

# 2018 Vizient Playbook

March 2018

A photograph of a clear glass shelf with the word "vizient" in orange lowercase letters. The shelf is set against a blurred background of warm orange and cool blue lights, creating a modern, high-tech atmosphere.

vizient

# Letter from Curt and Byron



**Curt Nonomaque**  
President and CEO  
Through March 2018



**Byron Jobe**  
President and CEO  
Effective April 2018

Whether you work in a clinical setting or in a business setting, health care is an industry built upon personal experiences. From the caregiver serving on the front lines to the administrator ensuring proper billing, every interaction matters. And it's not just one touchpoint that makes, or even breaks, the experience—it's the sum of all interactions along the journey.

This is no different for Vizient®. Having completed the majority of our integration work, we represent the strongest, most comprehensive capabilities to help members tackle health care's toughest challenges. But our effectiveness is not measured on capabilities alone.

One of our strategic aspirations is to become an indispensable partner to health care organizations. To fulfill this, we must commit to creating an extraordinary member experience every step of the way. Whether it's one of our clinical process engagements that results in shorter length of stay or a customized approach to saving millions in contract spend or how we leverage employee talents inside Vizient day to day—all of these factor into our overall equation of helping members deliver exceptional, cost-effective care.

Vizient is distinguished as the nation's largest member-driven health care performance improvement company. We depend on member feedback to drive our strategies and build our solutions to solve their top needs: ensuring a sustainable cost structure, reducing unnecessary variation, improving clinical outcomes and executing strategies for market success. We address these needs through a comprehensive platform of performance improvement solutions. With a strong foundation in sourcing, analytics, advisory and collaboration services, our capabilities enable us to deliver a new level of insight unrivaled in the industry.

As we begin 2018, we will continue our journey to fulfill our strategic aspirations by:

- Building on our strong market position with an agile offering strategy well-suited for a fast-changing landscape
- Driving new scale and growth in Vizient's business by continuing to advance the value delivered by our GPO business and by making important investments, especially in the areas of analytics and advisory services
- Optimizing our internal operations to ensure alignment and consistency
- And, most importantly: ensuring that an exceptional member experience remains at the center of what we do

As the health care industry transitions and changes, so too does Vizient. As our company evolves, rest assured that we remain singularly focused on accelerating our members' performance.

We understand the importance of remaining agile to meet the ever-changing needs of members. And we are honored to serve side by side with the nation's leading health care providers, helping them deliver exceptional, cost-effective care for the patients and communities they serve.

Handwritten signature of Curt Nonomaque in black ink.

Handwritten signature of Byron Jobe in black ink.

# Our strategic direction

Our purpose and mission guide our strategy

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## Purpose—why we exist

To ensure our members deliver exceptional, cost-effective care

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## Mission—how we deliver on our purpose

To connect members with the knowledge, solutions and expertise that accelerate performance

**We are successful only when our members are successful.**

Our strategy integrates the choices we make

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## Strategic aspirations—our focused, multiyear objectives

Become an indispensable partner to health care organizations

- Connect members to learn, improve and build together
- Provide market-leading solutions that address the distinct needs of diverse members
- Create an extraordinary member experience

Become a leader in health care innovation

- Provide market-driven insights that anticipate and address member opportunities
- Repeatedly and reliably deliver innovations

Accelerate our growth rate

- Grow member value
- Grow membership
- Grow profitability

# How we meet members' needs

Vizient members have varied paths and unique goals, yet their ultimate objective is to deliver high-quality, affordable care to the communities they serve. With member needs top of mind, our solution framework depicts how we combine our core capabilities into four performance improvement platforms that deliver measurable results. Within each platform are specific ways we customize our offerings to help members address their unique situations.



## Our capabilities enable us to deliver a new level of insight unrivaled in the industry

We will continue to advance our offerings strategy by connecting member data across the supply and clinical domains as well as the full care continuum. This will result in more integrated solutions that improve financial, operational and clinical performance.

# Optimize supply operations

Our performance improvement platforms



## What members are saying:

- *As a supply chain, you have to determine the best avenue of presenting data to clinicians, and that's the value that Vizient brings. Not only do they have people who walk the walk, and talk the talk, but they have a package and delivery methodology that's, bar none, better than any other I've seen.*••

## Lower supply costs

Vizient enables members to:

- Assess spend relative to peers and identify price savings opportunities
- Understand category and supplier dynamics
- Implement optimal category strategies from a range of available options
- Optimize and monitor price performance to maintain contemporary pricing

## Drive operational efficiencies

Vizient enables members to:

- Improve master data
- Centralize and automate procurement processes
- Streamline material management
- Ensure and measure alignment with suppliers and distributor partners
- Supplement resources

## Achieve clinical-supply integration

Vizient enables members to:

- Develop high-functioning multidisciplinary governance
- Assess cost and outcomes; identify opportunities for utilization savings
- Integrate peer-reviewed clinical literature and other evidence into decision-making
- Develop and manage clinical protocols that reduce variation

# Improve care delivery

## Our performance improvement platforms



### What members are saying:

- *I thank them for their partnership and the services they offer us to assist with our journey to improve quality and patient safety.*

### Deliver high-quality, cost-effective care

Vizient enables members to:

- Benchmark quality and resource utilization relative to peers and identify improvement opportunities
- Drive clinical decisions through integrated clinical, operational and supply data insights
- Transform organizational culture through commitment to continuous learning, improvement and peer collaboration
- Improve market position as “providers of choice”

### Reduce unnecessary clinical variation

Vizient enables members to:

- Design care systems and processes to improve efficiency and effectiveness of care
- Reduce unnecessary variation in resource use, process or outcomes
- Align physicians and drive change through transparent, risk-adjusted benchmarks for outcomes and utilization
- Enable front-line driven, sustainable performance improvement for relevant clinical conditions

### Optimize service line performance

Vizient enables members to:

- Prioritize investments to improve competitiveness and relevance in local market
- Streamline service line design and operations across the care continuum
- Manage margin and total cost of care by service line
- Develop effective service line management and team engagement models

# Maximize pharmacy performance

## Our performance improvement platforms

### Stabilize pharmacy spend

Vizient enables members to:

- Improve price performance through targeted savings programs
- Assess spend relative to peers and identify price savings opportunities
- Manage drug supply stability amidst shortages and drug pipeline volatility
- Implement optimal therapeutic category strategies from range of available options

### Improve clinical pharmacy care

Vizient enables members to:

- Develop high-functioning multidisciplinary committees
- Assess cost and outcomes and identify opportunities for utilization savings
- Gather and assess the relevance of peer-reviewed clinical literature and other evidence
- Manage clinical protocol development and variation-reduction initiatives

### Drive incremental revenue

Vizient enables members to:

- Utilize pharmacy as a strategic asset in managing total value of care
- Integrate patient pharmacy care across the care continuum
- Improve access to payers and suppliers for specialty pharmacy drugs
- Realize revenue opportunities through ambulatory pharmacy or data partnerships



### What members are saying:

- *The pharmacy team has been helpful in providing industry insight on cost-cutting strategies along with evidence-based, effective clinical programs.*••

# Evolve strategies to grow and compete

Our performance improvement platforms



What members are saying:

- *Not too many companies can keep up with the changes and challenges of health care. Vizient has managed to do that.*••

## Develop an effective system of care

Vizient enables members to:

- Optimize ambulatory care to improve cost position
- Benchmark physician performance
- Enhance market relevance to better capture covered lives

## Design new clinical and business models

Vizient enables members to:

- Establish clinical pathways and best practices to eliminate medically unnecessary care
- Capitalize on evolving payment models for competitive success
- Tailor moves into value-based care to local market realities and organizational strength

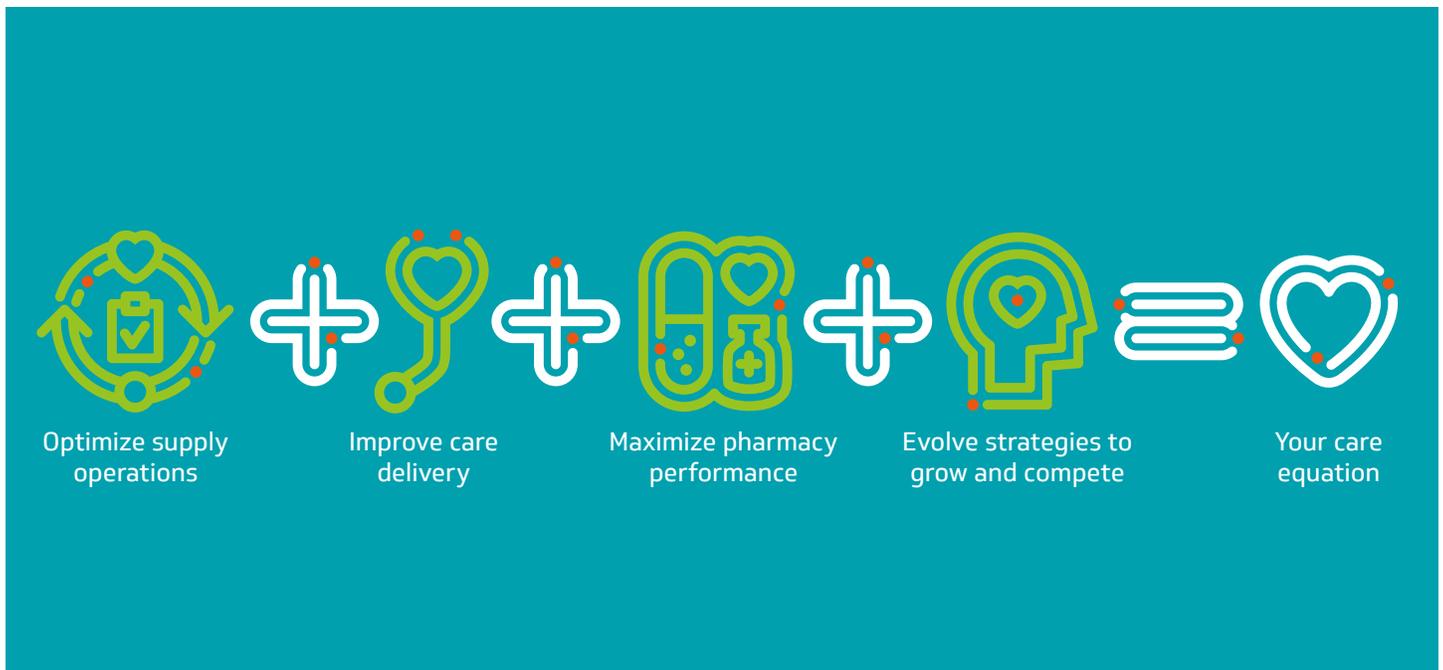
## Align with physicians and strategic partners

Vizient enables members to:

- Optimize physician clinical integration, collaboration and alignment
- Realize network management optimization, including productivity, access and throughput
- Seek partnerships to enter into new markets and/or tackle the total cost of care

- *Great analytics, insight and vision have placed this company ahead of the health care analytics industry. A strong foundation from the beginning has propelled the company into a leading, trustworthy and expert entity.*••

# What sets us apart



Vizient is the largest member-driven, health care performance improvement company in the nation.

We are uniquely positioned to work with the country's leading institutions to drive better outcomes for health care providers, patients, families and communities.

## Vizient connects cost and utilization with clinical outcomes to achieve sustainable value

- Unique ability to link clinical, operational and supply insights to enable members to improve outcomes
- Clinically integrated, member-led sourcing process that leverages \$100+ billion in purchasing volume
- Category-specific programs and advisory services to impact price, efficiency and use of the products

## Vizient drives performance improvement through deep integration of analytics into provider workflow

- Industry's leading integrated supply procurement, data management and analytics platform
- Clinician-tested risk methodologies and transparent benchmarking to help members set improvement targets
- Insights driven by the industry's richest, transparent comparative data set

## Vizient translates strategic plans into actionable practices

- Data-driven performance insights and services that link strategic decisions with quality, cost and process opportunities
- Proven frameworks for clinical process improvement, cost optimization, workforce and physician engagement
- Ranked as one of health care's largest consultancies

## Vizient represents the nation's largest member-driven performance improvement community

- Focused problem solving through networks of like-minded providers to learn, improve and build together
- Shared performance improvement initiatives accessed by more than 40,000 participants in peer-led networks
- Elevated commitment through joint member business ventures and coalitions

We are called to a higher purpose. Vizient partners with members to align the business of health care with the heart of health care and drive efficient, high-quality patient outcomes.

# Our culture and values

As an enterprise of companies, we operate according to a dynamic set of values that drives both the performance of our enterprise and the exceptional experience we want to provide for members and each other.

We nurture a culture of inclusion that bolsters trust, inspires collaboration and propels innovation. In a rapidly evolving health care climate, we challenge ourselves to think differently and creatively to drive new levels of performance for the organizations we serve.

We believe our people are the differentiator in our success. Bringing diverse talents, expertise and creativity, Vizient employees work alongside the nation's top providers to solve health care's most pressing challenges and improve peoples' lives.

We are united by a passion for community and energized by the goals we pursue together. And because we know integrity is both what you do and how you do it, Vizient values are our guideposts, internally and externally.

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## Permission-to-play values

### Our baseline expectations

Simply put, you are here because you demonstrate these values

- **Respect:** Treat others as you would like to be treated
- **Integrity:** Be honest, ethical and trustworthy
- **Service:** Diligently meet the needs of others
- **Judgment:** Make wise decisions



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## Core values

### Cultural cornerstones

These principles guide all of our actions and are never to be compromised. Together, they distinguish the type of partnership we provide internally among our leadership and employees and externally with our members

- **Collaborative:** Work together to achieve success
- **Adaptive:** Anticipate and embrace change
- **Resourceful:** Bring together the right expertise at the right time to achieve the right result

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## Aspirational values

### Behaviors that maximize our potential

These aspirations for daily interaction will drive our future success

- **Personal best:** Foster a shared commitment to unleash employee potential
- **Innovation:** Challenge convention to forge new paths and solutions
- **Partnership:** Utilize our collective wisdom and insights to guide our members
- **Aligned execution:** Nurture a unified network of employees, members and business partners to create value
- **Inclusion and diversity:** Embrace, value and leverage different backgrounds, skills and experiences

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## Accidental values

### Behaviors that limit our potential

We can work together to prevent behaviors that negatively influence interactions—and address them when they arise

- **Optional buy-in:** Agree without intent to follow through
- **Conflict avoidance:** Sidestep uncomfortable issues
- **Siloed thinking:** Draw your circle too small

# Aligned to achieve our 2018 goals

## 1. Become an indispensable partner to health care organizations

Weight	Goal	Threshold	Target	Superior
30%	Increase member value to drive exceptional, cost-effective care	Achieve <b>\$2.8 billion</b> in value <sup>1</sup>	Achieve <b>\$3.6 billion</b> in value <sup>1</sup>	Achieve <b>\$4.2 billion</b> in value <sup>1</sup>

## 2. Become a leader in health care innovation

Weight	Goal	Threshold	Target	Superior
15%	Increase member participation in Vizient clinical solutions	<b>50 net new member facilities</b> participate in the CDB, SLA, OR Explorer/CQE or FPSC solutions	<b>80 net new member facilities</b> participate in the CDB, SLA, OR Explorer/CQE or FPSC solutions	<b>120 net new member facilities</b> participate in the CDB, SLA, OR Explorer/CQE or FPSC solutions

## 3. Accelerate our growth rate

Weight	Goal	Threshold	Target	Superior
15%	<b>A)</b> Increase adoption of Vizient offerings	Generate <b>\$276 million</b> in new sales and renewal bookings for Vizient offerings <sup>2</sup>	Generate <b>\$345 million</b> in new sales and renewal bookings for Vizient offerings <sup>2</sup>	Generate <b>\$420 million</b> in new sales and renewal bookings for Vizient offerings <sup>2</sup>
15%	<b>B)</b> Improve penetration of Vizient offerings in major member systems	<b>5.7 average offerings</b> deployed in major member systems <sup>3</sup>	<b>6.1 average offerings</b> deployed in major member systems <sup>3</sup>	<b>6.5 average offerings</b> deployed in major member systems <sup>3</sup>
10%	<b>C)</b> Improve Vizient financial performance—revenue	Achieve revenue of <b>\$1,180 million</b> <sup>4</sup>	Achieve revenue of <b>\$1,250 million</b> <sup>4</sup>	Achieve revenue of <b>\$1,330 million</b> <sup>4</sup>
15%	<b>D)</b> Improve Vizient financial performance—adjusted EBITDA	Achieve adjusted EBITDA of <b>\$365 million</b> <sup>5</sup>	Achieve adjusted EBITDA of <b>\$405 million</b> <sup>5</sup>	Achieve adjusted EBITDA of <b>\$445 million</b> <sup>5</sup>

<sup>1</sup> Initiatives include all Vizient programs, services and offerings that drive exceptional, member cost-effective care.

<sup>2</sup> Total contract value from fee-for-service renewals and new group purchasing organization (GPO) and non-GPO sales closed in 2018.

<sup>3</sup> Average of offerings deployed represents the number of Vizient offerings in any facility in the top 178 member health care organizations. The offerings measured include **Clinical, Quality, Operations and Strategy**: CDB, SLA + OR Explorer/CQE, Sg2 Patient Flow, Sg2 Market Edge, Sg2 Membership,

Contract Labor Optimizer (CLO); **Supply Operations**: GPO Participation, Savings Actualizer-Supplies, Savings Actualizer-Pharmacy, DataLYNX, eCommerce Exchange; **Advisory and Collaboration**: Fee-for-Service Consulting, Collaboratives and Network Participation.

<sup>4</sup> 2018 budgeted consolidated net revenue for Vizient, Inc.

<sup>5</sup> 2018 budgeted consolidated EBITDA for Vizient, Inc. (pro forma and adjusted) as defined in Vizient's bank credit agreement.

# vizient<sup>®</sup>

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