



**New York
June 2012**

Welcome!

- New Smoke Jumpers
- Absent but participating

Foster Farms

Nestle / Vitality

Lamb Weston

Norpac

Mars/Wrigley

Procter & Gamble

Mission Foods

Unilever

- Housekeeping
- Email and wireless access
- Meeting logistics



Confidentiality and Antitrust

- We are not here to ask anyone to disclose sensitive competitive information
- We are not here to encourage anyone to recommend changes to their company policies or practices – those decisions are up to each of you independently
- If you feel something is proprietary or confidential, do not offer that up to the group
- Do not breach any confidentiality agreements you may have with your customers during these discussions
- All information shared during this session should be considered “public domain”



Agenda for today

- | | |
|----------------|---|
| 8:30 to 9:00 | Background and Goals for today |
| 9:00 to 10:15 | Update on Industry Perspectives |
| 10:30 to 11:45 | Group insights and initiatives |
| 12:00 to 1:00 | Review Case Study over lunch |
| 1:00 to 2:30 | Break Outs – defining execution |
| 2:45 to 4:15 | Group discussion on Break Out sessions |
| 4:15 to 4:30 | Day 1 Summary – evening and Day 2 logistics |



Reconnecting on the plan -



- A. January session – defined expectations modeled around healthcare GPO association, developed evaluation criteria and established standard for Admin Fee claim content.
- B. February to April – gained consensus to move forward with action plans to address the issues

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Big Rocks for Today:

1. Aside from the independent actions of each company, should we do something collectively?
2. Assess our proposed approach for what a collective effort might be. Improve upon that baseline and/or brainstorm alternatives.
3. Looking forward to the next 12 to 24 months, define our expectations for success.

Core Issues

- Multi-Dip: GPO membership transparency and compliance
-- Admin Fees paid against a single case for a single location multiple times.
- Extendibility: Deviated billing and location-level discounts administered through distribution are passed through to locations that are not GPO members.
 - ✓ Margin erosion
 - ✓ Street erosion
 - ✓ Trade flow friction within distribution community
- Contract Conflict: GPO members who are also large enough to warrant “their own” contract drive confusion across the workflow relative to which offer to apply volume against.



Chains as GPO Members

Broad Industry Groups - Led by Anchor Founders	Group	Major Members
	Avendra	Hyatt Hotels [Founding Anchor]
	Avendra	Marriott Hotels [Founding Anchor]
	Avendra	Club Corp
	Avendra	Fairmont Hotels
	Avendra	HMS Host
	Avendra	InterContinental Hotels
	Entegra	Sodexo [Founding Anchor]
	Entegra	Hard Rock Café
	Entegra	Holiday Inn franchisees

Navigator	Managed Health Care
Navigator	Opis
Navigator	Tidewater

Broad Industry Groups - Led by Anchor Founders	Group	Major Members
	foodbuy	Compass [Founding Anchor]
	foodbuy	Atria Assisted Living
	foodbuy	Bon Appetit
	foodbuy	Concessions International
	foodbuy	Consorta
	foodbuy	Cosorta / MedAssets
	foodbuy	HDS Services
	foodbuy	HSCA
	foodbuy	Insource Health Services
	foodbuy	McCormick & Schmick's
	foodbuy	MedAssets
	foodbuy	Ocean Properties
	foodbuy	Omni [need to confirm]
	foodbuy	Pioneer College Caterers
foodbuy	Prime Services	
foodbuy	Starwood [need to confirm]	
foodbuy	Wyndham [need to confirm]	



Chains as GPO Members

Healthcare Focused	Group
	Alliance Purchasing
	Amerinet
	Ameriserv
	Amerisource
	Ameristar
	HCS
	HCR Manor Care
	HPG / Health Trust
	HPSI
	National Health Care
	Novation
	Premier
	Prime Advantage
Senior Resource Alliance	
TrustHouse	

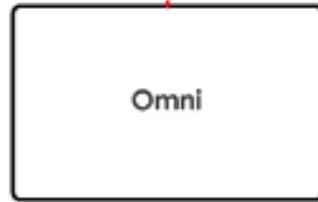
Depends Upon Who You Ask	Group
	BET Purchasing
	Broadlane
	Buy Right Purchasing
	Buyer's Edge
	Centerplate
	Dining Alliance
	Food Source
	Forum Purchasing
	IMA Customer Advantage
	Independent Resources
	Innov atix
	Pan Gregorian
	Power Buying



Trade Flow Friction with “real chains”



100,000 cases
\$ 32.00 contract price

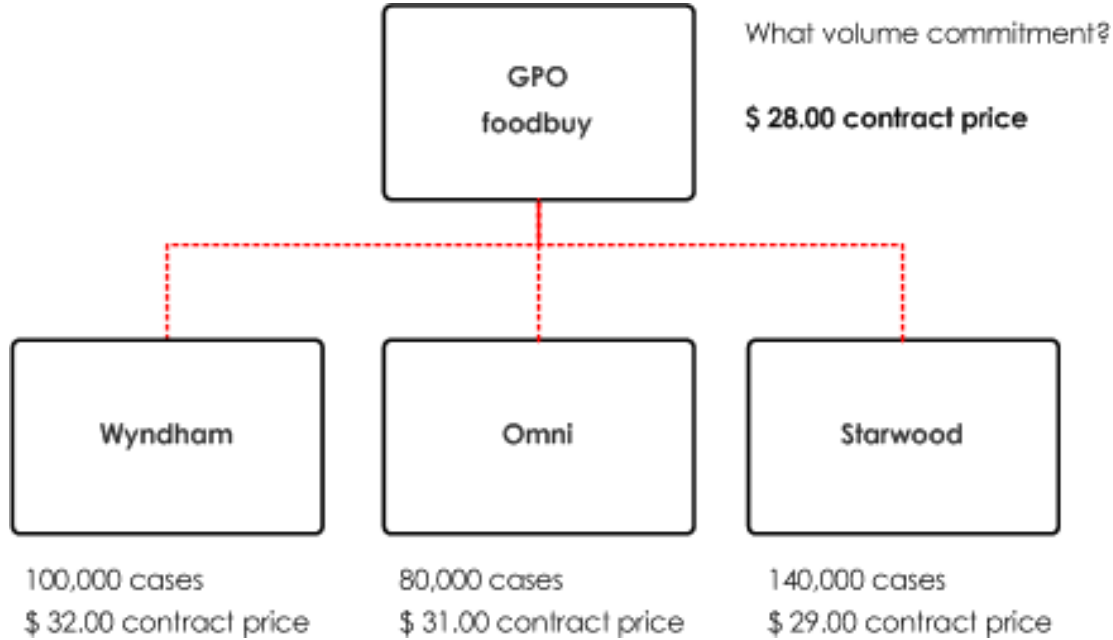


80,000 cases
\$ 31.00 contract price

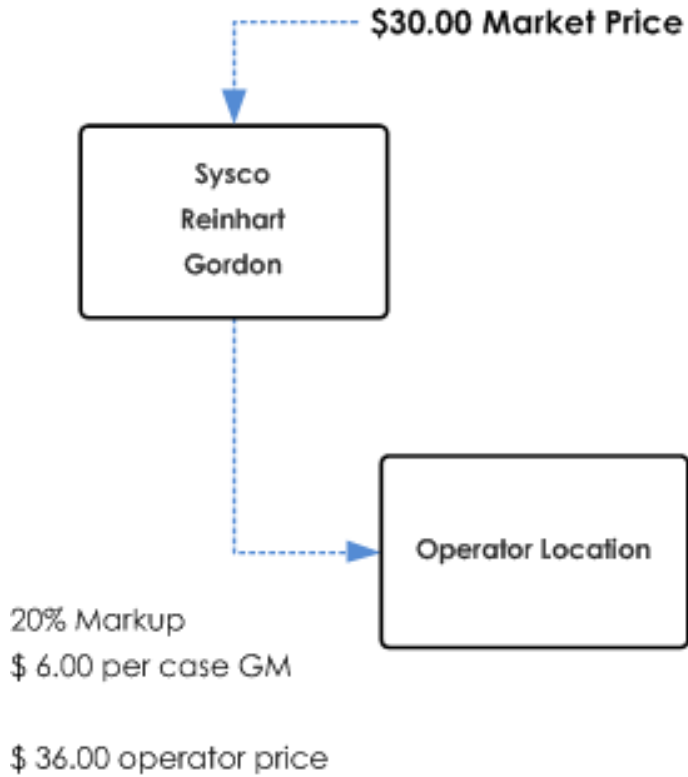


140,000 cases
\$ 29.00 contract price

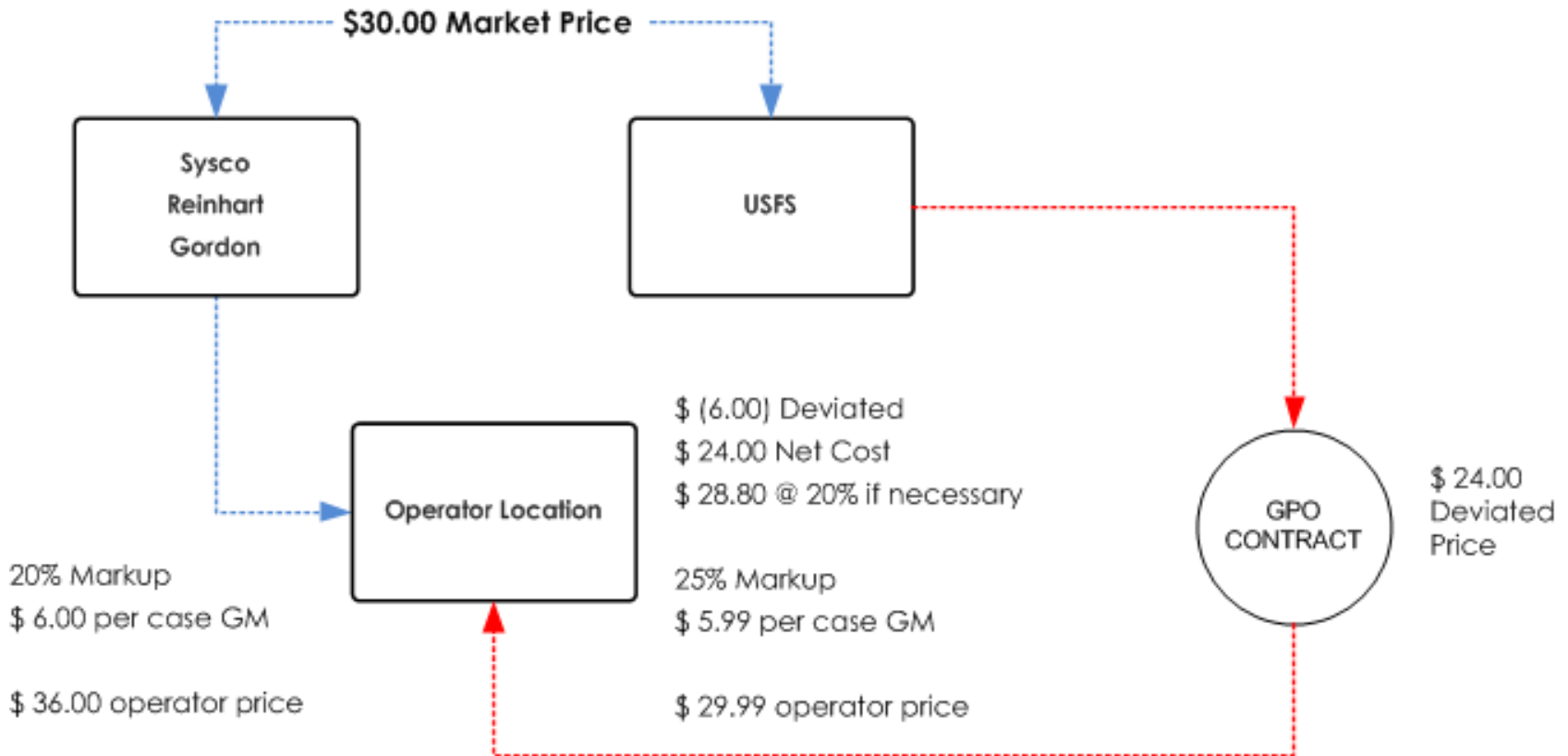
Trade Flow Friction with “real chains”



Trade Flow Friction across distribution



Trade Flow Friction across distribution



What does the data indicate?

- GPO Admin Claims
- Distribution deviated claims
- Audit Rate = TNTC

... let's walk through some simple examples of actual data.



Industry Perspectives

- Issue trends – stabilizing or room to grow?
- Distribution perspectives
- GPO perspectives
- WWGD?



Recent Events within the Group

- Scorecards
- Analysis
- Horror stories
- Success stories



Today's process

- Case study format
- Small breakout groups with assignments from the case
- Break out rooms to ideate, brainstorm and problem-solve
- Re-group as a general session



Your role

- Rely upon your experience and knowledge in the industry
- Try to free yourself of the constraints you may have “back at the ranch” [e.g., disposable vs. F&B, broker v. direct, etc.]
- While we are working as a group, feel free to throw in challenges you have right now for selfish reasons



Group Discussions