



**Strategic
Marketplace
Initiative**



Industry Update



**Healthcare Supply Chain
Trading Partner Viewpoints
SMI Spring 2012 Forum Polling Session**



Introduction

The Strategic Marketplace Initiative (SMI) is a non-profit, member-driven organization dedicated to improving the supply chain through direct information exchange and collaboration between senior healthcare supply chain executives and senior IDN supply chain executives. SMI members include healthcare providers, medical manufacturers, medical distributors, and other healthcare supply chain businesses. SMI, created to influence, shape and advance the future of the healthcare marketplace, provides an open forum for innovative idea-exchange and the development of collaborative process improvement initiatives.

At the SMI Spring 2012 Forum, SMI members participated in the second SMI Forum interactive polling session to collect SMI member views and opinions regarding healthcare supply chain topics. More than 75 individuals participated in the session. Plans currently call for repeating the interactive polling session on an annual basis in order to identify and track trends in thought leader opinion.

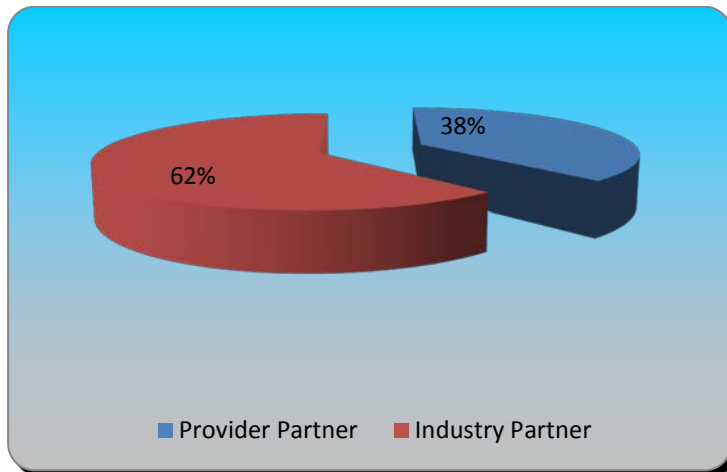
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Participant Profile

Over 75 SMI members, all recognized healthcare supply chain industry thought leaders, participated in an interactive polling session at the SMI Spring 2012 Forum in May of 2012.

A total of twelve questions were presented to the SMI members, who used individual response devices to provide their answers. The summary results contained in this SMI member-only report were displayed live at the Forum. In addition to the summary information, this report also contains the breakdown of votes by two categories: SMI Provider Partners and SMI Industry Partners. This “snap-shot” representation of industry thought-leader’s current opinions offers useful insight for all trading partners and can assist SMI members in their ongoing executive level dialogues, decision-making efforts and strategic planning for advancing the healthcare supply chain in the new era of healthcare reform.

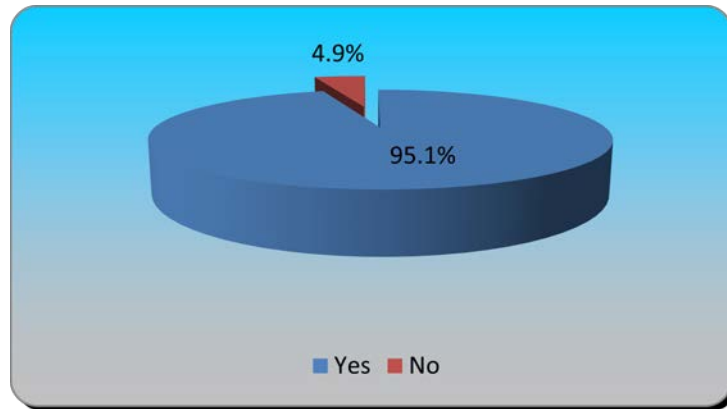


What is your participant type?

PROVIDER PARTNER	37.97%
INDUSTRY PARTNER	62.03%

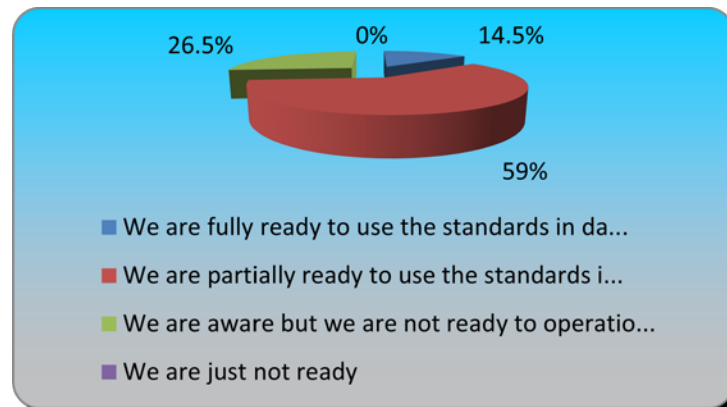
Data Standards

SMI and SMI members have been strong supporters of the GS1 global data standards, dating back to the early SMI efforts that led to formation of the Healthcare Supply Chain Standards Coalition (HSCSC) over 6 years ago. The HSCSC eventually was merged into the GS1 Healthcare US operation. Many SMI members are actively and publicly engaged with industry-wide efforts to educate supply chain participants in the use and adoption of GS1 standards.



Do you believe that GS1 data standards are essential to an efficient and cost effective healthcare supply chain?

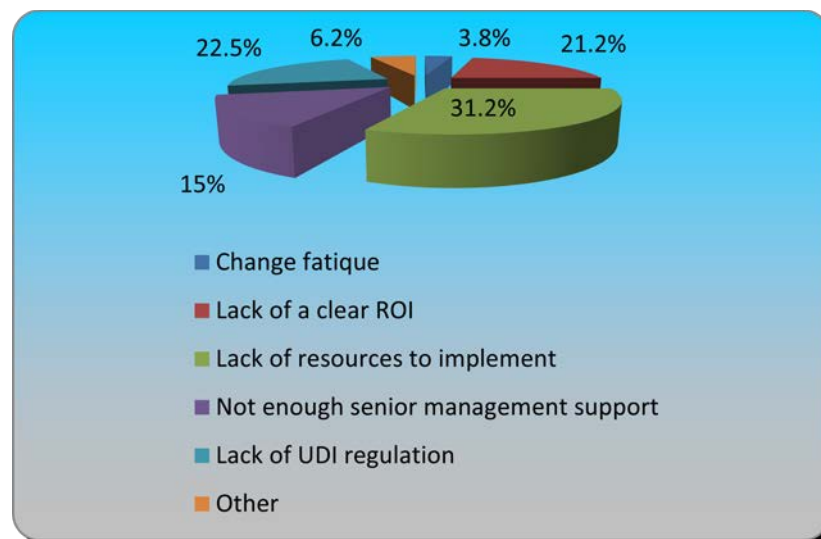
SMI MEMBER BREAKDOWN	YES	NO
PROVIDER PARTNER	100%	0%
INDUSTRY PARTNER	93.75%	6.25%



Which statement best describes your organization's operational readiness today to utilize GS1 data standards to manage the supply chain?

SMI MEMBER BREAKDOWN	WE ARE FULLY READY TO USE THE STANDARDS	WE ARE PARTIALLY READY TO USE THE STANDARDS	WE ARE AWARE BUT NO READY TO OPERATION-ALIZE	WE ARE JUST NOT READY
PROVIDER PARTNER	10.71%	71.43%	17.86%	0.00%
INDUSTRY PARTNER	15.22%	60.87%	23.91%	0.00%

Data Standards (continued)

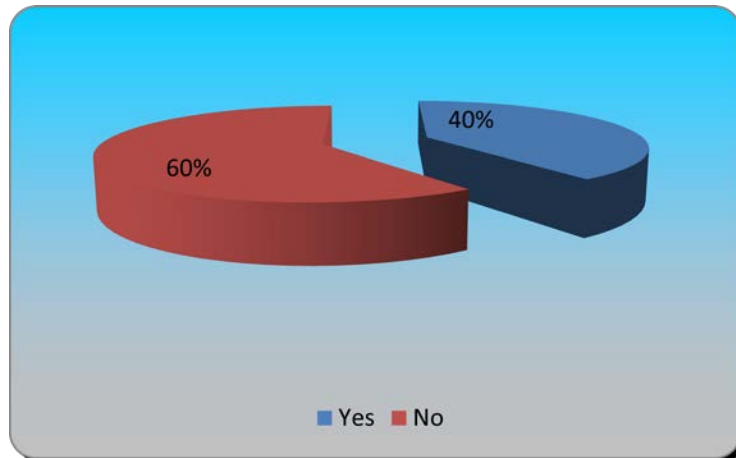


What do you think is the greatest barrier to data standards adoption that our industry faces today?

SMI MEMBER BREAKDOWN	CHANGE FATIGUE	LACK OF CLEAR ROI	LACK OF RESOURCES TO IMPLEMENT	NOT ENOUGH SENIOR MANAGEMENT SUPPORT	LACK OF UDI REGULATION	OTHER
PROVIDER PARTNER	0.00%	11.54%	42.31%	15.38%	26.92%	3.85%
INDUSTRY PARTNER	7.32%	26.83%	24.39%	17.07%	19.51%	4.88%

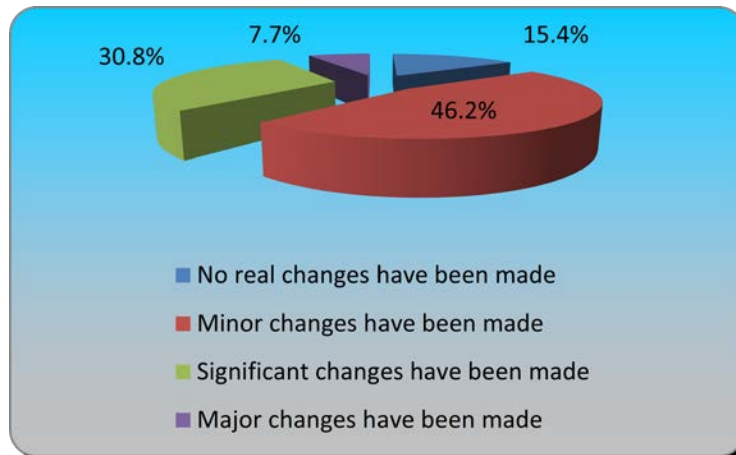
Healthcare Reform

The Patient Protection Affordable Care Act (PPACA) of 2010 initiated a new era in the American healthcare industry. At the time of the SMI Spring 2012 Forum polling session, legal challenges to the PPACA were still underway, creating uncertainty in the marketplace.



Do you think the Patient Protection Affordable Care Act (PPACA) of 2010 will be repealed by the Supreme Court?

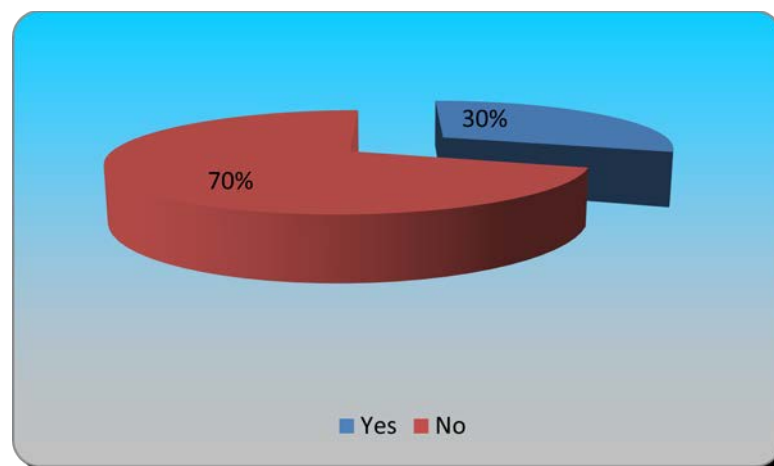
SMI MEMBER BREAKDOWN	YES	NO
PROVIDER PARTNER	25.00%	75.00%
INDUSTRY PARTNER	45.65%	54.35%



Since PPACA was passed in 2010, how much real change do you estimate that your organization has already implemented to be ready?

SMI MEMBER BREAKDOWN	NO REAL CHANGES	MINOR CHANGES	SIGNIFICANT CHANGES	MAJOR CHANGES
PROVIDER PARTNER	4.17%	29.17%	50.00%	16.67%
INDUSTRY PARTNER	21.43%	54.76%	19.05%	4.76%

Healthcare Reform (continued)

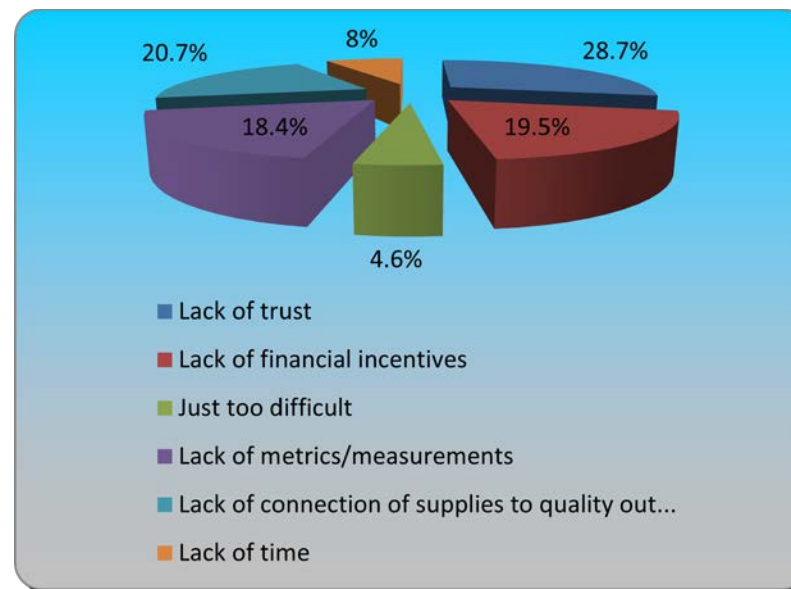


Since PPACA was passed in 2010, has your organization realigned your incentives/financial compensation to better reflect the era of reform?

SMI MEMBER BREAKDOWN	YES	NO
PROVIDER PARTNER	51.85%	48.15%
INDUSTRY PARTNER	14.63%	85.37%

Trading Relationships

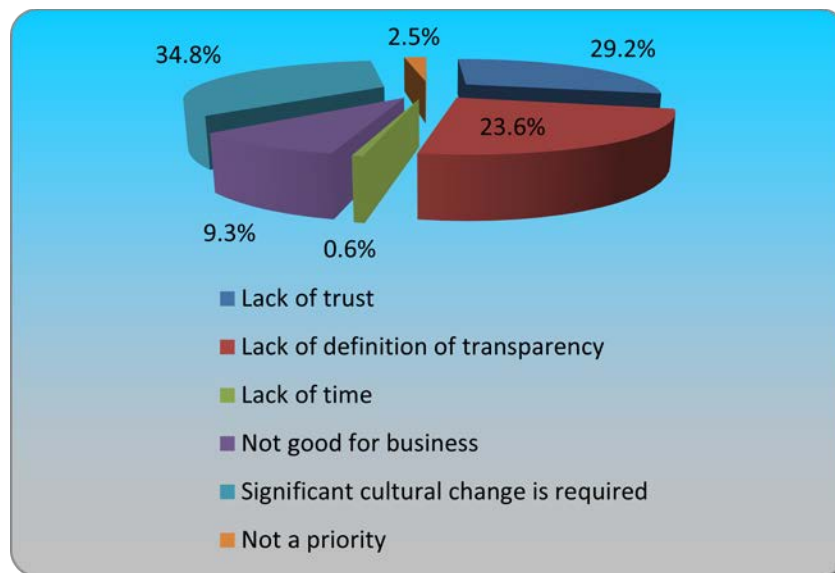
SMI has consistently supported the creation of stronger relationships between providers and suppliers. One prime example of that support is the creation of the industry tool Measuring Effective Relationships.



What do you think are the two (2) greatest obstacles to creating true partnerships amongst trading partners?

SMI MEMBER BREAKDOWN	LACK OF TRUST	LACK OF FINANCIAL INCENTIVES	JUST TOO DIFFICULT	LACK OF METRICS	LACK OF CONNECTION	LACK OF TIME
PROVIDER PARTNER	24.07%	22.22%	5.56%	18.52%	22.22%	7.41%
INDUSTRY PARTNER	35.23%	17.05%	3.42%	19.32%	17.05%	7.95%

Transparency

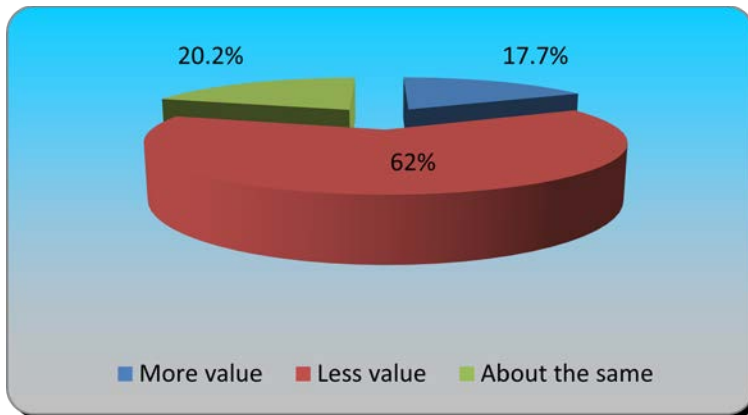


Which of the following do you think are the two (2) greatest obstacles to transparency the healthcare supply chain industry faces today?

SMI MEMBER BREAKDOWN	LACK OF TRUST	LACK OF DEFINITION OF TRANSP.	LACK OF TIME	NOT GOOD FOR BUSINESS	SIGNIFICANT CULTURAL CHANGE	NOT A PRIORTIY
PROVIDER PARTNER	31.37%	25.52%	1.96%	5.88%	35.29%	1.96%
INDUSTRY PARTNER	29.63%	23.46%	0.00%	9.88%	35.80%	1.23%

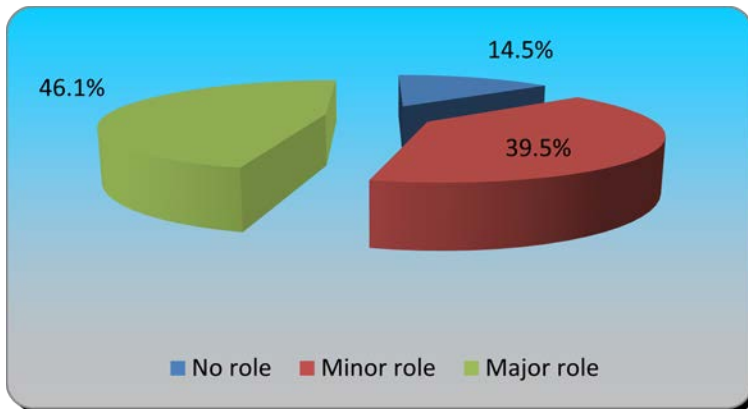
GPOs

Group purchasing organizations (GPOs) and the roles that they play in the healthcare supply chain continue to evolve. In addition to contracting services, GPOs offer value added services that can impact both providers and suppliers in many ways.



Compared to three years ago, are GPOs providing more value, less value, or about the same to you?

SMI MEMBER BREAKDOWN	MORE VALUE	LESS VALUE	ABOUT THE SAME
PROVIDER PARTNER	44.44%	25.93%	29.63%
INDUSTRY PARTNER	0.00%	78.95%	21.05%



What role will GPOs play in your organization's strategic planning next year?

SMI MEMBER BREAKDOWN	NO ROLE	MINOR ROLE	MAJOR ROLE
PROVIDER PARTNER	32.00%	32.00%	36.00%
INDUSTRY PARTNER	5.00%	45.00%	50.00%



Conclusion

SMI members receive an advanced copy of the results of SMI Forum polling sessions. Current plans call for interactive polling of SMI members annually at an SMI Forum. Results and trends of all future polling sessions will be shared with all SMI members. Members are encouraged to provide the SMI staff with any feedback or comments on these summary documents that report the polling results. Members are also encouraged to suggest any additional polling questions that may be strategic to your organization.