

## HSI-Auction FAQs

### What Is HSI-Auction?

A division of Healthcare Strategic Insight L.L.C. (HSI). HSI-Auction is an internet based, outsourced, e-commerce platform that provides buyers the ability to set up unlimited, fully customized reverse auctions and requests for quotes or proposals (RFQs, RFPs) in a secure, low-cost environment. Amazing savings can be realized by enabling buyers to reduce the costs of parts or services by having suppliers bid on reverse auction events, thus seeking out lower cost suppliers. It also enables buyers to set up Request for Quotes or Proposals, requesting one or more suppliers to submit bids as a non-auction event. Buyers can realize **savings potentially reaching up to 45%** on the traditional costs associated with their supply or services procurement. Hospitals may find pricing **lower** than what MD Buyline considers best in class.

Productivity savings may be found by outsourcing the entire process to HSI. The hospital tells us which vendors they want and they products they want and we do the rest. HSI-Auction is the perfect lean healthcare initiative. No waste, all efficiency.

### Is there any software to buy?

No. HSI-Auction is completely internet, web-based, residing on a secure server. Once the hospital has purchased a license a HSI Auction representative will take care of the rest.

### What is the cost of HSI-Auction for the buyer?

HSI-Auction offers a simple price compared to typical B2B internet firms. As of April 5, 2004, our fully licensed platform is priced at \$3900 for a one time set up charge.

Each reverse auction has an additional minimum fixed charged based on the total expected purchase. Large purchases have a fixed fee and a payment of 10-20% of the benchmarked savings.

### For example: HSI is engaged to manage purchase of a PACS system

- One Time Set up Fee of \$3,900
- Flat Fee of \$2,500 to implement and manage
- Hospital agrees on vendors (GE, FUJI, or AGFA) of choice and average first quote is \$600,000
- Final low bid is AGFA at \$450,000
- Savings are \$150,000 with a one time payment of \$15,000 to HSI.
- **Total savings are \$132,500**

Requests for Quotes (RFQ) or Requests for Proposals (RFP) are included in the fixed fee for an auction but can be priced for any commodity product. This will free the purchasing department from time-consuming calls and data collection.

There are no annual contracts or obligations. Hospitals can cancel at any time.

### **How do we try it out?**

After your \$3900 set up fee, HSI will work with the hospital for product choice and in creating the RFI and RFQ. We will handle the auction and give you the results of the auction. If you wish to watch the auction we will give you a log on screen, or you can just let us take care of the transactions.

Once the auction is complete HSI can help you finalize the purchase order and even help you with [service line consulting](#) to ensure proper program development, training, and increased utilization through our proprietary techniques ([www.hsinsight.com](http://www.hsinsight.com)).

### **What is the cancellation and refund policy?**

All HSI licenses may be canceled at any time. There will be no additional charges, obligations, or refunds.

### **This seems like a small price to pay for such services. What's the catch?**

There is no catch. We provide a solution to an increasingly difficult problem: the amount of resources and effort expended towards the procurement of hospital capital equipment and the need to reduce capital dollars.

We help you take the physician preference out and pit vendors against each other. During the bidding process each vendor sees what his competition is bidding. We try to do these bids at the end of the quarter because capital equipment companies are especially vulnerable at these quarterly periods. Managers have as much as 40% discount off list at these times.

Clients save exorbitant license fees and commissions by using **HSI-Auction** as their answer to purchasing. Other on-line auction houses have huge fees and difficult out-clauses. In addition they don't understand the hospital or the vendors. We have 50 combined years in companies as diverse as VHA, Premier, American Hospital Supply, and Guidant. Time is money and we feel that our hospitals would like to save both.

### **Can I customize a reverse auction or request for quote according to specific criteria and requirements?**

Yes. This is one of the powers of **HSI-Auction**. We give hospitals the ability to create extra fields of information, which help differentiate the auctions or RFQs from each other. Optional requirements for bidders may be created; optional descriptive fields about the supply or service may also be created. We can specify any term that you would want. At the end of the auction we ask the lowest bidders what other value added terms they are willing to add to 'sweeten the deal.'

**What is the duration of a HSI-Auction reverse auction or RFQ?**

For practical purposes, an auction lasting 2-3 hours is the most practical. However, the option always exists for a buyer to extend or reduce the auction time depending on circumstances. We believe that putting pressure on a vendor with a 30-minute bid is by far the most effective way of creating a feeding frenzy for your purchase order.

**Is there a way to watch the bids change in real-time while a reverse auction is live?**

Yes. For all reverse auctions, **HSI-Auction** has a "Bid Monitor". Simply click on the link within the reverse auction panel, and a new browser window opens containing the latest bids for the particular reverse auction. This new window will automatically refresh about every 12 seconds, giving you the very latest bidding activity information for your reverse auction.