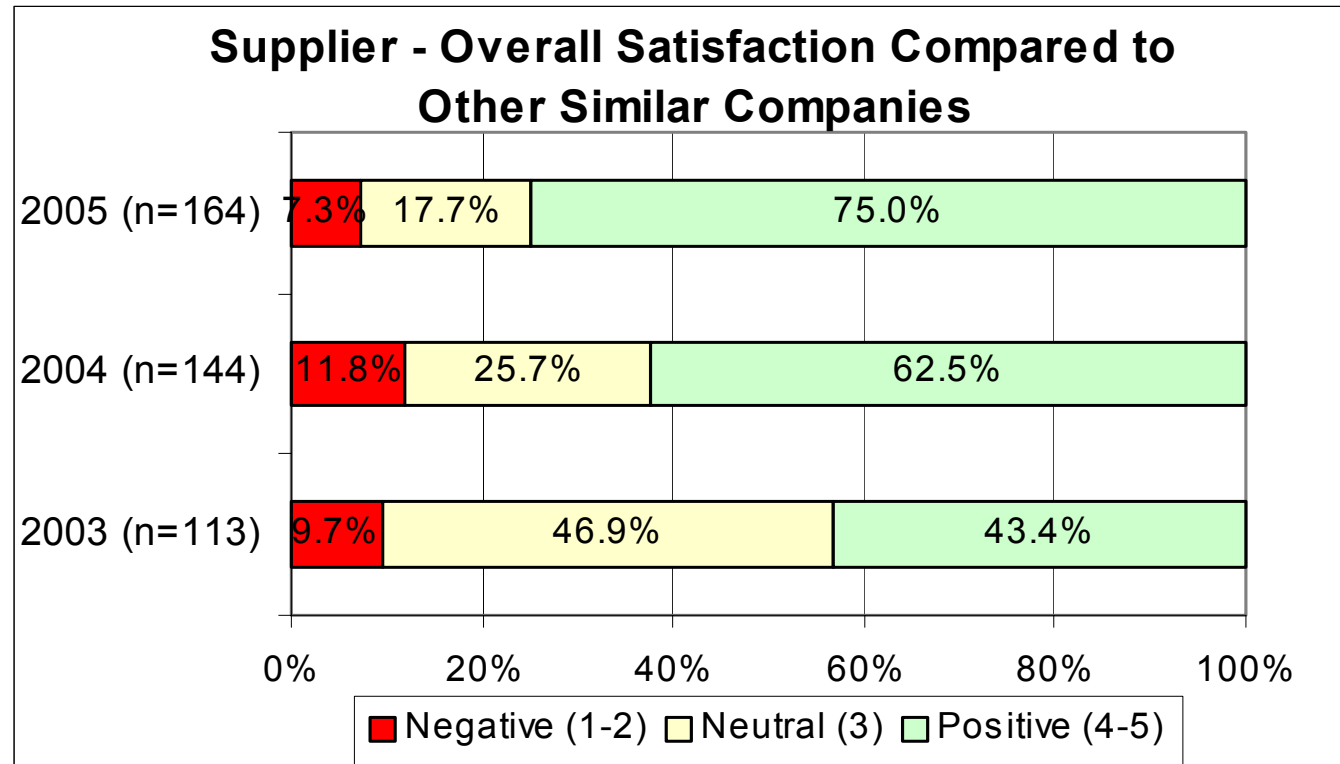
1. IT cost avoidance
2. Productivity from process automation and real time reporting
3. Savings thru data integrity and accuracy
4. Price savings and accuracy via accurate contract management and price validation
 - Med-Surg and Rx
5. Early pay discount potential and reduced discrepancies



Savings represent .5% to 1.5% on overall supply spend

Supplier Customer Survey 2005

Overall Satisfaction – 3-Year Trend



- **Increasing satisfaction**
- **Utilization improving..... AND it will remain a top priority**
- **Suppliers want greater usage with existing customers and more hospital trading partners**

2006: GHX Services Suite

Supplier Business Intelligence

- HPIS – Market share reporting distributed /direct
- CMS - Contract Mgmt Services Sales Tracing and Rebating

Exchange Services

- Connectivity Solutions
- Trading Partner Optimization
- Monitoring, Translation & Delivery
- Reporting Solutions
 - Med-Surge and Rx
- AP Automation
- Mobility / Hand-Held Solutions

Content Services

- Content Synchronization
- All-Source: Catalog Publication /Subscription
- Adv Content Services
- PDU – Product Data Utility

Procurement Services

- Hospital Solutions:
 - ✓ Requisition Solutions
 - ✓ Alternate Care Sites
- Supplier Solutions
 - ✓ Browser for Small / Mid-Size Suppliers

Rx Solutions

- Rx Solutions
 - Reporting Services
 - Claims Validation
 - Contract Mgmts

Contracting Services

- Contract Synchronization
- Price Activation- eloc
- Contract Price Validation
- Reporting

GHX Supply Chain Solutions

Challenge

- Numerous price discrepancies
- Inefficient contract commitment process
- Costly rebate management

Solution

- Electronic Letter of Commitment
- Contract Center – Price syndication platform

Challenge

- Inaccurate product information leads to supply chain inefficiencies and customer inquiries

Solution

- AllSource Content Repository
- Content Syndication

How do you fit into the solution stack?



Sales Force Automation

Price Management

Order Management

Content

Challenge

- Manual sales force orders
- Excessive inventory levels and poor visibility
- Ineffective surgery case scheduling

Solution

- Handheld based sales force automation

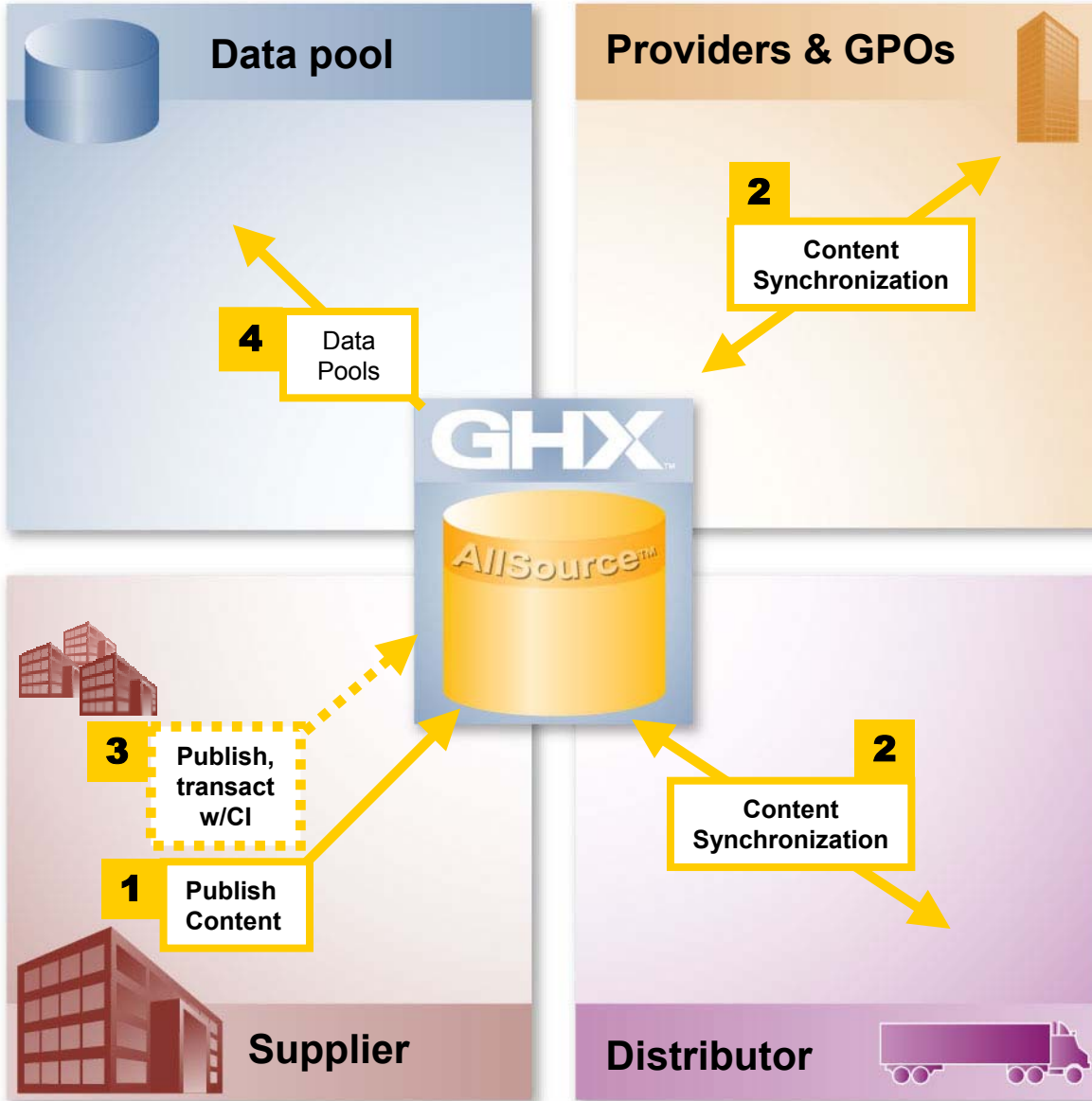
Challenge

- Manual orders
- Numerous customer inquiries
- Inaccurate order information

Solution

- Exchange Services

Content Vision



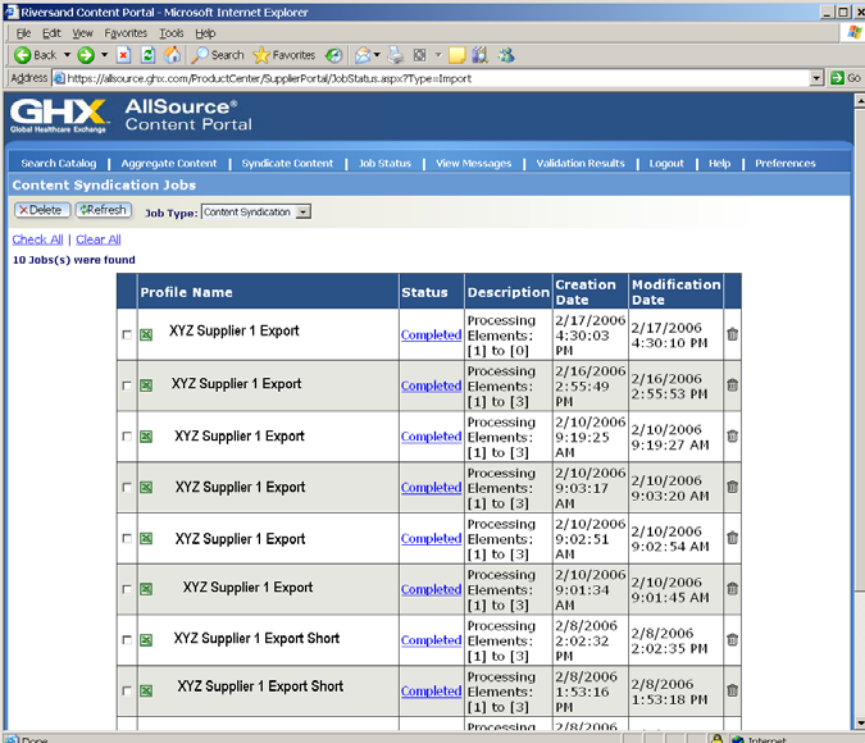
Value

- 1** AllSource publication results in fewer item inquiries
- 2** Synchronization moves clean data upstream and downstream resulting in cleaner orders
- 3** Content Intelligence reduces manual touch points
- 4** Maximize AllSource® platform for content synchronization and syndication

Value

The AllSource® Repository Healthcare's *Authoritative* Content Resource

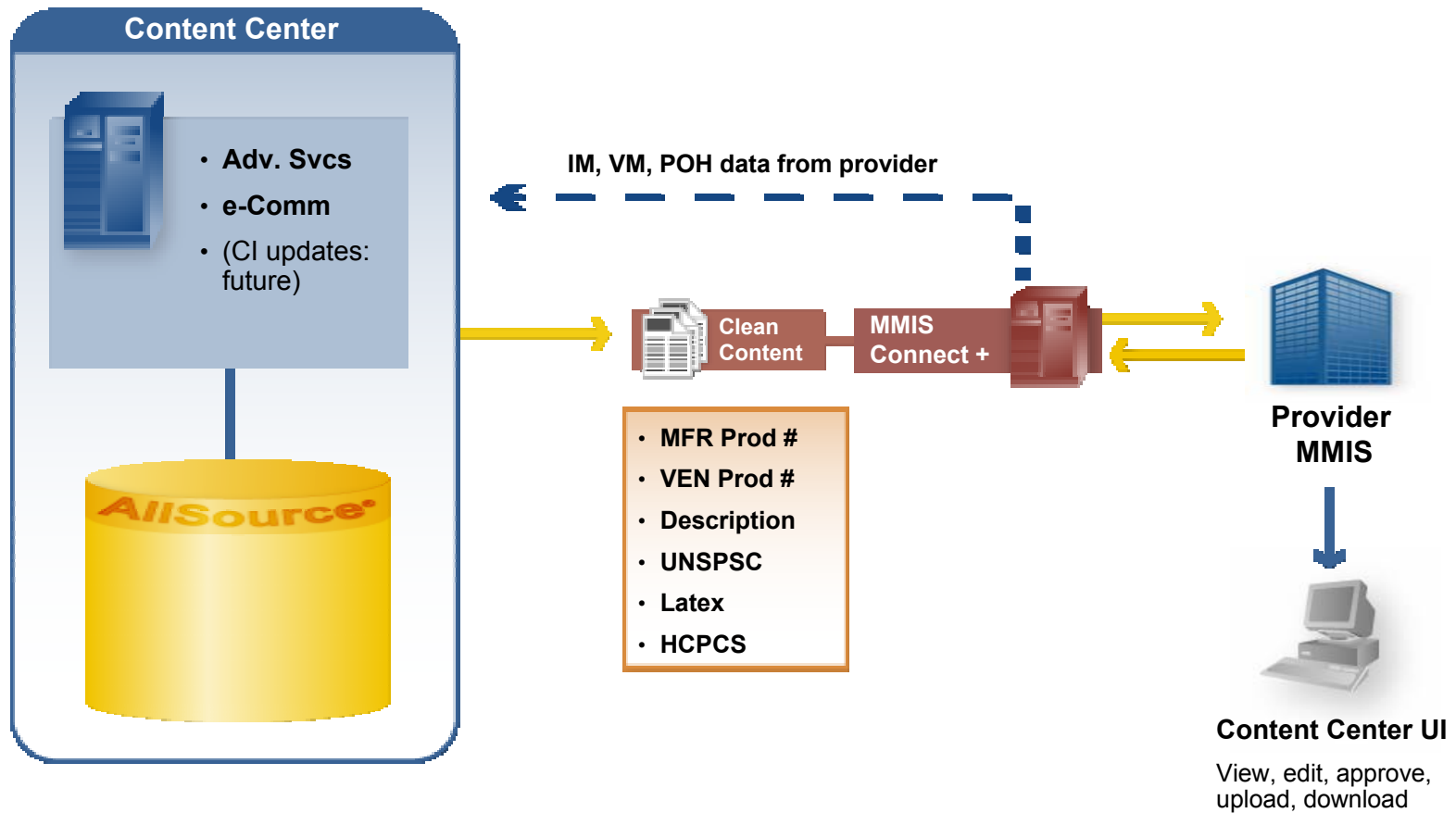
- Simplifies and automates catalog maintenance
- Information on more than 2.5 million orderable products
- Available to all members of the healthcare supply chain
- Increase the opportunity to improve product information across a wide provider base
- Reduce the costs associated with order discrepancies
- Content-Only membership available



The screenshot shows a web browser window displaying the AllSource Content Portal. The page title is "Riversand Content Portal - Microsoft Internet Explorer". The address bar shows the URL: <https://allsource.gfx.com/ProductCenter/SupplierPortal/JobStatus.aspx?Type=Import>. The page header includes the GHX AllSource Content Portal logo and navigation links: Search Catalog, Aggregate Content, Syndicate Content, Job Status, View Messages, Validation Results, Logout, Help, and Preferences. The main content area is titled "Content Syndication Jobs" and includes a toolbar with "Delete", "Refresh", and "Job Type: Content Syndication" dropdown. Below the toolbar, there are links for "Check All" and "Clear All", and a message stating "10 Job(s) were found". A table displays the following data:

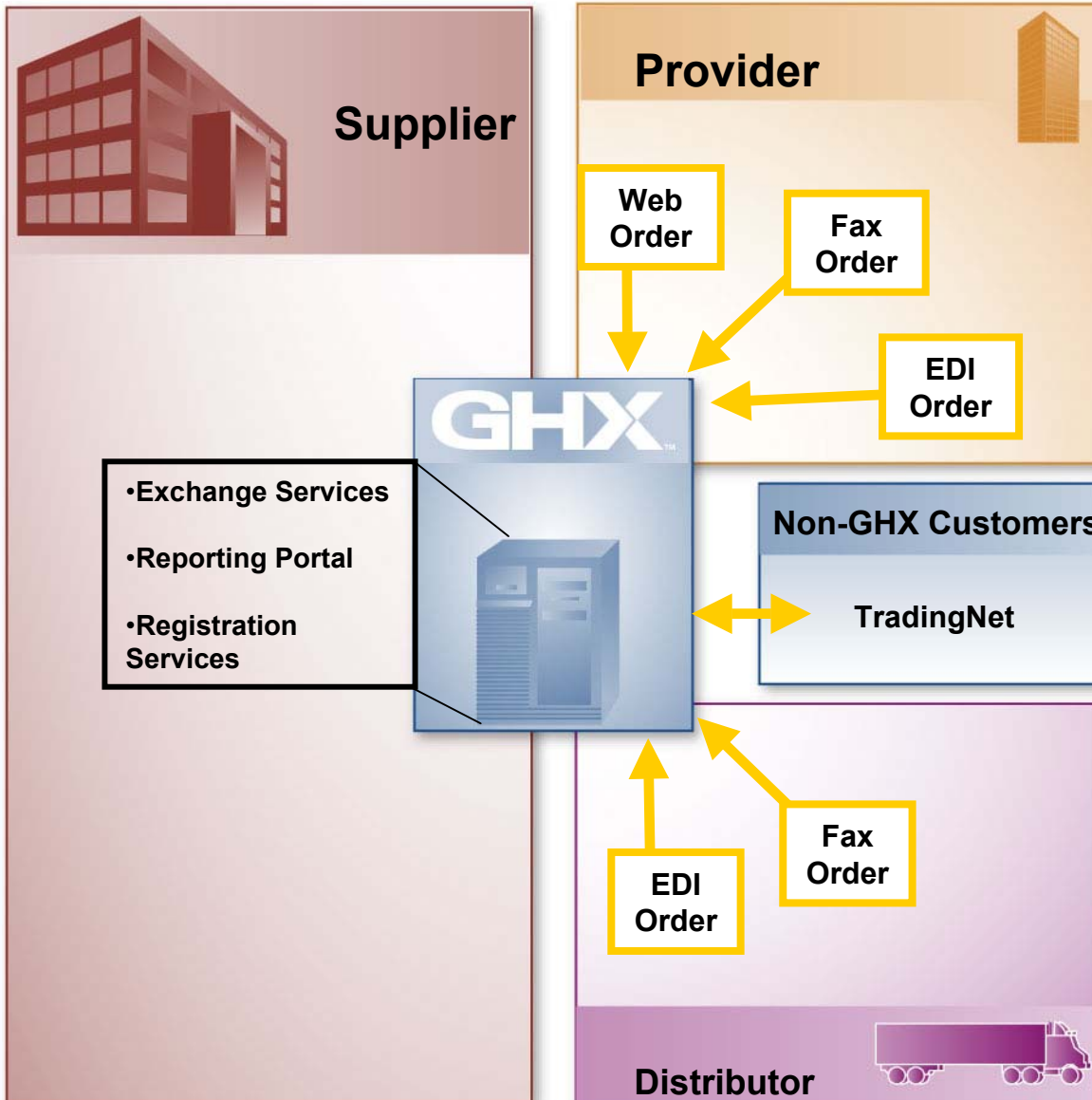
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<input type="checkbox"/>	XYZ Supplier 1 Export	Completed	Processing Elements: [1] to [0]	2/17/2006 4:30:03 PM	2/17/2006 4:30:10 PM	
<input checked="" type="checkbox"/>	XYZ Supplier 1 Export	Completed	Processing Elements: [1] to [3]	2/16/2006 2:55:49 PM	2/16/2006 2:55:53 PM	
<input checked="" type="checkbox"/>	XYZ Supplier 1 Export	Completed	Processing Elements: [1] to [3]	2/10/2006 9:19:25 AM	2/10/2006 9:19:27 AM	
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<input checked="" type="checkbox"/>	XYZ Supplier 1 Export Short	Completed	Processing Elements: [1] to [3]	2/8/2006 1:53:16 PM	2/8/2006 1:53:18 PM	
			Processing	2/8/2006		

GHX Content Integration Solutions



Provider item masters are continually updated with clean content

eCommerce Vision



Value

1 Automate all Orders

- Electronic connectivity to 2800+ hospitals

2 Reduce manual inquiries

- Provider reporting tools reduce order, catalog and invoice inquiries

3 Reduce DSOs

- Electronic orders and invoices reduce customer DSOs

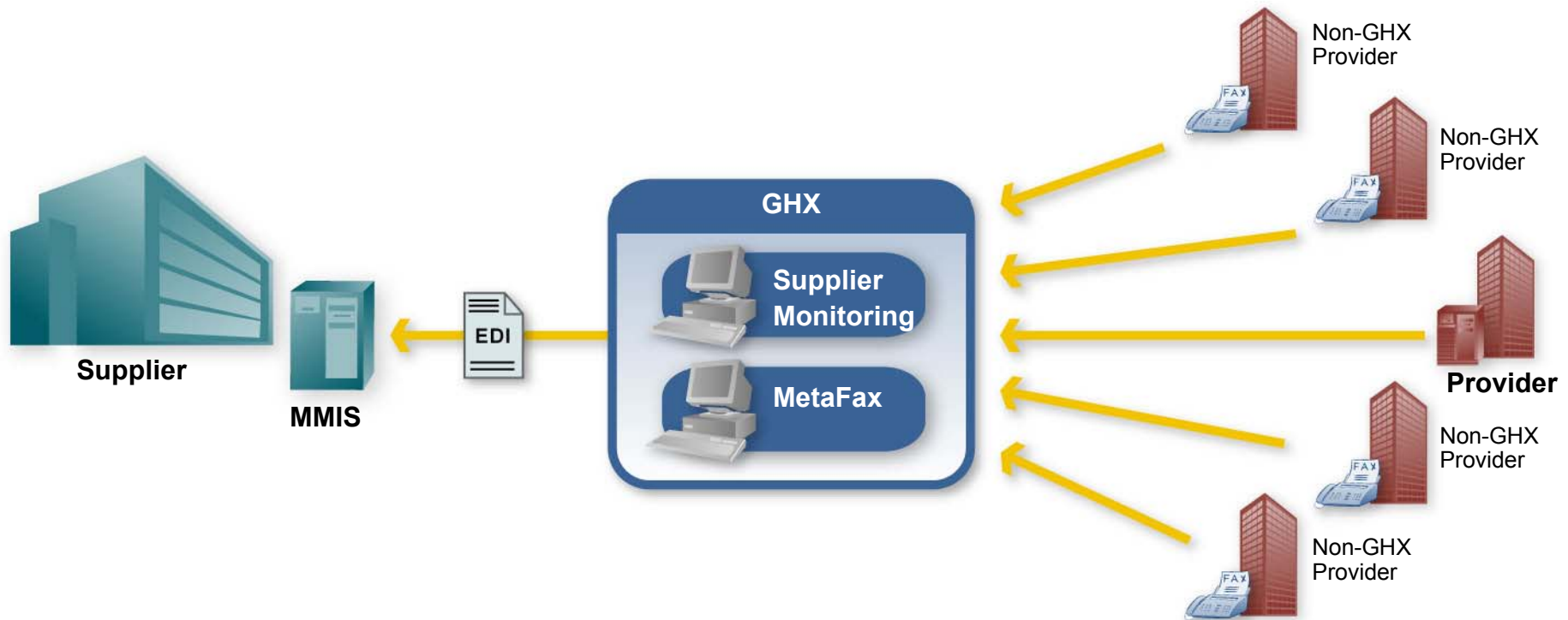
4 Consolidate Order Channels

- Benefit from investment into one order channel for all electronic orders

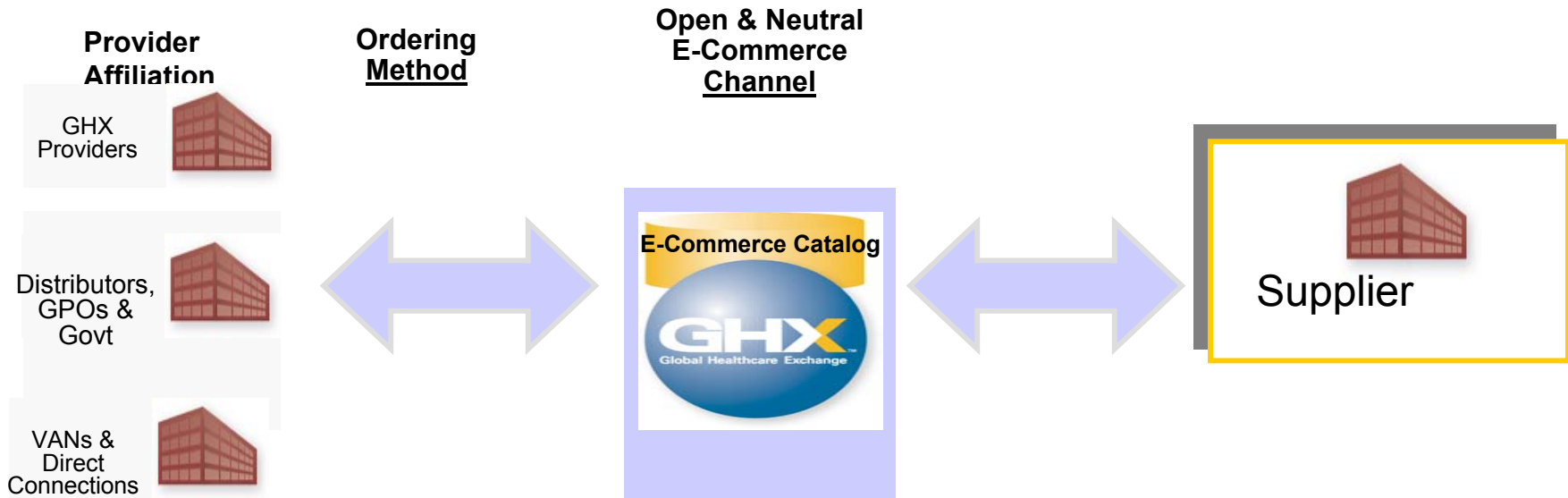


MetaFax

- Major fax providers automated using the MetaFax system
- 1000+ Ship Tos activated in US and Canada
- 60-70% reduction in fax processing costs for suppliers
- Electronic workflow for all fax documents



GHX TradingNet – Consolidation and Simplification



Functionality	Benefit
Consolidate all network traffic (VANs, dial up, Fax etc) into one channel – GHX	<ul style="list-style-type: none"> - Supplier can invest fully into one connection to GHX - Remove infrastructure costs of supporting multiple connections
Translate to a single data format (EDI, ERP specific formats)	<ul style="list-style-type: none"> - Supplier does not have to maintain multiple maps for each transaction set and therefore reduces support costs

Supplier Monitoring

Connection & Monitoring

Order Center

Content Center

Contract Center

Supply Chain Center

Administration

Manager Services

Quick Clicks

Monitor Exchange Traffic

	Last 7 d
Total Documents Sent	123
Total Documents Received	265
Total POs Sent	80
POAs Received	75
Invoices Received	120
Unconfirmed POs	5
Unconfirmed Invoices	5
Non-PO Documents Sent	43
Alerts	3

Tuesday, Apr

Welcome to My Exchange!

The following providers are recently "live" on GHX.
Crozer Keystone
St Lukes, Kansas City
University of Colorado

For more information on activation, please contact your account manager.

Summary of Supplier Transactions

Report Results

Orders

5 Order(s) found

Showing 1 - 5

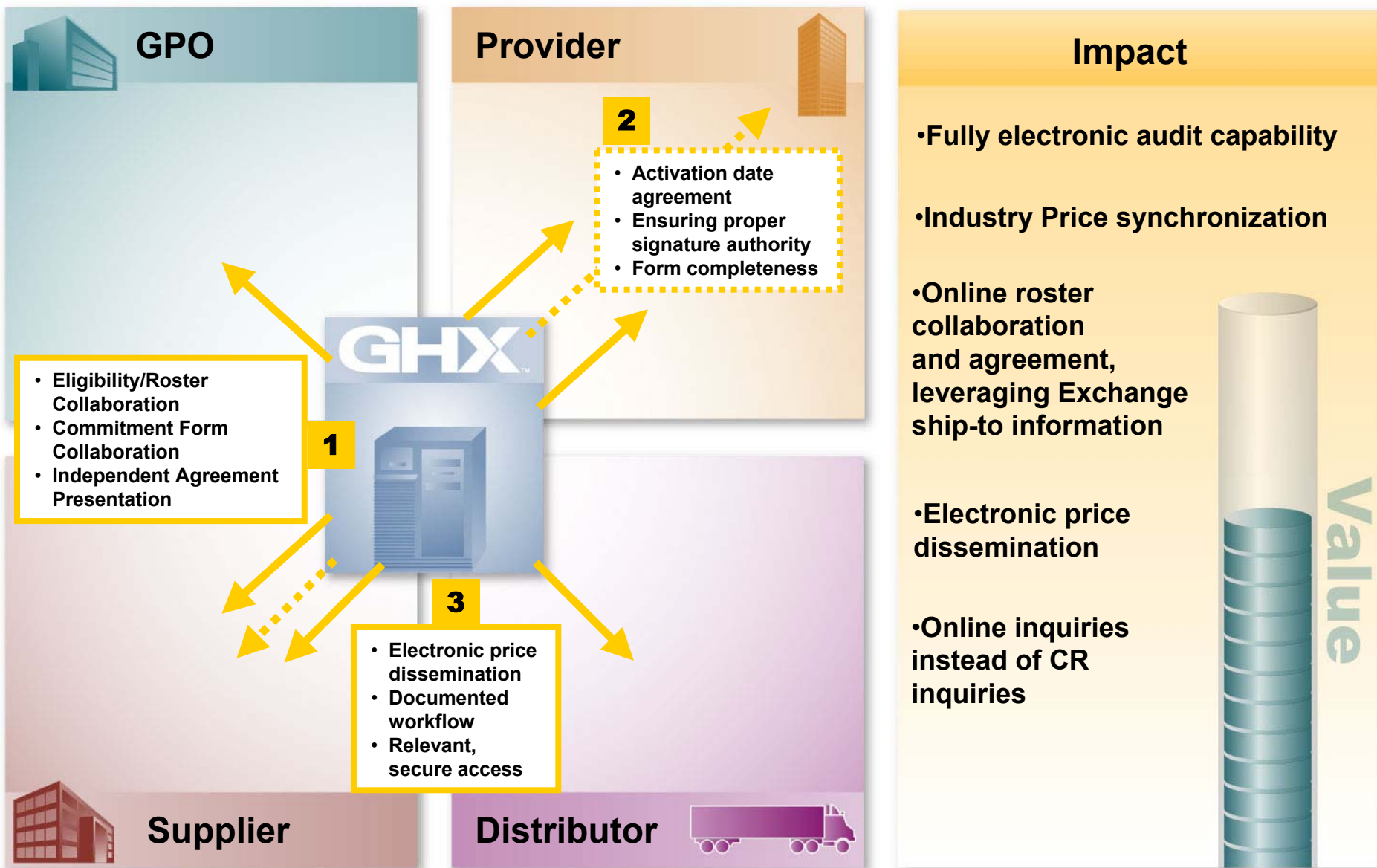
Page 1 of 1

Show 10 Per Page

First Previous Next Last

Customer PO #	Order Date	Customer	Supplier Organization	Order Type
1097134438	Thu Oct 07 2004	General Hospital	ACME	Standard
1097134441	Thu Oct 07 2004	General Hospital	ACME	Standard

Contract and Price Management Vision


















Price Synchronization – Contract Center

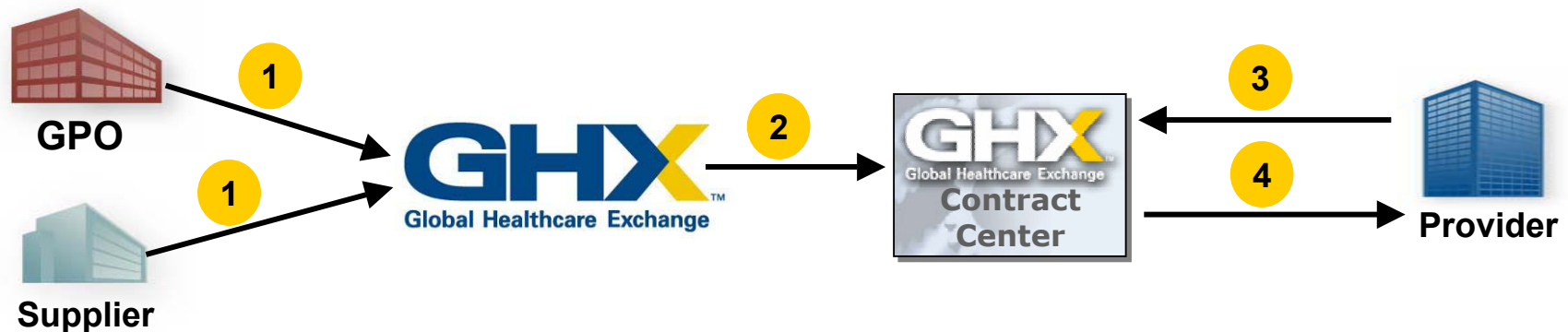
Transfer data from negotiated contracts into the Contract Center electronically

Benefits:

- Increase accuracy of pricing in purchase orders
- Increase invoice match rate, reducing payment delays and DSOs
- Reduce time spent on pricing updates and price discrepancy reconciliation
- Reduce or eliminate credits and re-bills associated with fixing price discrepancies

Actions	Organization	Source	Manufacturer	Vendor	Contract Desc	Contract #	Tier Desc	Effective	Last Updated	Status
  	test	Local	Abbott Laboratories Diagnostics Division	Baxter Healthcare	q	9999xxx4	q	07/19/2006	07/19/2006 17:23	Received
  	ST LUKES EPISCOPAL HOSP	Local	Abbott Laboratories Diagnostics Division	Baxter Healthcare	q	9999xxx4	q	07/19/2006	07/19/2006 17:23	Received
  	LOMA LINDA	Local	Abbott Laboratories Diagnostics Division	Baxter Healthcare	q	9999xxx4	q	07/19/2006	07/19/2006 17:23	Received
  	test	Local	Abbott Laboratories Diagnostics Division	Baxter Healthcare	q	9999xxx3	q	07/19/2006	07/19/2006 17:21	Received
  	LOMA LINDA	Local	Abbott Laboratories Diagnostics Division	Baxter Healthcare	q	9999xxx3	q	07/19/2006	07/19/2006 17:21	Received

How Contract Center Works



- 1. Suppliers and GPOs send contracts and price updates to GHX via 832 EDI documents, XML or flat files**
- 2. GHX places contracts and price updates into Contract Center. Alerts are sent to providers via e-mail, if requested, to notify them of updates awaiting their review**
- 3. Providers log into Contract Center to:**
 - Review contracts and price updates
 - Select pricing to load into their system
 - Make any necessary price adjustments to match negotiated price
 - Set the effective date for the pricing to be used
- 4. Providers load pricing into their system**

Price synchronization occurs between providers and suppliers!

NoInk Business Profile

- **Mobile applications for med/surge and pharmaceutical sales reps**
 - Mobile order, case and inventory management
 - Mobile sales force automation
- **3500+ end users**
- **Features:**
 - Consignment inventory management
 - 360 supply chain visibility
 - Trunk Stock Management/Traceability
 - Pricing & Contract Management
- **Works with multiple handheld/PDA phones running Windows 5.0 and PocketPC 2003**
- **Solution integrates with multiple backend systems including SAP, Informatica, Documentum, AS400, proprietary systems**

NoInk Supplier Value Points

- **Smith & Nephew Orthopedics**
 - 80% of orders submitted via handheld
 - 20% drop in calls/faxes for order entry
 - 10% drop in calls for price checks
 - Rep saves between 30 min & 2 hrs per day
- **A Cardiovascular Company**
 - 5x return in 6 months
 - Inventory waste due to spoilage cut 50%
- **A Endovascular Company**
 - Tens of thousands of cases scheduled
 - Tens of thousands of contacts entered
 - #1 sales rep for '05 attributes success to handheld capabilities

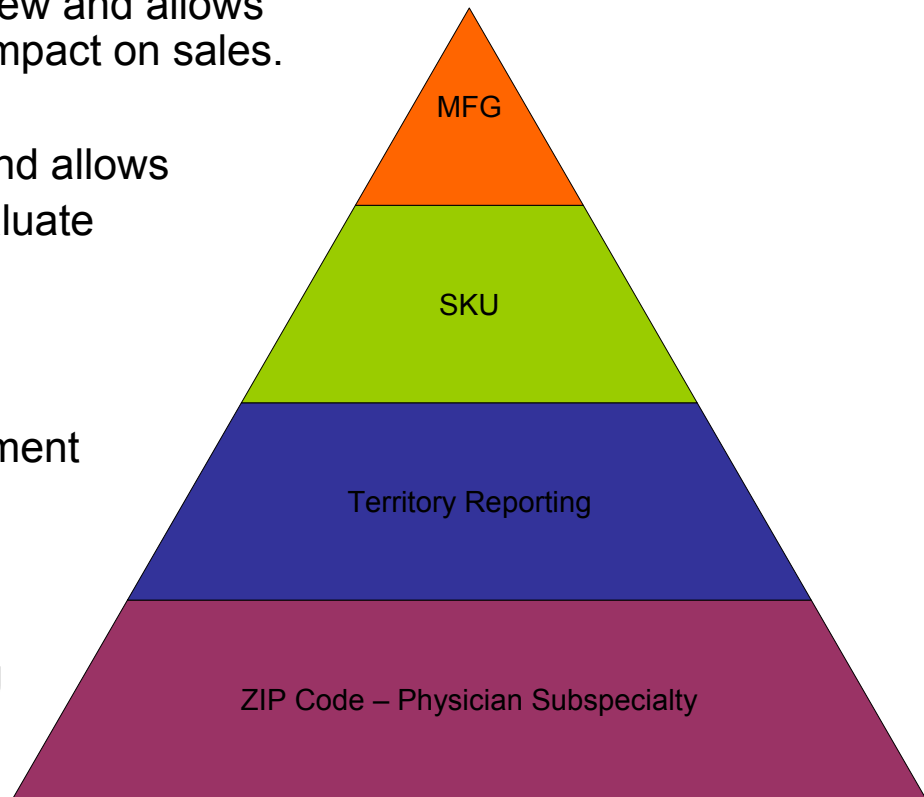


GHX Market Intelligence (formerly HPIS)

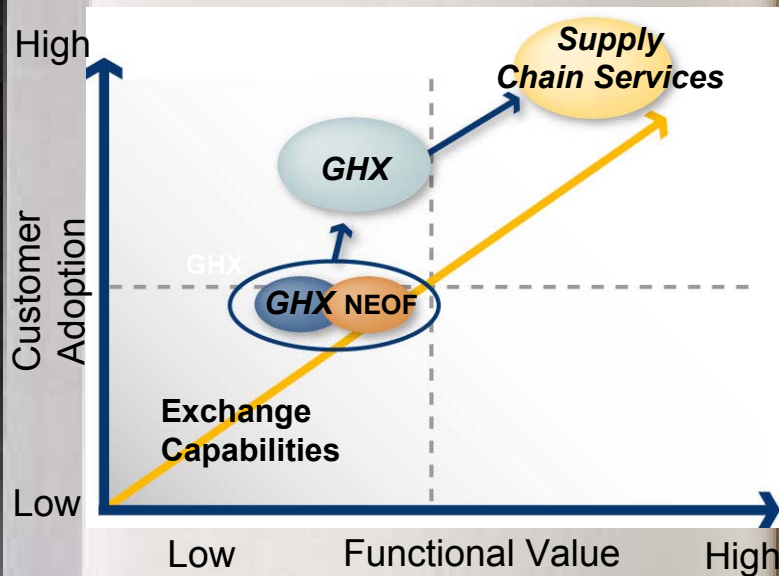
- **Information Collection** - Captures over 80% of the medical/surgical sales volume per quarter directly from the nation's leading distributors
- **Points of Care** - Hospital, physician, long term care, treatment centers, home health care and clinical lab
- **Information Management** - Once the information is collected from distributors, data is normalized, standardized, classified and analyzed for trends
- **Quarterly Reporting**
 - Manufacturer or Product-Code (SKU) Level
 - Zip Code Mapping to Territories
 - Custom Reports

Information provided at different levels to help drive your business forward

- Manufacturer level is the highest-level overview and allows evaluation of market trends, and legislative impact on sales.
- Product-code (SKU) level is more granular and allows for business owners to plan strategy and evaluate next steps.
- Territory Reporting allows for evaluation of penetration within specific territories, realignment of field sales, and incentive compensation based upon market share shifts.
- Zip-code level allows for evaluation modeling and “what if” scenarios for penetration, realignment, and performance by provider subspecialty.



Chapter 3:



GHX Future Keys To Success

- Increasing customer utilization and value
- Expanding GHX services offering
- Enabling healthcare standards
- European expansion