The GHX Factor

AIQ helps clients lower costs and raise EBIDTA

"AIQ is an integral part of the plan. We're improving volumes, up time, efficiency and EBITDA, and reducing our costs, incidents, time and labor. That's the GHX factor."

"This is a great outcome."
- Rob Gillespie - CFO, GHX

The GHX Factor

AIQ helps GHX lower costs, increase EBITDA and enable technological alignment

Situation:

- GHX had conflicting requirements including the need to fund its plan to triple the volume of information its business could handle, reduce the risk of outages and scale operations to fit demand. At the same time, it was crucial for GHX to concurrently reduce costs and increase EBITDA.

- Global Healthcare Exchange, LLC (GHX) delivers the industry-leading healthcare trading exchange in addition to procurement and accounts payable automation, contract and inventory management, credentialing and vendor management, business intelligence, and other tools and services.

Solution:

- In support of GHX's aggressive goals to expand the business, reach its EBITDA goals, and improve the company's conferencing, Business Process Outsourcing (BPO), fax services, colocation, voice, wireless, hardware infrastructure contracts, and cost model, GHX engaged AuctionIQ (AIQ) and realized significant savings.

- GHX's Chief Financial Officer Rob Gillespie is an innovative leader with a strong, committed team of Subject Matter Experts (SME's) who fully support Rob in achieving the dual mission of reducing expense while growing and upgrading GHX technology infrastructure. By collaborating closely with AIQ this project tightened the alignment of business requirements and technology enablement.

- In GHX's own words, "…the amount of the savings was impressive!"

- AIQ projects deliver multi-million dollar, bottom-line results that free up capital to fund other investments or to return to shareholders. AIQ services permanently remove 30-50% of the overall cost of IT and telecom services, the 3rd-5th largest cost drivers in many businesses – and often in less than 90 days.

The Demand for Action

GHX operates in the complex healthcare supply chain market and has an impact on redefining healthcare supply chain information management. Combine the size of the GHX platform and the speed of its business growth with running a business in the fast changing areas of healthcare and technology, and the challenges become clear. This combination of rapid change and complex business model created the crucial need for GHX to reevaluate its IT services and technology supply chain.

> "As CFO I've only got so many levers. The revenue lever only goes so far.... It's the cost lever that you have more control over. That's why I called on AIQ to help reduce cost."
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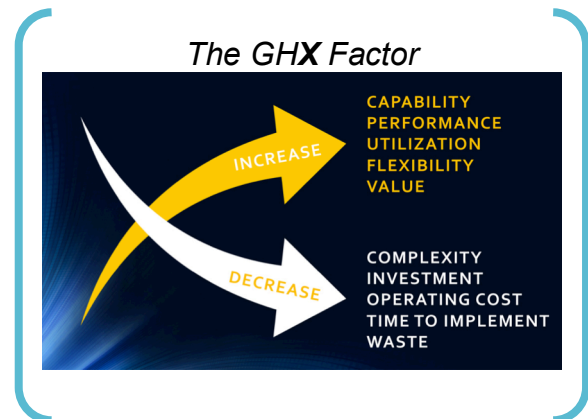> **-** *Rob Gillespie, CFO at GHX*

Putting the X Factor in GHX

Chief Financial Officer: Rob Gillespie

Solving this challenge and creating value for GHX required not only a team but one that was tightly aligned to the vision, plan and outcome. Rob was the driver of not only assembling that team but casting the vision that kicked off the engagement with AIQ.

GHX was facing ambitious growth and EBITDA goals, and Rob knew that running efficiently was a critical component to success. But it was not the only lever that needed to be pulled. While companies can't always control delivery of revenue, Rob operated on the experience that you can control costs, only if you take the right steps. And managing for the possibility of revenue that may arrive late, or not at all, is ultimately a story about minimizing risk.

Two of Rob's critical team leaders included Steve Cochran, Chief Technology Officer, and Sloane Stricker, Vice President Global Operations and Infrastructure. Steve and Sloan had a plan: Create - an X factor, a way of getting more of what you want, and less of what you don't. "Instead of walking around talking about cost cutting, which can seem like a negative thing, I prefer to talk about modernization and optimization," said Sloane.

The GHX Factor

INCREASE — CAPABILITY PERFORMANCE UTILIZATION FLEXIBILITY VALUE

DECREASE — COMPLEXITY INVESTMENT OPERATING COST TIME TO IMPLEMENT WASTE

Rob reached out to AIQ CEO Brad Buxton and the two organizations began to tackle the challenge.

Step one was getting AIQ access to the required information and making the timely decisions to reach the results. Based on where AIQ identified potential savings, GHX started with wireless, conferencing services, e-fax, networking, collocation and hosting, and BPO.

"AIQ is an integral part of the plan. We're improving volumes, up time, efficiency and EBITDA, and reducing our costs, incidents, time and labor. That's *the GHX factor*," said Sloane.

He added, "The positive side is on the way up, while the negative side is going down, and the point where they cross means big savings and important benefits for the company."

Proven Model for Success

AIQ is a global Business Process Provider that specializes in the IT and telecom services categories. As part of its process, AIQ helps clients understand their current spending model for IT services and then assists them in optimizing, re-sourcing and updating new and existing contracts to add overall category savings of around **50%**. This is achieved by providing:

- Transparency into IT services structures and spend models at atomic levels.
- A unique, proven process developed through more than 30 years of innovation and investment, then continuously improved on among its Fortune 1000 clients.
- The result is the client's choice of its best combination of suppliers, contracts and pricing for IT services and telecom.

- The use and application of its global market knowledge database.
- Experts who are current on where cross-company, cross-industry and global developments are occurring in delivering IT services and supply chains.

The result? 30-50% savings in the 3rd-5th largest cost item of most businesses (IT and telecom) services.

"Rob's request was just what we do every day for our clients," Buxton said. "His sense of urgency was intense."

Brad assembled his team and flew to the GHX headquarters in Colorado for a kickoff meeting and to begin gathering information about the company. It took less than a month for AIQ to project significant savings that would put GHX well on the way to meeting its fiscal goal.

"GHX transacted more than $59 billion in healthcare supply spend through the GHX Exchange over the past 12 months and has documented $6 billion in savings for its healthcare customers. It was more than a little intimidating to step into a room full of experienced GHX procurement and technical employees with a promise of reducing their IT and telecom costs. But with GHX's full collaboration, we did it." – Brad Buxton, AIQ CEO.

The Team Comes Together

Rob understood that as CFO he had to be very engaged in order to achieve success. The AIQ team's experience across its breadth of clients is that active leadership is required to ensure alignment of a vision, team, plan of action and outcomes. Having Rob actively engaged helped get this project off on strong footing.

"I'm not trying to lead the project. I'm just trying to make sure the team gets the support, and that we're getting to the goal." He had to build consensus fast among the top executives and technical managers who would be necessary to implement his plan to reduce costs using AuctionIQ.

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– Brad Buxton, AIQ CEO

Chief Technology Officer: Steve Cochran

Right from the start Steve had a clear sense of the problem. Plus, he understood how to use the best technology to deliver productivity improvements in a fast-growing healthcare business while embracing the notion that there's always room to optimize IT services and the supply chain when growing fast and the technology is changing even faster.

"AuctionIQ showed us how to expect more than being satisfied with a 20% discount. We had almost no belief that they [AIQ] could seriously impact our contracts. But they did, helping us renegotiate contracts and putting us in a much stronger position with serious savings. That was the starting point. And then I watched the complete transformation," said Steve.

VP Global Operations & Infrastructure: Sloane Stricker

The AIQ process began with the assignment of an executive, single-point-of-contact who could put the direction of the CFO into action. Sloane Stricker, VP Global Operations & Infrastructure, was known for his ability to get things done and was chosen for this task.

Important to Sloane was targeting predicted savings without diminishing capabilities or the quality of services at GHX. "The story of this project correlates well with our main selling point at GHX: we are driving cost out of the Exchange by being lean, efficient and high performing," said Sloane.

Creating Smarter Business Relationships

Director of Global Technology Services: Jee Grover

Jee Grover, director of Global Technology Services, manages the wireless and conferencing portion of the business. He said, "We wanted to take a hard look at our wireless and conferencing to really know if we were getting a fair deal for the quality that we demand."

"When AIQ came in and gave us the understanding of what we were currently paying for versus information in AIQ's Global Market Knowledge Database, it gave us a more educated, informed position about costs. It changed the way I was talking with our vendors. Now we can maintain that supplier relationship with validated foundational knowledge," said Jee.

"I wasn't surprised that we got savings - but the amount of savings we received through your (AIQ) process was impressive!" he added. "AIQ worked with us to accomplish savings in a way that resulted in tangible gains. We now have a better relationship with the vendors we do business with. And it has put us on a better path for our future growth."

Optimizing Outsourcing

**Vice President of Global Customer Care, Rich Hanke, and
Director of Product Operations, Dave Osburn**

Like many large enterprises, GHX utilizes Business Process Outsourcing firms to handle some of the processes required to make its business function. These firms are important business partners.

Global Customer Care VP Rich Hanke prioritized quality and performance from these relationships and any work with AIQ to reduce costs could not be negatively impact these priorities. At the conclusion of the project, Rich commented on the quality outcome: "I'm thrilled with the results. Not only do I have the same supplier with no degradation of quality, but I also received real savings."

Dave Osburn, director of product operations, remarked, "Working with AIQ was a positive learning experience that helped us to better understand how to leverage partners. AIQ quickly understood our situation, gave us great recommendations and options, and then helped manage the details, bidding, negotiations, and contracts while demonstrating best-in-class practices."

According to the GHX team, AIQ was a critical partner in achieving its goals around optimizing outsourcing. "AIQ has people, expertise, processes and experience across hundreds of clients and suppliers on a global basis that no single company could reproduce," added Dave.

The Skills and the Science Behind the Results

What made the difference was the implementation and execution of AIQ's unique business processes, data and expertise. The process merges billing rates, volumes, and many other details into a transparent and logical spend model and current baseline of costs. AIQ provides options and recommendations throughout the process that allow a client to make more effective decisions. AIQ's expertise and working relationship with the global IT and telecom services suppliers allows the consultants to present the requirements and specifications to qualified bidders in a manner that fosters better understanding and competition.

> **"We overachieved our EBITDA target.**
>
> **"We appreciate what AIQ did to help us address our challenge. We all believe that we couldn't have done it without you guys."**
>
> *Rob Gillespie, CFO at GHX*

Suppliers hoping to win the business can confidently offer accurate bids because of the extreme detail AIQ provides. There's no need to hedge or guess. That level of detail is key to AIQ's process: it allowed bidders to tailor their bids to meet GHX's specific needs because they knew exactly what's required.

And that detailed approach has another benefit: the incumbent is fully aware that the level of specificity allows their competitors to come in with competitive and accurate bids. They can see the ranking of all the bids in real time. They have to confront the fact that they're competing directly against other firms on an apples to apples basis to keep the business.

All the competitors can react instantaneously to lower their bids on any item as well as better their answers to detailed SLA and terms and conditions requirements. This process maximizes competition and makes the true market value available to AIQ's clients.

SUMMARY: Knowing What Good Looks Like

Director, Global Infrastructure Services, Chris Lewicki said, "This was a very successful experience." Dave seconded that feeling. "It's a great experience. I was blown away. The whole business model is awesome. Other companies should be seriously evaluating such an initiative."

Jee said, "The overall level of support from AIQ, their courteousness and communication was excellent. A lot of consultants come in and sell you on the dream, and then walk away, because they don't have to live with it. AIQ said, 'We want to make sure you guys know what you're getting.' And then delivered on it."

Rob had one clear understated comment to put the finishing touch on the whole process:

"This is a great outcome."

About GHX

Global Healthcare Exchange, LLC (GHX) drives costs out of healthcare with cloud-based supply chain management technology and services in order to help enable better patient care and savings by maximizing automation, efficiency, and accuracy of business processes. GHX offers healthcare providers and suppliers an open and neutral electronic trading exchange that delivers procurement and accounts payable automation, contract and inventory management, vendor credentialing and management, business intelligence, and other supply chain-related tools and services. For more information, visit www.ghx.com and The Healthcare Hub.

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About AuctionIQ® (AIQ®)

AIQ is a global Business Process Provider that specializes in the IT and telecom services categories. As part of its process, it helps clients understand their current spending model for IT services and telecom and then assists its clients by optimizing, re-sourcing and updating of new and existing contracts to add overall category savings of around **50%**. AIQ helps clients in restructuring and re-pricing IT and telecom services by providing the IQ necessary for Fortune 1000 companies to better manage, accelerate deployment, optimize and reduce the cost of their global IT services. For more information about AIQ®, visit: http://www.auctioniq.com.

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