



Healthcare Supply  
Chain Management



Neoforma - Propelling Supply Chain Efficiency in Healthcare

"The sophisticated technology provided by **Neoforma** continues to exceed my expectations. This kind of efficiency is among the best I've seen."

Jeff Solarek, Director, Materials Management, **Premier Health Partners**

### Billions Wasted

10-15% of the \$200 billion spent annually on supplies and equipment is wasted due to inefficiency.

### Rising Supply Chain Expenditures

Supply chain expenditures account for as much as 30% of a hospital's costs.

### Finding a Cure

Suppliers and hospitals would achieve an estimated \$20-\$30 billion in supply chain savings if this inefficiency epidemic was treated.

## The \$1.7 Trillion U.S. Healthcare Industry is in Distress.

The healthcare supply chain suffers from clogged arteries that hinder the healthy flow of information. A cure is needed for the 5,800 hospitals and 20,000 suppliers that are dependent on the inefficient and unreliable - paper forms, faxes and telephones - and on a maze of highly complex processes to order and track the millions of supplies needed to deliver patient care daily.

### The Inefficiency Epidemic Plagues Both Hospitals and Suppliers Alike.

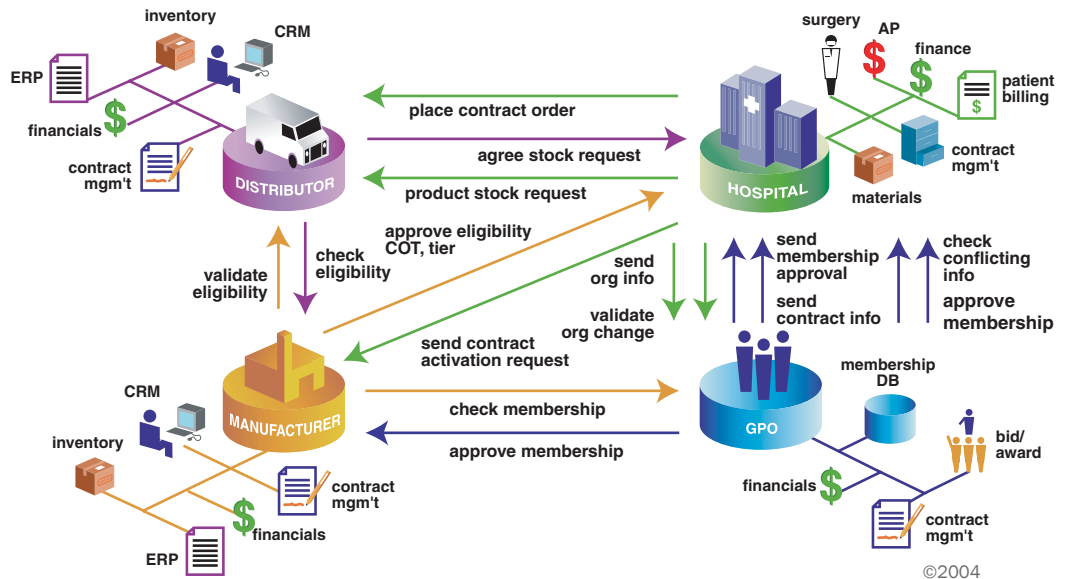
10-15% of the \$200 billion spent annually on supplies and equipment is wasted due to inefficiency. With tight budgets and slim profit margins, hospitals can ill afford this inefficiency and extra expense.

Suppliers are in pain, too, suffering from increasing competition, inefficient processes and a financially struggling customer base. Margin pressures are driving hospitals and suppliers alike to find ways to contain costs, automate processes and increase profitability.

Treating the inefficiency epidemic plaguing the healthcare supply chain would enable hospitals and suppliers to save an estimated \$20-\$30 billion.

### Neoforma Has a Cure and it's Working Today.

Through a unique combination of technology, information and services, Neoforma provides Web-based supply chain management solutions that propel collaboration between hospitals, suppliers and group purchasing organizations, delivering supply chain visibility, operational efficiency and cost savings to each.



*The Healthcare Supply Chain – A Maze of Complexity*  
Hospitals rely on highly complex processes to place orders, map to contracts and then track the millions of supplies needed to deliver patient care daily.

"Neoforma has become a trusted partner in helping us to better serve our hospital customers."

Fritz Eibel, Vice President, Corporate Accounts, **Roche Diagnostics**

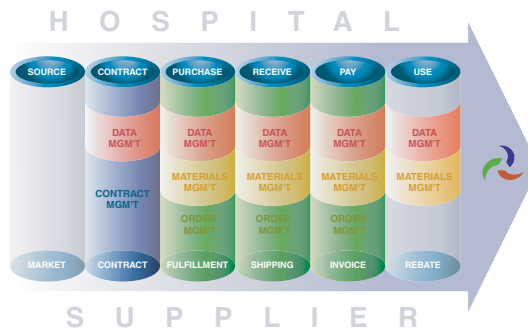
## Neoforma - Propelling Supply Chain Efficiency in Healthcare

Led by experienced healthcare and technology executives, Neoforma is strategically addressing the highly complex processes of the healthcare supply chain and aligning solutions to deliver value, lower operational costs, and improve supply chain efficiency. Neoforma has created a set of Web-based supply chain management solutions that directly address the particular needs of hospitals and supplier executives, materials management departments, and supply manufacturers and distributors.

Neoforma solutions automate procurement and contract processes, enable closer collaboration between hospital and suppliers and provide better overall insight into the supply chain. By propelling greater efficiency, Neoforma delivers significant cost saving to every stakeholder in the healthcare supply chain.

### Gain Organization-Wide Visibility into Your Supply Chain

Neoforma's solution set is easy to use and aligned with our customers' business processes. It complements hospitals' and suppliers' existing IT systems, reducing the need for significant additional investments. The result? Organization-wide visibility into supply chain activities, improved communications, smoother day-to-day operations, faster order and contract implementations, and enhanced strategic planning for all.



*The Neoforma Solution Set  
Strategically Aligned to Match Your Supply Chain  
Business Processes*



**Neoforma Order Management Solution™** (Neoforma OMS) streamlines healthcare supply purchasing by simplifying and automating daily order activities. Neoforma OMS provides significant cost savings and additional benefits to both hospitals and suppliers through our unique combination of powerful Web-based functionality, comprehensive discrepancy management tools and industry-leading connectivity.



**Neoforma Data Management Solution™** (Neoforma DMS) combines powerful data cleansing and maintenance technologies with advanced decision support, enabling hospitals to ensure maximum accuracy in their item, vendor, and contract master files. By maintaining data integrity and precision on an ongoing basis, Neoforma DMS helps hospitals implement consistent pricing, product, and contract utilization that reduce supply costs.



**Neoforma Contract Management Solution™** (Neoforma CMS) enables hospitals and their suppliers to drive down supply costs through improved contract utilization, fewer price discrepancies and faster, better-informed decision-making.



**Neoforma Materials Management Solution™** (Neoforma MMS) is a materials management information system (MMIS) that enables users to manage inventory and materials activities through both hand-held and browser-based interfaces.

### \$2.6 Million Saved

Premier Health Partners has used Neoforma's Web-based supply chain management solutions for the past 2.5 years and has seen tremendous results, with savings from cost reductions and cost avoidance adding up to a staggering \$2.6 million.

### \$2.6 Million Saved

Willis-Knighton Health System is using Neoforma supply chain management solutions to gain greater visibility across its four-hospital system. The result has been significant savings in time and money - with \$2.6 million already saved from increased contract standardization and purchasing consolidation.

### 270% Increase

Through Neoforma OMS, Roche Diagnostics dramatically increased its electronic connections to its VHA and UHC hospital customers by 270% in one year. As a result of the streamlined and reliable electronic process, Roche has reduced order processing and fulfillment costs while building stronger customer relationships.

"We are passionate about and committed to improving healthcare."

Neoforma, Senior Leadership

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## Leading the Way to a More Efficient Healthcare Supply Chain

We at Neoforma believe that we can make a difference! We are passionate about propelling efficiency in the healthcare supply chain and committed to delivering valuable solutions that support our customers' day-to-day business processes. Since 1996, Neoforma has grown to become a leading supply chain solutions provider in the industry - successfully contracting with more than 15% of the hospitals in the U.S and supporting nearly \$8.5 billion in healthcare purchasing annually. Over the years, Neoforma has successfully achieved one milestone after another including:

- \$12.3 million in documented savings
- \$8.5 billion in transactions supported annually
- 1450+ hospital and supplier customers

### Delivering Customer Value

Documenting value for our customers is priority number one. A Neoforma team of healthcare and supply chain experts is dedicated to identifying and quantifying savings opportunities and sharing that expertise in supply chain best practices with our customers.

In just three months, Neoforma's value documentation team identified and documented \$12.3 million in value realized by a sampling of 31 hospitals, with 70 percent of the savings estimated to be recurring. This proven value is an impressive start, but we know that it is just the beginning. Delivering increasing customer value will continue to drive all that we do at Neoforma.

### Solid Industry Alliances

In order to create the most effective healthcare supply chain solution possible, Neoforma has forged alliances

with leading MMIS vendors, including PeopleSoft and Lawson, and top supply chain technology developers. In addition, Neoforma sells its solutions both directly and indirectly to its hospital and supplier customers. For hospital members of VHA Inc. and University HealthSystem Consortium, specifically, Neoforma delivers order and contract management solutions through its partner, Novation, the nation's largest supply services company, and its leading industry exchange, Marketplace@Novation@.

### Get Started Today

We are committed to the success of our customers, which is why we make getting started so simple. To start propelling efficiency in your supply chain, contact Neoforma today! Call us at toll-free 866.438.6363 or visit us on the Web at [Neoforma.com](http://Neoforma.com).

### Leverage Your Existing Technology

Neoforma's supply chain management solutions enable hospitals and suppliers to leverage cutting edge technology while maximizing the value of existing IT infrastructure.

### Shortening the Learning Curve

Neoforma's easy and convenient Web-based training gets our customers up and running fast.



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