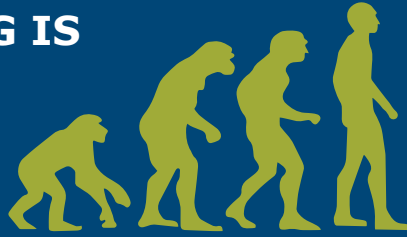


Healthcare Industry Innovates Through Private Equity Investing



STRATEGIC INVESTING IS EVOLVING & SPECIFIC TO EACH ORGANIZATION



Execution strategies vary meaningfully, with approaches ranging from tentative, initial first steps to bold and transformative initiatives.

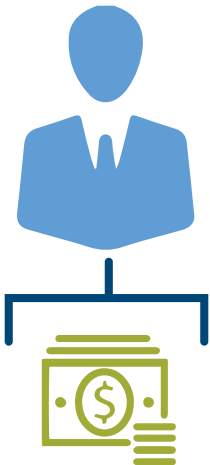
STRATEGIC INVESTING IS JUST PART OF THE OVERALL INNOVATION STRATEGY:

Investing with outside organizations is one piece of the overall innovation solution designed to complement internal initiatives.



DIRECT INVESTING IN COMPANIES IS INCREASINGLY THE FOCUS FOR LARGE HEALTHCARE SYSTEMS

Internal staff is driving this process with less emphasis being placed on investments in private equity or venture capital funds to gain access to technology, products and services to meet needs.



SENIOR MANAGEMENT IS VERY ACTIVE

IN OVERSEEING DIRECT INVESTMENTS

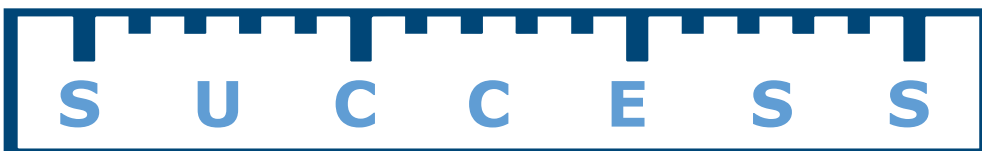
The clinical/ patient side of the business is driving the investment priorities with treasury, legal and other areas acting in supporting roles.

THE ROLE OF THE BOARD WILL LIKELY INCREASE OVER TIME



HEALTHCARE ORGANIZATION BOARD INVOLVEMENT VARIES BUT WILL LIKELY INCREASE AS THE SCOPE AND IMPACT OF DIRECT INVESTMENTS GROWS OVER TIME.

MEASURING SUCCESS IS A WORK IN PROGRESS



Strategic investment programs typically have a strong linkage to an organization's mission; however, measuring success is consistently noted as a challenge, particularly for more subjective, non-financial metrics.

COMMITMENT & COORDINATION:



SOUND GOVERNANCE IS IMPORTANT SO THAT RESOURCES ARE PROPERLY ALLOCATED AND KEY METRICS ARE IDENTIFIED EARLY AND ARE MEASURED AND MONITORED.

Coordination can be complex given the need to straddle the two very separate worlds of medicine and finance in order to optimize outcome.

DON'T GO IT ALONE

LEVERAGE THE EXPERIENCE OF OTHERS

A number of organizations believe it is best to undertake direct investing/ innovation initiatives in partnership with other healthcare systems as it provides learning opportunities, synergies and helps avoid missteps.