Industry Panel - Technology Acquisition

Open discussion on capital spending and considerations for procuring technology

STA – January 2013

Phoenix, AZ

Perspectives from our panel

- Setting the stage – the impact of healthcare reform
  - Jeffrey Feldman, MD (Division Chief, General Anesthesia, Children's Hospital of Philadelphia)
- The view from industry
  - Dave Karchner (Director of Marketing/Perioperative Care with Draeger)
- The clinical perspective
  - David Gloyna, MD (Chief of Anesthesia/Anesthesiologist from Scott/White Hospital in Temple, Texas)
- The view from the hospital
  - Michael Fraai (Director of Biomedical Engineering at BWH)

What is the capital budget landscape like?

Premier Inc Spring 2012

Survey of 10,500 health care leaders (730 responded)

Financial priorities and challenges for 2012/2013

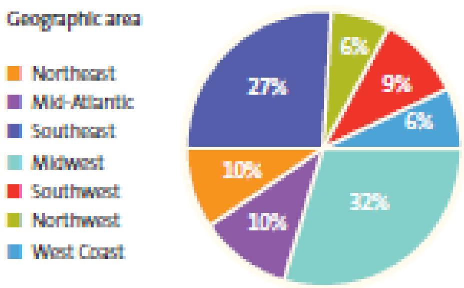
About the Premier Inc Survey

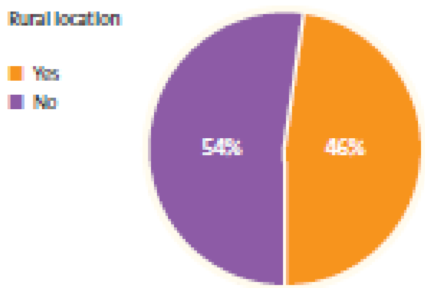
About the survey

In early 2012, Premier, in collaboration with Customer Care Measurement & Consulting LLC, commissioned an online survey of more than 10,000 healthcare leaders across our membership. The survey respondents (n=730, 7.0 percent) represented a cross-section of organizational roles, geographies, and types of organizations, including both the acute and non-acute healthcare markets. An overview of the respondent profile is below:

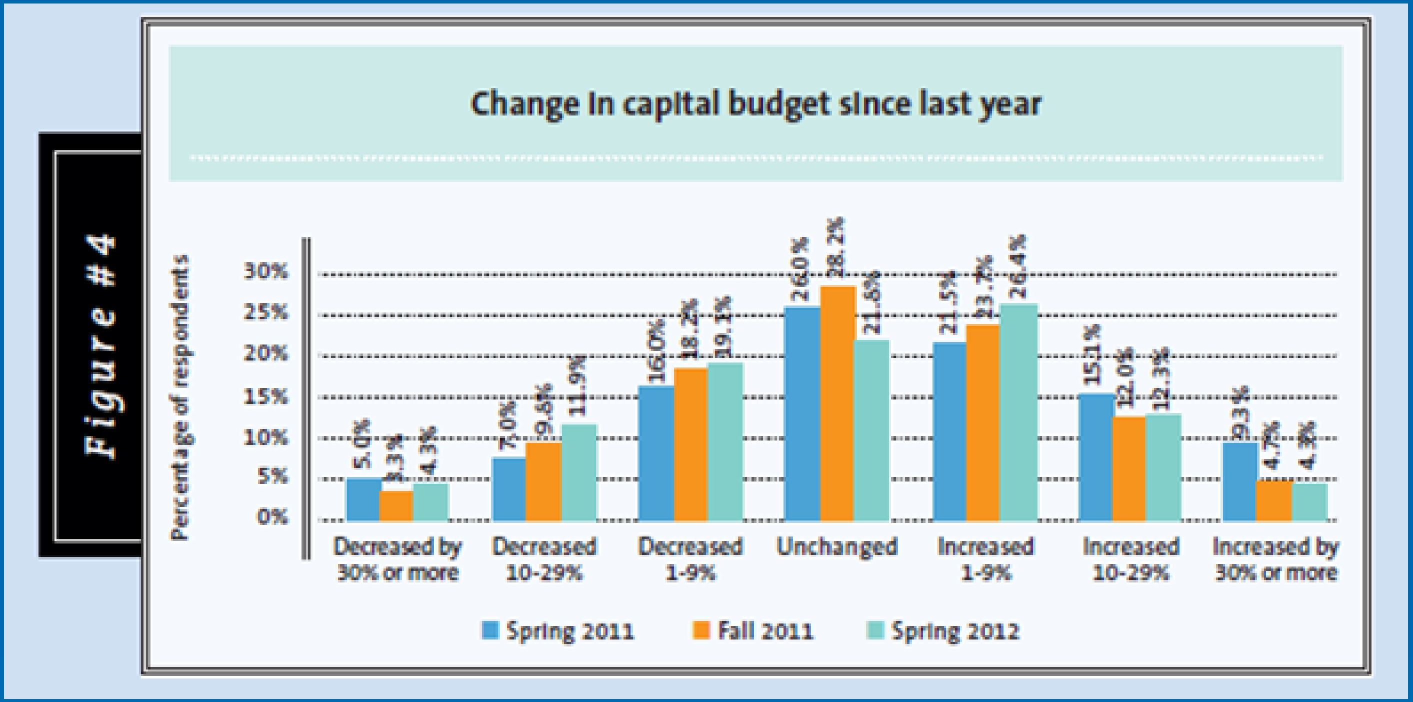
Organization type	Percentage of respondents
Large hospital (501+ beds)	15%
Midsize hospital (between 200 and 500 beds)	30%
Small hospital (less than 200 beds)	19%
Critical access hospital	15%
Academic medical center	3%
Ambulatory or outpatient center	1%
Physician-owned specialty hospital	0%
Multi-specialty group practice	2%
Single-specialty group practice	1%
Surgery center	1%
Senior-living facility	2%
Multi-hospital system/IDN	8%
Other	4%

Organizational role	Percentage of respondents
C-suite	19%
Supply chain or materials management	27%
Physician	1%
Clinician	5%
Service line or practice area manager/director	26%
Quality improvement	3%
Finance and/or accounting	1%
Office administrator/manager	9%
Marketing/communications/public relations	0%
Other	7%



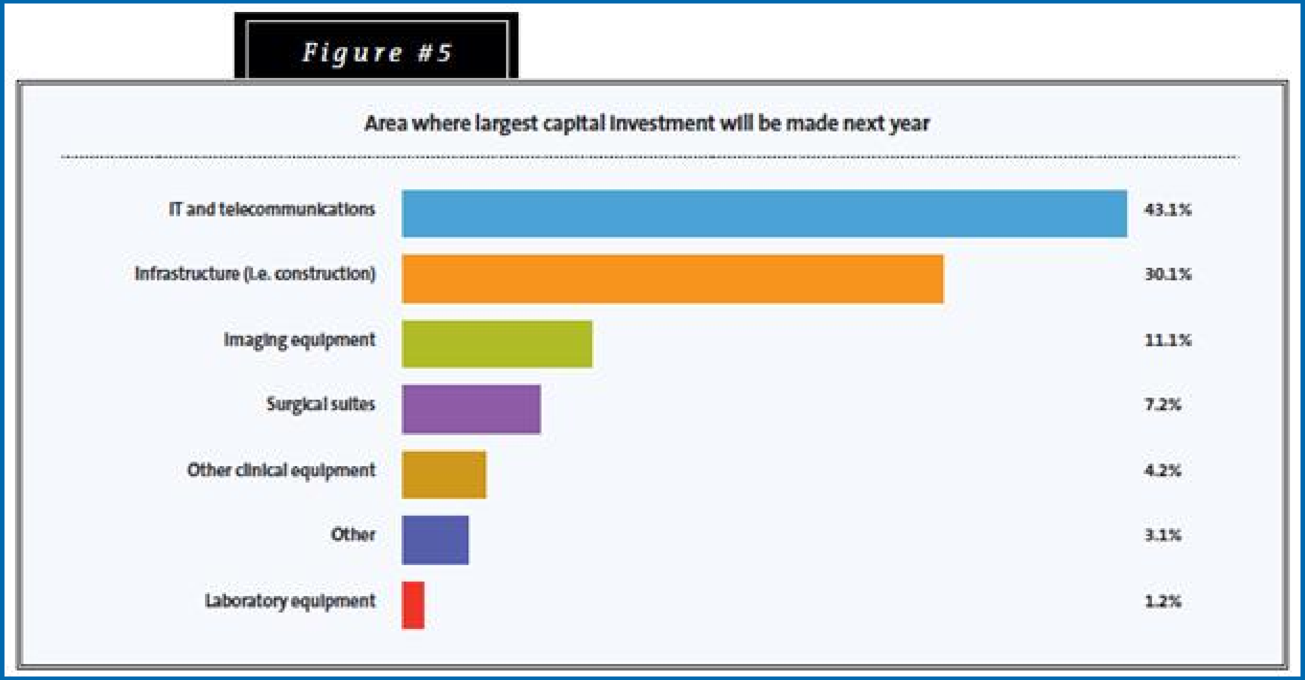


Survey results – change in capital budget



- 28% reported a decrease in YoY capital budget in Spring 2011 (54% as flat or decreasing, 46% increasing)
- 35% reported a decrease in YoY capital budget in Spring 2012 (54% as flat or decreasing, 43% increasing but skewed to lower end of range)
- Overall looks like projected decrease

Survey results – where is investment going?



- Approximately 75% of capital spending is projected in IT/telecom/infrastructure
- the 43% projected in IT/telecom is up from 34% in prior year

What are the equipment manufacturers seeing?

- In developed markets, trend is down in terms of spending (hence everyone looking to emerging markets to offset)
- Capital $$ is precious, hospitals having to think long/hard on the investment

What does this tell us?

- Healthcare organizations are facing significant cost constraints and reimbursement cuts
- Capital spending for equipment is down

Yet there is clearly a need for new technology – and technology can have an impact on critical patient outcomes or on hospital productivity or on safety…so…how should we focus on spending the precious capital $$ we have?