

Frequently Asked Questions

GENERAL

What is Broadlane?

Through an extensive suite of services, Broadlane delivers integrated expense management solutions to the healthcare industry. Those services include contracting, electronic commerce, expense management, data mining and reporting, and complete outsourcing of the materials management function. Among the companies that focus on improving efficiencies within the healthcare supply chain, only Broadlane offers materials management services, innovative e-commerce technologies and integral group purchasing organization services to best meet the needs of its customers. The company was formed in December 1999. Broadlane's key customers include Tenet Healthcare Corporation, Kaiser Permanente, Universal Health Services (UHS), Community Health Systems (CHS), Continuum Health Partners, IASIS Healthcare, MedCath, Inc., and The Cleveland Clinic Foundation. The company has offices in San Francisco, California and Dallas, Texas.

Why was Broadlane created?

Broadlane's services are focused on driving out unnecessary expense from both the buyer and supplier side of the healthcare supply chain. Among the companies that focus on improving efficiencies within the healthcare supply chain, only Broadlane offers expertise across key functional areas to best meet the needs of its customers. A recent study estimates that 28 percent of the annual healthcare supply spending—approximately \$23 billion—was attributable to supply chain process costs*. This same study concluded that reducing pricing and procurement inefficiencies could eliminate 48 percent of these costs and save approximately \$11 billion annually.

* Efficient Healthcare Consumer Response, Computer Sciences Corporation, November 1996

How many customers does Broadlane Focus serve? What is the purchasing volume?

Broadlane currently has more than 550 acute care hospitals and over 2,000 ambulatory, home health, long-term care and other healthcare facilities that utilize the contracts negotiated by us. We expect purchasing from this portfolio of contracts to exceed \$2.5 billion in 2001.

How does the Broadlane GPO benefit its customers?

Leveraging an extensive, coast-to-coast membership base, an experienced managerial team and Broadlane's proven e-commerce technology platform, Broadlane gives members access to an unparalleled contract portfolio. The Broadlane GPO:

- Negotiates better pricing, improved payment and delivery terms, and uses suppliers who consistently deliver superior products and services.
- Analyzes supply usage, and projects forward to negotiate long-term contracts with suppliers, to lock in favorable prices.
- Reviews supplier bid proposals and coordinates end-user committees for detailed product/technology presentations. As a result, members receive more extensive information and higher-quality supplies.
- Works with physicians and registered nurses to assist organizations in identifying effective strategies for delivering quality care at the lowest cost.
- Leverages e-commerce for contract management and savings, through the Broadlane.com service and ERP system connectivity.
- Involves members actively in contract negotiations and supplier selection.

E-COMMERCE

What are the benefits to using Broadlane's e-commerce services?

Broadlane services are designed to create immediate and long-term value for healthcare providers and suppliers, by allowing them to achieve previously untapped cost-savings opportunities that exist in their supply chain. The electronic marketplace will give healthcare providers immediate access to an extensive array of products through a single, efficient medium, enabling them to more quickly evaluate all purchasing options. And the electronic commerce technology tracks real-time pricing information, so that providers are using the most up-to-date information.

Who are Broadlane's e-commerce customers?

Broadlane has exclusive e-commerce agreements with customers, including Tenet, Universal Health Services (UHS), Community Health Systems (CHS), IASIS Healthcare, and The Cleveland Clinic Foundation. These customers purchase healthcare supplies in the aggregate annual amount of \$2.6 billion. Broadlane also has agreements with IASIS Healthcare Corp., and Paracelsus Health Corp.

What percent of hospitals are using Internet purchasing?

Nearly one-third of all hospitals are already using some form of Internet purchasing*, and electronic transactions are becoming a vital component of supply procurement. Broadlane has initially focused on reducing costs of supplies because they are traditionally the largest non-labor portion of a provider's costs. Typically, for a large hospital system, supplies expenses can range from 15 percent to 25 percent of net revenue.

* Muse & Associates, 1999.

What technology does Broadlane use?

Broadlane's enabling technology incorporates best-of-breed components. Broadlane uses

proven elements from leading electronic commerce technology suppliers, including Oracle, Tradex, Sun Microsystems, and webMethods. The Broadlane technology will be adaptable to both large and small healthcare providers.

What problems are solved by Broadlane's integrated electronic commerce services?

Broadlane has already established its ability to increase price efficiencies through utilization of its contract services division. The proprietary electronic commerce system being used by Broadlane can bring healthcare providers even greater savings by making the procurement process for healthcare supplies and services more streamlined and efficient.

OWNERSHIP

Is Broadlane a public company?

Broadlane is privately owned.

Who is on Broadlane's management team?

Broadlane's senior managers have experience in hospital management and understand the issues that providers handle on a day-to-day basis.

- Trevor Fetter, Chief Executive Officer and Chairman, previously CFO of Tenet Healthcare
- David Ricker, Chief Operating Officer, previously SVP of Resource Management at Tenet and VP Material Management at Premier GPO
- David McAdam, Chief Communications Officer, previously SVP of Corporate Communications for Tenet Healthcare
- F. Lee Marston, Product Management and Integration, previously was SVP and Chief Information Officer of Owens and Minor

Who is on Broadlane's Board of Directors?

- Jeffrey C. Barbakow, Chairman and Chief Executive Officer, Tenet Healthcare Corporation
- Trevor Fetter, Chairman and Chief Executive Officer, Broadlane
- Alan B. Miller, President and Chairman of the Board, Universal Health Systems
- Barry P. Schochet, Vice Chairman, Tenet Healthcare Corporation
- Wayne T. Smith, President and Chief Executive Officer, Community Health Systems, Inc
- Oliver Goldsmith, MD, Medical Director and Chairman of the Board Southern California Permanente Medical Group
- Joseph Wm. (Joe) Hummel, Sr. VP of National Contracting and Purchasing Kaiser Permanente