2014 North American Gallium Nitride-based Devices
New Product Innovation Leadership Award

“We Accelerate Growth”
Industry Challenges

A recent report from the Commonwealth Fund found that the U.S. consistently underperforms on most dimensions of healthcare performance, ranking last or near last on numerous measures of health outcomes, quality, and efficiency compared to other developed countries. In addition, the U.S. healthcare system is the most expensive in the world with per capita expenditures averaging $8,508, which amounts to 17.9 percent of U.S. GDP. Statistics like these are driving the need to improve quality and cost efficiency across the U.S. healthcare system. Many reform efforts are focused on addressing one of the key causes of poor performance in the U.S. relative to other countries in the world, namely fee-for-service reimbursement. There is growing consensus that fee-for-service does not encourage clinicians to practice cost-effective medicine but rather encourages over-utilization and even harmful utilization that leads to higher expenditures and poorer outcomes. Momentum is building to replace the fee-for-service (FFS) reimbursement with a system that emphasizes the value and quality of care over the volume of care. Value-based incentive programs are designed to financially reward providers that meet designated performance standards. While the majority of healthcare providers are still paid under FFS contracts today, most will inevitably be moving to value-based reimbursement (VBR) over the next five years. The shift to VBR requires more cooperation among providers and also entails more financial risk, which can be significant. There are various flavors of VBR, all of which can be looked at as falling along a spectrum of ever-increasing risk. At the low risk end of the spectrum, providers may be engaged in some level of pay-for-performance reimbursement while provider-sponsored health plans occupy the high-end of the risk spectrum, although providers who choose to offer their own health plans may see this strategy as ultimately offering the greatest potential competitive advantage and financial rewards. At the mid-point of risk, are providers who may participate in value-based programs such as the CMS shared savings (Accountable Care Organization model), bundled payments, capitation risk, and other models.

Successful VBR can only be achieved when healthcare organizations are clinically and financially integrated to ensure tight care coordination and efficient resource utilization. That level of integration requires the aid of a robust IT infrastructure to support the enterprise. It is particularly important that provider-sponsored health plans leverage health IT solutions that are designed to help them effectively carry out their mission of higher quality and greater cost-efficiency. The core IT infrastructure needed to support VBR includes electronic health records (EHRs), business intelligence and predictive analytics, clinical decision support, patient portals, and a full complement of revenue cycle and financial management tools that help calculate costs and assess and manage increased financial risk. In addition to new IT platforms, the move to VBR will require providers to re-engineer their entire revenue cycle workflow to enable tighter control of data flow among various inpatient and ambulatory care settings as well as new administrative processes that reduce overhead.
Healthcare providers understand that the new world of risk-based contracts is coming and it all but inevitable, but most don’t have the IT solutions or internal capabilities to successfully manage these new challenges. Value-based reimbursement shifts financial risk from payers to provider organizations. Thus, providers are increasingly in need of trusted vendor partners that offer a full suite of IT solutions and services that can help them navigate the dramatic disruptions that lie ahead. Market opportunities for vendors with end-to-end solutions designed to manage increased financial risk are particularly attractive in this environment.

**Visionary Innovation and Product Excellence of GE Centricity Financial Risk Manager**

**Use of Mega Trends**

Numerous highly disruptive forces are impacting U.S. healthcare providers, none more so than the rapid move to value-based reimbursement. Healthcare market transformation is leading to new financial realities for providers who must now learn to manage increased risk. According to Shiv Gopalkrishnan, Vice President and General Manager, Health System Solutions at GE Healthcare IT, in the next five years, over 65 percent of all lives will be covered under value-based or risk-based contracts. This represents a major challenge for healthcare providers who have lived for so long in the fee-for-service world. GE Healthcare’s mission is to create the next-generation of IT performance breakthroughs. The company is ready to enable healthcare organizations to bring on new capabilities that ensure success in an era of dramatic transformation. GE Healthcare IT offers a suite of clinical and financial IT solutions that are specifically designed to improve operational efficiency in the face of increasing financial constraints and changing reimbursement models. Centricity Financial Risk Manager is an innovative technology solution that helps providers and health plans administer risk-based claims and monitor utilization and reimbursements while handling increasingly complex contract terms. The product is derived from a legacy GE solution, Centricity Business Managed Care Application, which was originally developed in the 1990’s for Health Maintenance Organizations. New features and functions have recently been added to upgrade the solution so that it can be leveraged to meet growing needs around risk-based reimbursement. This end-to-end financial management suite of software and services is specifically targeted for providers who have their own health plan and are looking for new tools to administer the plan.

**Unmet Needs**

Succeeding in risk-based contracts takes more than just achieving clinical targets. Providers need to optimize all clinical and financial operations to ensure financial success and prevent revenue loss. Revenue optimization is best enabled by a full revenue cycle management (RCM) solution that consists of software applications and business process outsourcing services that work efficiently to help medical practices collect payments from insurance
companies and/or patients by rationalizing a number of complex processes and steps that occur across the entire patient-accounts pathway. First, the software application platform must be able to perform a range of tasks needed to adjudicate claims and manage benefits of members. Second, business outsourcing allows providers to access new capabilities or expertise that may not exist in-house or that may be more cost-efficient to source from an external vendor. Unfortunately, many RCM solutions on the market today fall far short of what is needed to ensure optimal functionality for risk-based environments. In recent years, RCM solutions have taken a backseat to clinical solutions because of providers’ need to focus on adopting EHRs required for meaningful use (MU). As the MU program matures and healthcare reform efforts take hold, the market is shifting to next-generation RCM solutions that can help providers to prepare for changes in reimbursement and patient demographics. Centricity Financial Risk Manager is provider-focused technology solution that is ideally suited to meet new market dynamics. Centricity Financial Risk Manager helps providers’ address unmet needs around maximizing their revenue and reducing administrative costs. The solution is available as a stand-alone offering that integrates with clinical and financial IT products offered from a variety of vendors, not just GE Centricity, thus providing a flexible and customizable option that can help augment limitations in other systems’ capabilities. In addition, GE, through its strategic partners, has added new business process outsourcing (BPO) services to compliment the Centricity Financial Risk Manager application platform, thus helping providers to gain more control over their data and business processes.

Reliability and Quality

GE Healthcare is a market-leading company with a global reach that few technology vendors can match. The company serves almost 8,000 global healthcare customers and works with over 100 partners to deliver a robust range of solutions that help healthcare organizations improve productivity and drive innovation in care delivery. The company’s mission is to provide integrated care solutions for the healthcare enterprise encompassing imaging, care delivery management, population health management, and financial management, all of which enable better clinical and financial outcomes. GE Healthcare IT is a market leader in the financial health IT space and its solutions are deployed in many of the world’s most prestigious healthcare organizations. Today, revenue cycle processes and workflows are receiving unprecedented attention as medical practices realize they must take every measure to maximize revenue and address inefficiencies and shortfalls in getting paid fully and on a timely basis. Many medical practices will need to significantly re-engineer their entire RCM function. Centricity Financial Risk Manager is a proven, provider-focused solution that is used by 33 prominent healthcare organizations serving over 7 million lives including Sharp Healthcare, Scripps Clinic, Dignity Health, and others. In an increasingly crowded vendor marketplace, GE Healthcare IT has proven time and again that its solutions offer the highest level of reliability and quality to ensure that customers are able to maximize their IT investments and ensure financial and operational success.
Product/Service Value

Centricity Financial Risk Manager was initially built for providers with their own health plans, offering tremendous value as a full service solution to help these organizations adjudicate and pay claims. Centricity Financial Risk Manager is based on proven technology and comes equipped with a number of unique features relative to its competitors in the marketplace as described below -

- First, the application platform includes a full RCM product suite that automates essential functions such as claims adjudication, eligibility processing, claims systems configuration, health plan benefit administration, utilization management, EDI transactions, coding and compliance, document imaging, provider credentialing, and analytics and reporting.

- Second, Centricity Financial Risk Manager is offered as stand-alone, system agnostic solution so that it has the ability to interface with clinical and financial solutions from other vendors.

- Third, the solution is highly customizable and scalable so that it can grow with customers’ changing needs.

- Fourth, Centricity incorporates value added services including business process outsourcing to enhance customers’ business performance. The BPO component of Centricity Financial Risk Manager is another tremendous advantage that sets it apart from the competition. Many providers do not have the internal resources or expertise needed to fully meet the complexity inherent in a VBR environment. In addition to adding expert capabilities, the services component of Centricity Financial Risk Manger offers greater opportunities for cost-savings as well enabling customers to own and manage their own member data which allows for more transparency on potential leakage as well as the ability to closely monitor network performance. Under risk-based contracts, organizations will be completely restructuring. It’s a new way of doing business. These customers will need strategic consulting and GE has plans to further augment its BPO services with a strategic consulting offering in the near future.

Positioning

The first priority for GE Healthcare IT is to ensure that it delivers on strong enterprise capabilities. The company’s development roadmap is focused on resource optimization through IT. GE understands that, as the healthcare market transforms, it will be increasingly important for vendors of offer a full suite of flexible and customizable clinical and financial solutions that go across all care settings. Furthermore, clinical and financial integration is a core component that enables value-based care. For this to happen,
providers must have a single view of patient transactions, including a single statement of financial transactions which leads to more transparency that enhances operational efficiencies and patient engagement. GE offers an enterprise RCM solution, Centricity Business that combines hospital and ambulatory billing to create a single view of patient transactions GE’s strategy is to continue to develop its interoperability capabilities so that its solutions connect with a wide range of health IT products offered from various vendors. As a best of breed vendor, GE believes that its focus on interoperability and stand-alone offerings offers a distinct competitive advantage in a rapidly consolidating provider market that will be characterized by considerable IT fragmentation for some time to come. Providers are often not in a position to fully rip and replace existing IT systems, and this is a particularly disruptive and expensive process for RCM solutions. GE Healthcare’s leadership and expertise in healthcare financial management make it the vendor of choice for many providers even if they do choose to implement clinical solutions from other vendors. GE is committed to providing innovative solutions that drive productivity and efficiency and that often means that providers will choose best of breed solutions. Centricity Financial Risk Manager is well positioned for growth as the market moves toward value-based reimbursement and providers seek to bring on new capabilities to help manage this transition.

Aspirational Ideals

GE Healthcare’s mission is to provide customers with a portfolio of solutions that help them enable cost-savings, workflow improvements, and enhance the patient experience. Last year, the company announced a $2 billion investment in the Industrial Internet, designed to help companies, including healthcare providers, leapfrog efforts in efficiency and productivity by enabling the convergence of machine and intelligent data. GE believes that the Industrial Internet will ultimately transform how caregivers work and provide patient care in the future. GE, as one of the largest electronics companies in the world, is uniquely positioned to take a leading role in this brave new world.

Conclusion

Healthcare provider organizations are seeking vendor partners that can help them identify and deliver new innovative ways of delivering high-quality patient care as well as cost-savings opportunities. Centricity Financial Risk Manager is a unique offering in the claims adjudication marketplace that enables healthcare systems to reduce the cost of administering risk-based contracts by streamlining associated business processes, thus improving profitability and maximizing efficient workflows. In recognition of the breakthrough innovation that Centricity Financial Risk Manager delivers to the healthcare IT marketplace, Frost & Sullivan is proud to present the 2014 New Product Innovation Leadership Award in Healthcare Financial Management to GE Healthcare IT.
Significance of New Product Innovation Leadership

Ultimately, growth in any organization depends upon continually introducing new products to the market, and commercializing those products to the greatest extent possible. For these dual goals to occur, a company must be best-in-class in three key areas: understanding demand, nurturing the brand, differentiating from the competition. This three-fold approach to delivering New Product Innovation Leadership is explored further below.
Understanding New Product Innovation Leadership

Ultimately, innovation is about finding a productive outlet for creativity – for translating ideas into things people want to buy, and doing it over and over again. Even a very good idea – or even a series of very good ideas – will amount to nothing without successful implementation at each stage of development and commercialization. Creativity and implementation are therefore two sides of the same coin, as explored further below.

Frost & Sullivan’s Global Research Platform

Frost & Sullivan maintains more than 50 years in business and is a global research organization of 1,800 analysts and consultants who monitor more than 300 industries and 250,000 companies. The Company’s research philosophy originates with the CEO’s 360 Degree Perspective, a holistic research methodology that encourages us to consider growth challenges, and the solutions companies employ to solve them, from every angle. This unique approach enables us to determine how best-in-class companies worldwide manage growth, innovation and leadership. Based on the results of our research in new product innovation leadership, Frost & Sullivan is proud to present the 2014 North American New Product Innovation Leadership Award in Healthcare Financial Management to GE Healthcare IT Solutions.
The Intersection between 360-Degree Research and Best Practices Awards

Research Methodology

Frost & Sullivan’s 360-degree research methodology represents the analytical rigor of our research process. It offers a 360-degree-view of industry challenges, trends, and issues by integrating all 7 of Frost & Sullivan’s research methodologies. Too often, companies make important growth decisions based on a narrow understanding of their environment, leading to errors of both omission and commission. Successful growth strategies are founded on a thorough understanding of market, technical, economic, financial, customer, best practices, and demographic analyses. The integration of these research disciplines into the 360-degree research methodology provides an evaluation platform for benchmarking industry players and for identifying those performing at best-in-class levels.

Best Practice Award Analysis for GE Healthcare IT

The Decision Support Scorecard, shown below, includes all performance criteria listed and illustrates the relative importance of each criterion and the ratings for each company under evaluation for the New Product Innovation Leadership Award. The research team confirms the veracity of the model by ensuring that small changes to the ratings for a specific criterion do not lead to a significant change in the overall relative rankings of the companies.

Finally, to remain unbiased and to protect the interests of all organizations reviewed, we have chosen to refer to the other key players in as Company 2 and Company 3.
DECISION SUPPORT SCORECARD FOR TECHNOLOGY INNOVATION LEADERSHIP AWARD:
VISIONARY INNOVATION

<table>
<thead>
<tr>
<th>Award Criteria</th>
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<tbody>
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</tr>
<tr>
<td>Use of Mega Trends</td>
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</tr>
<tr>
<td>Pioneering Best Practices</td>
<td>20%</td>
</tr>
<tr>
<td>Blue Ocean Strategy</td>
<td>20%</td>
</tr>
<tr>
<td>Aspirational Ideals</td>
<td>100%</td>
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GE Healthcare IT Solutions 10 10 10 9.0 8.0 9.4
Company 2 10 9.0 9.0 8.0 9.0 9.0
Company 3 8.7 8.7 8.6 9.0 9.0 8.8

Criterion 1: Unmet Needs
Requirement: A clear understanding of customers’ desired outcomes, the products that currently help them achieve those outcomes, and where key gaps may exist

Criterion 2: Use of Mega Trends
Requirement: Ability to incorporate long-range, macro-level scenarios into strategic plans, thereby anticipating and preparing for multiple futures that could occur

Criterion 3: Pioneering Best Practices
Requirement: A nothing-ventured-nothing-gained approach to strategy implementation that results in processes, tools, or activities that generate a consistent and repeatable level of success.

Criterion 4: Blue Ocean Strategy
Requirement: Proven track record of creating new demand in an uncontested market space, rendering the competition obsolete

Criterion 5: Aspirational Ideals
Requirement: A willingness to look beyond the simple goal of generating a profit to embrace a more powerful ideal of bringing greater value to customers or the planet
# Decision Support Scorecard for Product Leadership Award: Product Excellence

<table>
<thead>
<tr>
<th>Measurement of 1–10 (1 = poor; 10 = excellent)</th>
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</tr>
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<tbody>
<tr>
<td>Product Excellence</td>
<td>Match to Needs</td>
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<tr>
<td>Relative Weight (%)</td>
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<tr>
<td>GE Healthcare IT Solutions</td>
<td>10</td>
</tr>
<tr>
<td>Company 2</td>
<td>9.0</td>
</tr>
<tr>
<td>Company 3</td>
<td>8.0</td>
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</tbody>
</table>

**Criterion 1: Match to Needs**
Requirement: Customer needs directly influence and inspire a product’s design and positioning

**Criterion 2: Reliability and Quality**
Requirement: The product consistently meets or exceeds customer expectations for performance and length of service

**Criterion 3: Product/Service Value**
Requirement: Products or services offer the best value for the price, compared to similar offerings in the market

**Criterion 4: Positioning**
Requirement: The product or service delivers a unique, unmet need that competitors cannot easily replicate or replace

**Criterion 5: Design**
Requirement: The product’s visual presentation makes it easy to use, and makes customers happy to use it

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**About Frost & Sullivan**
Frost & Sullivan, the Growth Partnership Company, enables clients to accelerate growth and achieve best in class positions in growth, innovation and leadership. The company's Growth Partnership Service provides the CEO and the CEO’s Growth Team with disciplined research and best practice models to drive the generation, evaluation and implementation of powerful growth strategies. Frost & Sullivan leverages almost 50 years of experience in partnering with Global 1000 companies, emerging businesses and the investment community from 31 offices on six continents. To join our Growth Partnership, please visit [http://www.frost.com](http://www.frost.com).

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