Your Connection to Better Service
Maximize Uptime and Increase Efficiency

Guy Mansueto, SVP CMO
Samantha Dzembo, Business Development Director
Agenda

- (Re)introduce PartsSource
- Helping Your Team Today
- Preparing for the Future
- Longitudinal Analysis, HTM Industry Research
- On Demand Service
- Q&A
PartsSource Evolution: from Parts Provider to Industry Leading Technology-based HTM Partner

**Founded**
Founded in 2001 as a medical parts sourcing and distribution organization

**Procurement Optimization**
Streamline procurement for hospitals, clinic sites and ISOs across US

**Quality Management**
Active Quality Management w/ patented PRECISION™ Procurement data engine supporting network of 6K OEMs and suppliers / 4M parts.

ISO 13485 + 9001 QMS

**On-Demand Service**
On-Demand Service, Flat-Rate Depot Repair & Training offerings to supplement labor teams

**Technology**
Developed web-based marketplace including cloud workflow, procurement platform, mobile compatibility and EDI, ERP & CMMS connectivity

**Today**
Comprehensive HTM partner, delivering best-in-class outcomes
PartsSource Past: Provider, Clinical Equipment Replacement Parts

- Beds & Tables
- C-Arms
- Cath/Angio
- Mammography
- MRI
- Patient Monitoring
- Sterilization
- Ultrasound
PartsSource Today: Comprehensive HTM Solutions

Biomed
- Anesthesia
- Beds & Tables
- Defibrillators
- Dental
- Disposables
- Sterilization
- Test Equipment

Imaging
- C-Arms
- Cath/Angio
- Mammography
- MRI
- PET/CT
- Ultrasound
- X-Ray

Accessories
- Batteries
- Cables & Sensors
- Computers & Electronics
- Facilities
- Lighting & Bulbs
- Laboratory

Minor Equipment
- Fetal Equipment
- Infusion Pumps
- Monitors
- Pulse Ox
- Suction
- Telemetry Transmitters

Services
- Advisory Services
- Contract Solutions
- Depot Repair
- On-Demand Services
- Training & Education
- Workflow Optimization

Training
- Certification
- Troubleshooting
- Networking and Digital
- Management
PartsSource at a Glance

The world’s largest provider of medical replacement products and services
We partner with healthcare organizations to raise the availability and quality of patient care by maximizing uptime of their mission critical assets.

6,000+
OEMs and Suppliers

3,500+
Hospitals and Health Systems

4M+
Products utilizing ISO 9001:2015

15,000+
Clinical sites served

350,000+
Transactions facilitated annually

90,000+
Users of our platform

1,100+
Service specialists and engineers

24/7/365
Dedicated access to our client teams and product specialists

Trusted by top healthcare providers including…

Jackson Health University of Miami Health System
Methodist WakeMed CarolinaEast Health System
BayCare Cape Fear Valley Health North Mississippi Medical Center Arkansas Children’s HCA
Mayo Clinic Health System Ballad Health Lexington Medical Center Forrest Health Piedmont
Empowering Your HTM Team

- Single resource for all major OEMs and secondary market suppliers; web-based marketplace
- Customized access to over 4 million products and services
- Thousands of products with multiple secondary procurement options
Do More with Less

‘Lean’ order entry, management and reconciliation process will transform 90% of work

People to manage all exceptions, in real-time and proactively

• Dedicated 24/7 Rapid Response Team, best in class NPS scores
• Backorder monitoring, trend and benchmark analysis
• Supply chain surge alerts and alternatives analysis

Technology to speed Source to Approve/Pay

• Growing curated catalog of technical content
• Workflow integrated to ERP, EDI and CMMS
• Digital fulfillment network with notifications engine
• Smart Queue Technology is supplier “cut-off-time” aware and assures your orders are processed

Ref #85462548
Optitop 150/40/80 HC 100/3 HF X-Ray Tube by Siemens Medical Solutions

Expediting Services
Shipping Address: 3 E Navarre Blvd, Thoreau, NM 87323
Carrier: FedEx
Shipping Method: Overnight
Tracking #: TBA00604877000

STATUS
Out for Delivery

• MONDAY, JUNE 11 1:30PM
Order placed

• TUESDAY, JUNE 12 2:30PM
PartsSource fulfillment

• WEDNESDAY, JUNE 13 1:30PM
Supplier fulfillment

• THURSDAY, JUNE 14 8:30AM
Package has left seller facility and is in transit to carrier

• THURSDAY, JUNE 14 10:30AM
Shipment arrived at FedEx facility

• THURSDAY, JUNE 14 1:30PM
Shipment departed from FedEx facility

• FRIDAY, JUNE 15 11:00AM
Shipment arrived at FedEx facility

Thoreau, New Mexico
Technology-driven process standardization

Working Faster and Smarter

- Critical data from CMMS
- Intelligent workflow routing
- Integrated policy preferences
- Touchless order fulfillment
- SmartQueue order monitoring
- Real-time shipment status
- Exchange monitoring
- Order Reconciliation
PRECISION Procurement™ Quality Impact

Focused on the people, process, and technology to deliver reliable and reproducible quality outcomes and performance for your health system.

Overall Quality Return Rate

<table>
<thead>
<tr>
<th>Year</th>
<th>Warranty failure</th>
<th>Dead on arrival</th>
<th>Poor quality</th>
<th>Not operating as required</th>
<th>Repairs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>.21%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>.16%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>.10%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>.05%</td>
<td></td>
<td></td>
<td></td>
<td>.11%</td>
</tr>
<tr>
<td>2015</td>
<td>.59%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>.63%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>.66%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>.69%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>.71%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

PRECISION Procurement® dramatically improves quality, reducing returns and yielding days of uptime annually.
Expand Your Team’s Capacity with Depot Repair

Your trusted partner in ensuring equipment is repaired right and returned fast, at a budget-friendly price.

- Infusion Pumps
  - Sigma Spectrum
  - CareFusion
  - Hospira
  - B Braun
  - And more.

- Patient Monitoring
  - Philips X2 Modules
  - Philips MMS Modules
  - Philips Telemetry
  - GE Telemetry
  - GE PDM
  - Dash Modules
  - Pulse Oximeters
  - And more.

- Respiratory
  - O2 Blenders
  - Sechrist
  - Bird
  - Precision
  - Suction Regulators
  - Ohio Medical
  - Amvex
  - Precision
  - Flowmeters
  - And more.

- Fetal Monitoring
  - Toco Transducers
  - US Transducers
  - Fetal Monitors
  - Fetal Leg Plates
  - Philips
  - GE/Corometrics
  - Spacelabs
  - And more.

- General Biomed
  - Defibrillators
  - Electrosurgical Units
  - EKG Carts
  - Monitors
  - Anesthesia Modules
  - Compression Devices
  - And more.
Longitudinal Analysis

Guy Mansueto, SVP CMO
Longitudinal Analysis of Cost, Quality, Price Discrepancy in Clinical Engineering Repair Parts Spend Across the United States

From a recently completed study across over 90 health systems in the US, representing 100,000 beds and over 500,000 purchase transactions, the following conclusions were identified:

• Health Systems are **spending 10%-30% more** than best-in-class on medical device repair and replacement parts.

• Most health systems must source, order, manage and reconcile from **200-700 different suppliers**.

• Based on multiple time-in-motion studies at leading medical centers, the average medical replacement part order takes **80 minutes** to source, track, receive and reconcile.

• Health systems without quality control surveillance tools experience product defect rates **6x worse** than others.
Typical Profile of Order History Across Provider Sample

A. Average Number of Suppliers Managed by Providers = **202**
   - Under 1000 Beds = 161
   - Over 1000 Beds = 298
   - Max = 1327
   - Max = 935

B. Average Order Price Stratification:
   - **Under $500 = 88% of spend**
   - **$500-1500 = 8%**
   - **Over $1500 = 4%**

C. Order Frequency Stratification:
   - **Item Ordered 1-2 : 64% of spend**
   - **Item Ordered 3-5 times : 16%**
   - Item Ordered 6-10 times : 13%
   - Item Ordered 11+ times : 8%
Degree of Price Variance Across Provider Sample

A. Health Systems who experienced multiple different prices for the exact same good (SKU) = 90%

B. Between Health Systems, variance on individual SKU is Significant (lower-left)

C. Within Health Systems, variance on individual SKU is Significant (lower-right)

Significant price compliance waste noted at most health systems, with high variation BETWEEN and WITHIN health systems
Supply Chain Variation - OEM vs. Aftermarket Product Mix

Supplier type shows the percentage of orders that are direct from OEM vs. alternative suppliers. Alternative suppliers usually offer higher savings, but quality must be monitored systematically.

**N97 Cohort – High Variance Across Networks**

- Max, 98.8%
- Median, 75.9%
- Mean, 75.7%
- Min, 54.5%

**Midwestern IDN – High Variance Within Network**

<table>
<thead>
<tr>
<th>Facility</th>
<th>Spend $ OEM %</th>
<th>Spend $ Alternative %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clinic 1</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>Clinic 2</td>
<td>13%</td>
<td>87%</td>
</tr>
<tr>
<td>Clinic 3</td>
<td>20%</td>
<td>80%</td>
</tr>
<tr>
<td>Clinic 4</td>
<td>23%</td>
<td>77%</td>
</tr>
<tr>
<td>Hospital 1</td>
<td>32%</td>
<td>68%</td>
</tr>
<tr>
<td>Hospital 2</td>
<td>41%</td>
<td>59%</td>
</tr>
<tr>
<td>Hospital 3</td>
<td>48%</td>
<td>52%</td>
</tr>
<tr>
<td>Hospital 4</td>
<td>54%</td>
<td>46%</td>
</tr>
<tr>
<td>Hospital 5</td>
<td>55%</td>
<td>45%</td>
</tr>
<tr>
<td>Hospital 6</td>
<td>64%</td>
<td>36%</td>
</tr>
<tr>
<td>Hospital 7</td>
<td>72%</td>
<td>28%</td>
</tr>
<tr>
<td>Hospital 8</td>
<td>83%</td>
<td>17%</td>
</tr>
<tr>
<td>Hospital 9</td>
<td>91%</td>
<td>9%</td>
</tr>
<tr>
<td>Hospital 10</td>
<td>93%</td>
<td>7%</td>
</tr>
</tbody>
</table>

Significant variance on OEM vs non-OEM suggests interest but inadequate standardized evidence and policy enforcement tools.
Time-In-Motion Study

**Objective:** Determine time intervals for key inputs to order entry, order management and order reconciliation process for medical replacement parts.

**Methodology:** Time motion study was conducted on-site to measure the elapsed time between six functional areas across 3 distinct health systems. Shadowing occurred to monitor the tasks for each subprocess, where each task was observed and timed.

**Outcome 1:**
79 minutes (IDN)

**Outcome 2:**
100 minutes (Large IDN)

**Outcome 3:**
62 minutes (Academic)

**Average:** 80.2 minutes

Significant investment of precious time each order, on items ordered infrequently from hundreds of vendors, that represent small dollars.
Product Quality vs. Acquisition Price of SKU Trade-off

- $1.3B of Spend Analytics Data Across 2,000,000 orders in Data Warehouse
- Data is merged with 16 years of Supplier Quality Data across 5,000 vendors
PartsSource to PartsSource PRO

Guy Mansueto, SVP CMO
Implications of COVID-19

The changing world of healthcare technology management

How Covid-19 Has Accelerated Existing Trends...

- moving toward telemedicine (legal impediments largely have been removed)
- technical capabilities (ability to diagnose & treat patients) have increased and are experiencing more widespread use
  - improvements in remote monitoring & examination
  - improvements in home treatment using new technologies
  - improvements in robotics
- technical capabilities for device management (e.g., update, monitor logs, troubleshoot)

Source: Steve Grimes, FACCE, FHIMSS, FAIMBE, AAMIF
Capital Equipment Maintenance and Utilization Matter More Than Ever
## Control Costs and Reducing Variance

Consolidate vendors, eliminate site-to-site variability, and implement data-driven control mechanisms

<table>
<thead>
<tr>
<th>Part</th>
<th>Description</th>
<th>Sites</th>
<th>Vendors</th>
<th>Orders</th>
<th>Prices</th>
<th>Variance</th>
<th>PartsSource savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>ECG Assembly</td>
<td>MAC 500 ECG Display</td>
<td>8</td>
<td>7</td>
<td>25</td>
<td>9</td>
<td>200%</td>
<td>&gt;$33,000</td>
</tr>
<tr>
<td>Infusion Part</td>
<td>Infusion Pump Pressure Sensor</td>
<td>6</td>
<td>5</td>
<td>375</td>
<td>6</td>
<td>72%</td>
<td>&gt;$17,000</td>
</tr>
<tr>
<td>Depot Repair</td>
<td>Philips MX40 Holter Monitor</td>
<td>12</td>
<td>12</td>
<td>255</td>
<td>14</td>
<td>350%</td>
<td>&gt;$55,000</td>
</tr>
</tbody>
</table>

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PartsSource PRO Expansion: Over 1000 Hospitals in 3 years
Enterprise Tools to Drive Policy and Compliance

Approval Workflow, Notifications, Formulary & Analytics combine to produce best-in-class quality and operational performance

Formulary Management
• Apply rules for the greatest impact by SKU and/or category
• Manage exceptions with approval tracking

Visual Analytics
• Access real-time insights to see trends in spend by technician, manufacturer and product type
• Measure and improve quality with dynamic drill-down capabilities and trending location data
PartsSource PRO: Capabilities unique in the marketplace
Deliver a reliable and reproducible outcomes, critical to high-quality, cost-effective care delivery for healthcare’s leading providers

**eCommerce Procure to Pay**
- Enterprise procurement cloud platform
- Integration to ERP, EDI and CMMS
- Digitized approval workflow, advance shipping notifications, PO management

**Sourcing & Contract Management**
- Local contract integration
- 24/7 rapid response sourcing
- Secure, controlled supply environment

**Decision Support & Formulary**
- Product & labor analysis
- Patented decision support method
- Enterprise purchase policy tools

**Quality Management**
- Active supplier audits, full supply chain traceability
- Risk surveillance and root cause analysis
- ISO 9001 / 13485 certified

**Category & Supplier Management**
- Impact analysis and category expansion
- Active strategic sourcing
- Guaranteed stock program

**Visual Analytics & Performance Insights**
- Data visualization
- Enterprise supplier performance metrics
- Missed savings opportunities
PartsSource Visual Analytics™
Drive data-driven performance

Program Summary

Tech Productivity

Cost Optimization

Parts & Service Quality Metrics

Shipping Optimization Metrics

Change Management Metrics
Outcomes we are achieving with PartsSource PRO

Our evidence-based platform and service helps Clinical Engineering modernize their approach to maximize capital asset uptime, increase productivity, and accelerate quality patient care.

**Workflow Savings**
Workflow improvements consolidate vendor activity, yielding an hour per day of potential new impact

- 85 Minutes saved per day per purchaser

**Quality Improvements**
Improve quality by 6x, reducing quality driven returns and improving uptime

- 6x Lower return rates

**Cost Reduction**
Savings grow as new members join and fewer service contracts signed

- 15%+ Annual cost reduction
Introducing
On Demand Service – Partnering with OEMs and ISOs

Guy Mansueto, SVP CMO
On-Site Service Overview

https://www.youtube.com/watch?v=jHnwkhWcbdM&feature=youtu.be
The PartsSource Service Network

81 Unique Service Partner Relationships
ISO’s, OEM’s and 3rd Party Providers

**Extensive Network**
Over 1100 Specialists with complete credentials available
- 800+ Imaging specialists
- 300+ Biomed specialists

**Fully Certified**
Certified, trained service specialists on over 35 Modalities
- Extremely strong presence in CT, MRI, X-Ray, US and C-Arms

**Strong Coverage**
Coverage across entire United States
All Pro customers have multiple specialists a car ride away
The Industry’s Largest On Demand Service Network

- Pre-qualified Service Specialists including OEMs
- Strong coverage in CT, MRI, X-Ray, C-Arms, Cath/Angio, Mammography and Biomed
- Most major metropolitan areas supported with local Service Specialists

Largest ISO and OEM National Service Network in the industry!!!
PRECISION Procurement®
Decision Support

- Data-driven decision support
- Patent-pending service specialist selection algorithm
- Performance-driven solution
On-Site Service: Your connection to better service is here

Select the best pre-qualified service specialists from our performance-driven national network to optimize results and experience.

Driven by our proprietary evidence-based selection algorithm powered by PRECISION Procurement leveraging quality, performance, customer satisfaction & behavior all metrics.
SUMMARY: Expanding Your Capacity with On-Demand Service

- **Evidence-based**
  Single platform for Parts and Services ensures quality and ease of use

- **Extensive Network**
  Over 1100 pre-qualified Service Specialists reduces risk

- **Automated**
  Concierge management and digital overwatch delivers results
Thank you from PartsSource

Guy Mansueto, SVP & Chief Marketing Officer
gmansueto@partssource.com | (866) 544-6212

Samantha Dzembo, Business Development Director
dszembo@partssource.com | (941) 421-2503