



NEWS RELEASE

# Premier Inc. Issues Statement on Marketplace Competition

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CHARLOTTE, N.C.--(BUSINESS WIRE)-- Premier Inc. (NASDAQ:PINC), a leading healthcare improvement company, today issued the following statement in response to speculation that new market entrants will disrupt Premier and other companies that have group purchasing organizations (GPOs) serving the healthcare provider industry.

## Statement

There has been recent speculation that new market participants are contemplating entrance into the healthcare supply chain with the intent to disintermediate GPOs. Over its more than 20-year history, Premier has evolved from a group purchasing and benchmarking organization, cooperatively owned by our member-owner healthcare providers, into a mission critical partner, offering clinical, operational and administrative solutions and managing over \$56 billion in supply chain spend. The transformation of our company has been driven by our member owners' critical need to harness the collective power of our organizations in solving their most pressing cost, quality and safety issues as they continue their evolution to value-based care.

This alignment is evidenced by their commitment and ownership in Premier. As an organization, we continually evaluate our competitive positioning within the marketplace and how to augment our value proposition to our provider partners. Together with our 167 member owners, 3,900 hospitals and health systems, and 150,000 other providers, we are highly confident in our ability to continue to drive the transformation of high quality, cost effective healthcare. Among the many reasons these groups continue to partner with Premier, below is a brief summary.

- Premier's efficient channel is driving optimum savings for providers: Over our history as an organization, we have helped our provider partners save billions of dollars. The administrative fee charged by Premier to

suppliers for our group purchasing services averages approximately 2 percent, some of which is typically distributed back to our providers. Other online companies have comparable supplier-paid fee models in which we believe the transaction fee typically ranges between 5-to-15 percent. Moreover, because Premier is majority owned by healthcare providers and interacts with these member owners in a comprehensive and ongoing basis, we believe we have achieved a high level of trust and confidence that is critical when dealing with products and services that impact people's lives. This includes the regional buying groups and aggregators that Premier works closely with as another means to organize and align with healthcare providers. This alignment and trust is especially important in healthcare. Unlike the consumer marketplace, healthcare involves complex products and services that are highly regulated and save people's lives. Decision-making on these products requires clinical judgment. Providers also need to manage recalls, shortages, and emergency safety issues. Moreover, because healthcare is regulated, companies cannot simply manufacture products on a spot basis. Premier aggregates purchasing so that product can be predictably manufactured and made available.

- Premier's data and analytic tools provide differentiated value to healthcare providers: The backbone of our solutions is a virtual technology infrastructure which we believe is unparalleled today. Premier has access to data encompassing approximately 45 percent of U.S. hospital patients, and leverages this clinical data set to provide vital analytics to providers. Our products and services provide transparent pricing and enable rapid pricing adjustments to assure competitiveness. In a constantly changing, complex product and service environment, we believe healthcare providers rely on Premier to supply this critical information. Moreover, Premier's data and analytics enable providers to identify appropriate and inappropriate product usage, as well as the relative value of different products.
- Premier defines value for its members beyond unit cost: Given our heritage is consistent with our mission, we define value for our members through several variables. The quality, safety and efficacy of products are equally important to the providers with whom we partner as the unit cost. Our member clinical committees review the literature and factors impacting product effectiveness, bring comparative data to bear in organizations' decision-making, provide evaluation of selected products and services, and deliver ongoing support for organizations' decision-making process with clinical experts. While cost remains a critical component, we believe our partners value the holistic way in which we critically evaluate the products on their behalf.
- Premier deploys a dynamic set of capabilities to extract value for its members: We have developed complex global strategies to drive superior value for our provider partners. For commodity oriented items, Premier can set specifications and strongly encourage manufacturers around the world to bid or go directly to manufacturing plants to source the products. Because we operate one of the nation's largest GPOs, we believe we command market-leading prices. For more sophisticated "physician preference" items, we can draw upon our vast real-world data to create or confirm safety, quality and efficacy metrics. We work directly

with clinicians and other providers to develop specifications, and then negotiate the best price or value, understanding that a product with higher efficacy in saving lives reduces the total cost of care. Premier also has disrupted the supply chain through aggregated members purchasing and direct distribution operations, further reducing supply chain expenses.

- Premier deploys efficient e-commerce capabilities across healthcare: Our electronic procurement and marketplace has been rated by KLAS as the healthcare industry's leading enterprise resource platform. We believe this is the only pure healthcare exchange that allows for fluid transactions of purchasing and payment with efficient price synchronization across the supply chain. This cloud-based platform helps our healthcare members modernize procurement by standardizing, integrating, and enabling e-commerce. Healthcare managers can seamlessly access our manufacturer contracts and manage inventory levels. This allows them to manage procurement across the continuum of care, apply dynamic approval levels, and implement spend controls that drives efficiency.

## About Premier Inc.

Premier Inc. (NASDAQ:PINC) is a leading healthcare improvement company, uniting an alliance of approximately 3,900 U.S. hospitals and health systems and approximately 150,000 other providers and organizations. With integrated data and analytics, collaboratives, supply chain solutions, and advisory and other services, Premier enables better care and outcomes at a lower cost. Premier, a Malcolm Baldrige National Quality Award recipient, plays a critical role in the rapidly evolving healthcare industry, collaborating with members to co-develop long-term innovations that reinvent and improve the way care is delivered to patients nationwide. Headquartered in Charlotte, N.C., Premier is passionate about transforming American healthcare. Please visit Premier's news and investor sites on [www.premierinc.com](http://www.premierinc.com); as well as [Twitter](#), [Facebook](#), [LinkedIn](#), [YouTube](#), [Instagram](#) and [Premier's blog](#) for more information about the company.

## Forward-looking statements

Matters discussed in this release that are not statements of historical or current facts are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of Premier to be materially different from historical results or from any future results or projections expressed or implied by such forward-looking statements. Accordingly, readers should not place undue reliance on any forward looking statements. In addition to statements that explicitly describe such risks and uncertainties, readers are urged to consider statements in the conditional or future tenses or that include terms such as "believes," "belief," "expects," "estimates," "intends," "anticipates" or "plans" to be uncertain and forward-looking. Forward-looking statements may include comments as to Premier's beliefs and expectations as to future

events and trends affecting its business and are necessarily subject to uncertainties, many of which are outside Premier's control. More information on potential factors that could affect Premier's financial results is included from time to time in the "Forward Looking Statements," "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections of Premier's periodic and current filings with the SEC and available on Premier's website at [investors.premierinc.com](http://investors.premierinc.com). Forward looking statements speak only as of the date they are made. Premier undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise that occur after that date.

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