



The Changing Dynamics in the Healthcare Supply Chain

Josh Cairns

Enterprise Customer Advisor, Healthcare
Amazon Business

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Learning Objectives

- **Amazon's working backwards philosophy and how to apply that to your business**
- **What is a marketplace and how does it drive competition and savings**
- **How Millennials are affecting purchasing behavior within healthcare supply chain**

Working Backwards Philosophy

**Start with
the customer and
work backwards.**

- Jeff Bezos

Amazon's 14 Leadership Principles

Customer Obsession

Start with the customer and work backwards; work vigorously to earn and keep customer trust; pay attention to competitors, but keep obsessing over customers

Learn and Be Curious

You are never done learning and you always seek to improve; you are curious about new possibilities and act to explore them

Bias for Action

Speed matters in business. Many decisions and actions are reversible and do not need extensive study. We value calculated risk taking.

Have Backbone. Disagree and Commit

Respectfully challenge decisions when you disagree, even when doing so is uncomfortable or exhausting; have conviction and be tenacious; do not compromise for the sake of social cohesion; once a decision is determined, commit to it.

Ownership

Think like an owner, long term and don't sacrifice long-term value for short-term results; act on behalf of the entire company, not just for your own team; never say "that's not my job"

Hire and Develop the Best

Raise the performance bar with every hire and promotion; recognize exceptional talent, and willingly move them throughout the organization; develop leaders and take seriously your role in coaching others

Frugality

Accomplish more with less. Constraints breed resourcefulness, self-sufficiency and invention. There are no extra points for growing headcount, budget size or fixed expense.

Deliver Results

Focus on the key inputs for your business and deliver with the right quality and in a timely fashion; despite setbacks, rise to the occasion and never settle.

Invent and Simplify

Expect and require innovation and invention from your team and always find ways to simplify; be externally aware, always look for new ideas from everywhere, and don't be limited by "not invented here"

Insist on the Highest Standards

You have relentlessly high standards - many may think these standards are unreasonably high; you are continually raising the bar and driving your team to deliver high quality products, services and processes; defects do not get sent down the line and problems are fixed so they stay fixed

Dive Deep

Operate at all levels, stay connected to the details, audit frequently, and be skeptical when metrics and anecdote differ. No task is beneath you.

Think Big

Thinking small is a self-fulfilling prophecy. Create and communicate a bold direction that inspires results. Think differently and look around corners for ways to serve customers.

Leaders are Right.

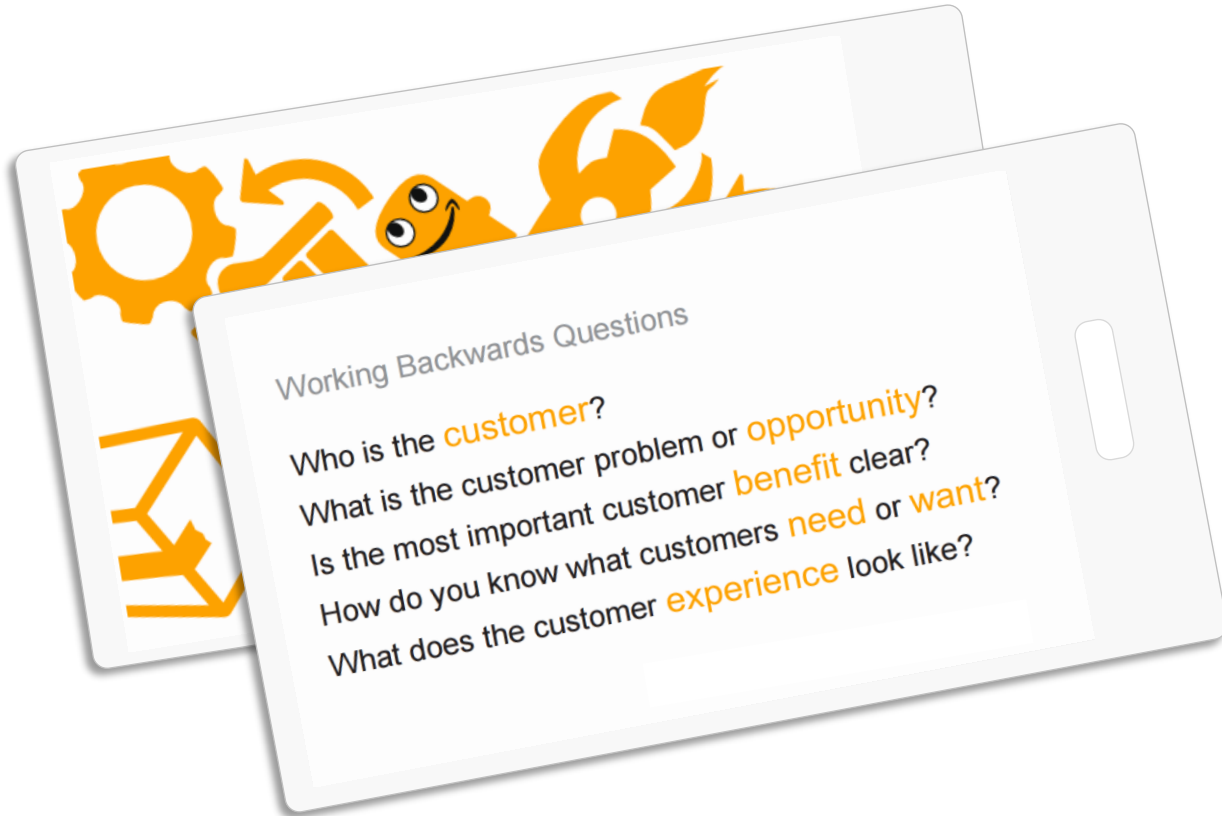
A Lot

You have strong judgment and good instincts; you seek diverse perspectives and work to disconfirm your beliefs

Earn Trust

Listen attentively, speak candidly, and treat others respectfully. Be vocally self-critical, even when doing so is awkward or embarrassing; leaders do not believe their or their team's body odor smells of perfume; benchmark yourself and your team against the best.

Working Backwards Methodology



The PRFAQ Process

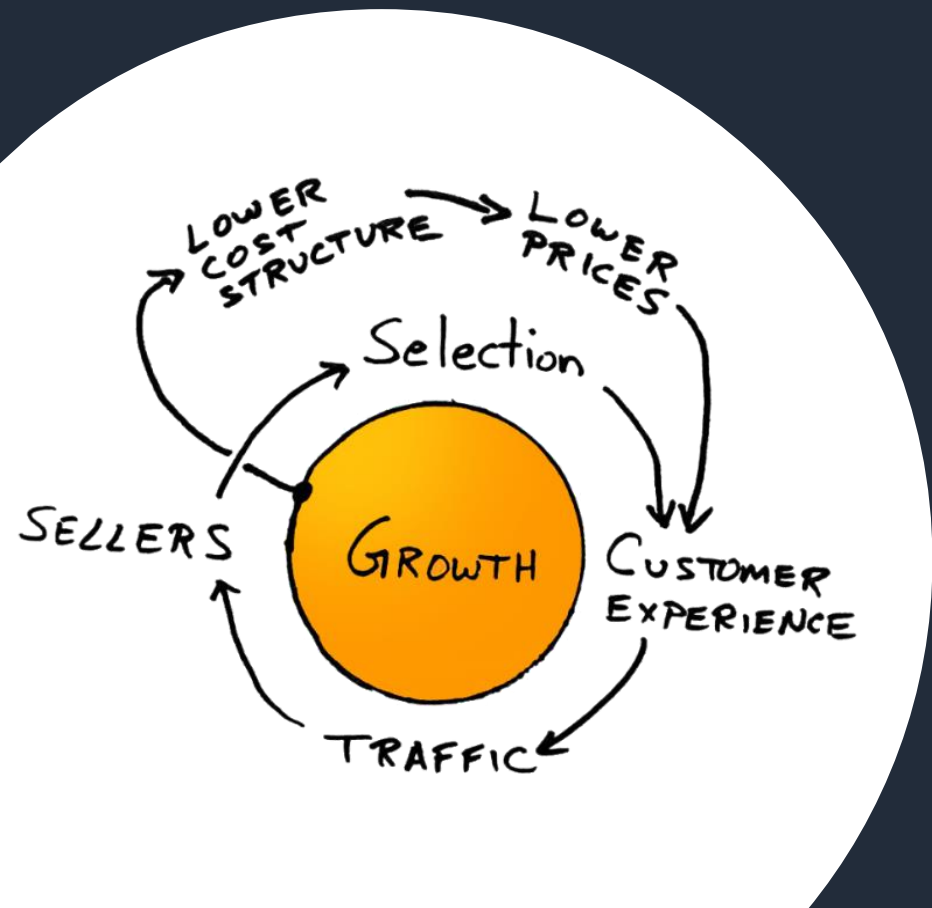


1. The Press Release

2. The FAQs

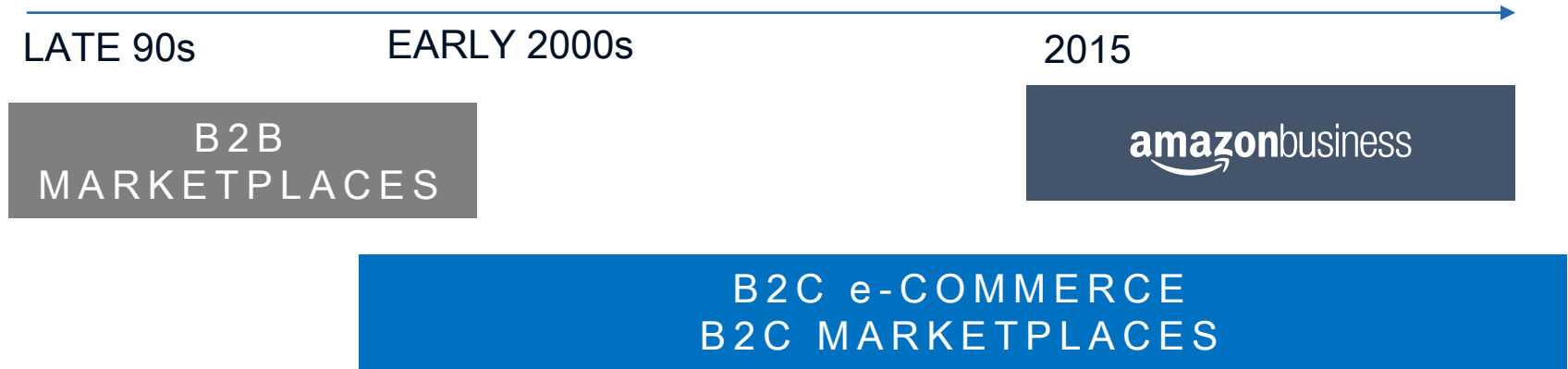
3. The User Manual

4. The Customer Experience



The Marketplace Flywheel

Brief Marketplace History



3 Key Elements of a Marketplace

1

Choice

**Breadth and depth of
product selection and
suppliers**

2

Competition

**Competing offers
from multiple suppliers
using normalized
information**

3

Transparency

**Visibility for both the
Buyer-side and Seller-
side**

eCatalog vs Marketplace

amazon

JOSHUA ▾ CART 0 HELP

Suppliers

pens

Supplier

Commodity

Office Supplies (6)

Price Range

Min USD Max USD

Results

★★★★★
BIC Velocity Retractable Gel-Ink Roller Pens, M
Supplier Part 495367
BIC Velocity Retractable Gel-Ink Roller Pens, Medium Point, B
8.00 USD

★★★★★
SPRT.PEN.SHRP.12 - Black Sharpie Pens (12 p
Supplier Part 471514
SPRT.PEN.SHRP.12
6.27 US

Company preferred
Your organization has identified this item as preferred and wants you to choose it over similar products.

Roll over image to zoom in

BIC Round Stic Xtra Life Ballpoint Pen, Medium Point (1.0mm), Black, 36-Count
by BIC
★★★★★ 3,688 customer reviews
35 answered questions
Amazon's Choice for "black pens"

Negotiated: **\$3.56** ✓prime
FREE Delivery by Friday
If you order within 22 hrs 56 mins, or
Get it **Tomorrow** if you order within 19 hrs 41 mins and choose paid One-Day Shipping at checkout [Details](#)
In Stock.
Ships from and sold by Amazon. Gift-wrap available.
Your company's negotiated price

Size: **36 Count**

Share 490+ Shares

☐ Buy new: \$5.23
☐ Buy Used \$4.16
☐ Recurring delivery \$5.23
☒ **Negotiated price: \$3.56**
 Deliver to SNA4 - Fontana 92336
Qty: 1 ▾
Your company's negotiated price

Other Sellers on Amazon
\$6.79
+ Free Shipping
Sold by: ROYAL CORP

Mature Marketplace Functionality



Roll over image to zoom in

Pyramex Safety

Pyramex HP54111 Ridgeline Full Brim 4 Point Ratchet Suspension, One Size, Black

★★★★★ 73 customer reviews
| 28 answered questions

Price: **\$14.35** ✓ Prime | FREE One-Day
Delivered tomorrow for FREE with qualifying orders over \$35. [Details](#)

Note: Available at a lower price from [other sellers](#), potentially without free Prime shipping.

In Stock.

Ships from and sold by Amazon.com. Gift-wrap available.

Color: **Black**



- Shell constructed from high density polyethylene materials
 - Ratchet suspension is easy to adjust and allows the wearer to modify the fit while wearing hard Hat
 - Replaceable soft brow pad, suspensions and headbands also available
 - 6-Point suspensions can be converted to a 6-point suspension with the HP6PTSUS
 - Meets ANSI Z89.1-2009 standards, type 1, Class C, G, and E
- [See more product details](#)

New (7) from \$13.92 & FREE shipping.

Share

Qty: 1



Add to Cart

1-Click ordering is not available for this item.

Ship to:

Chris Oster- Seattle - 98115

Add to List

[Add to your Dash Buttons](#)

Other Sellers on Amazon

\$13.92

+ Free Shipping

Sold by: Full Source ®

Add to Cart

\$15.62

+ Free Shipping

Sold by: Tuff Supplies

Add to Cart

\$12.58

+ \$5.15 shipping

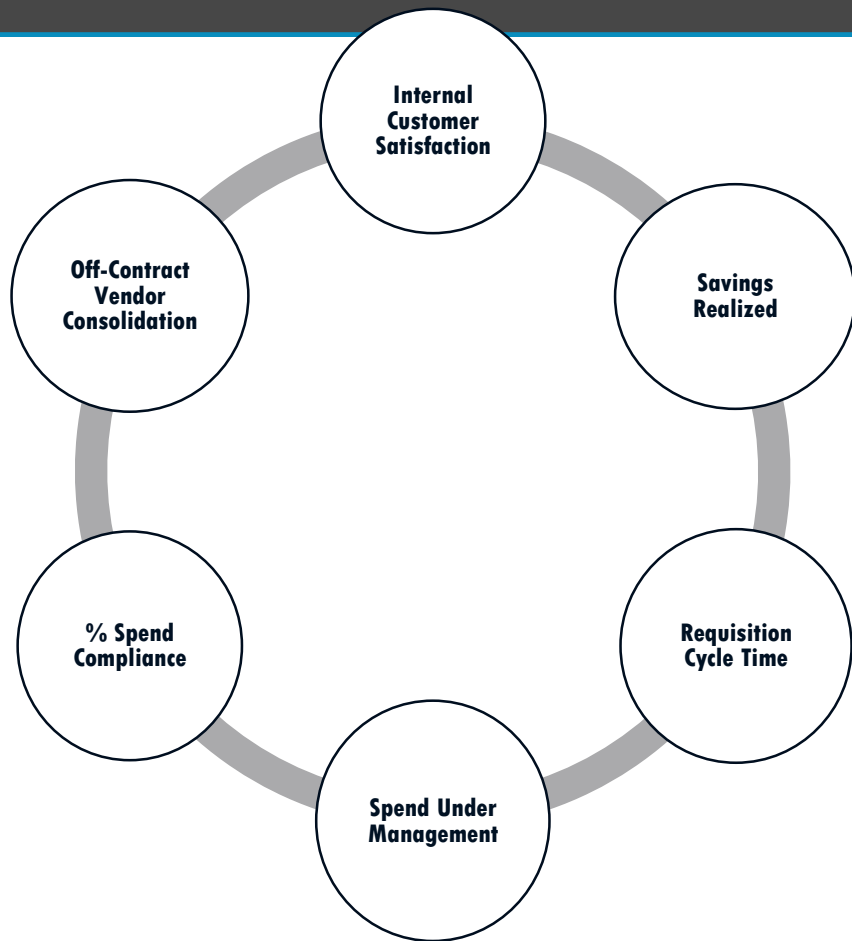
Sold by: Online Stores Inc

Add to Cart

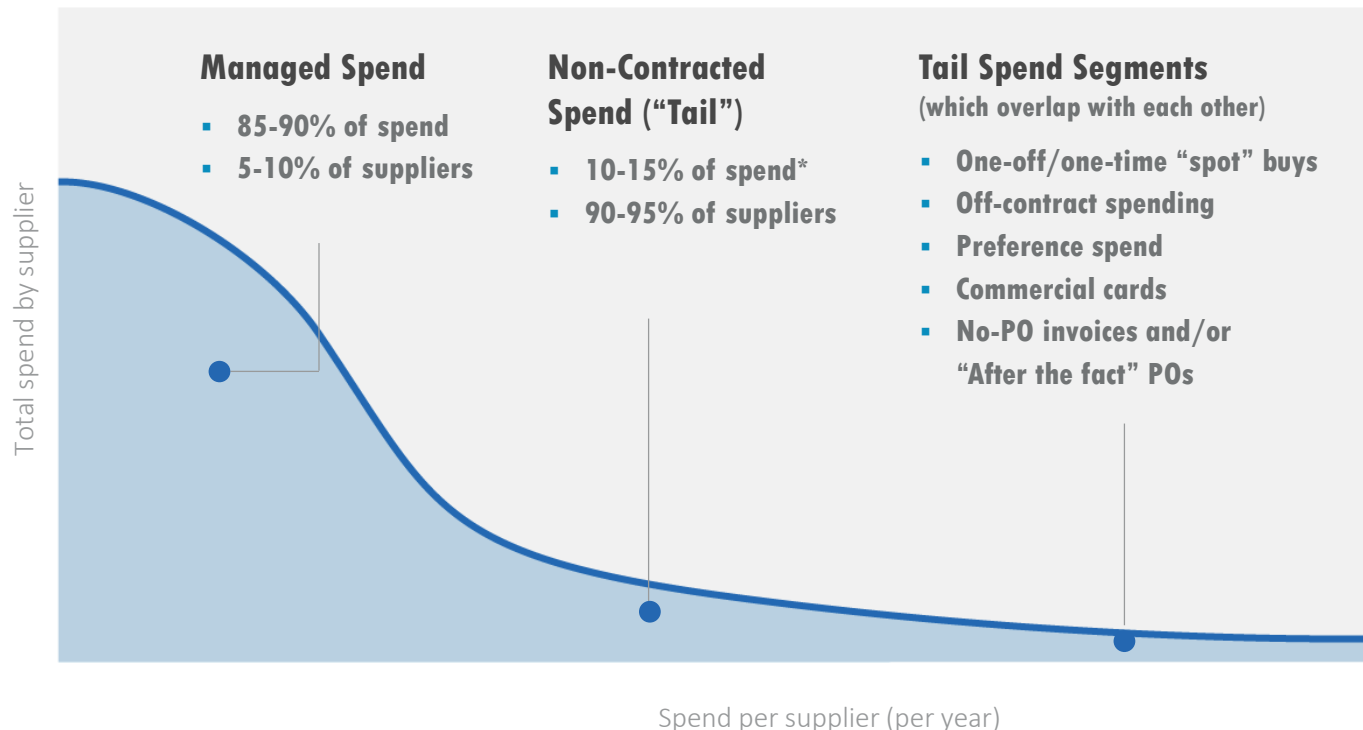
New (7) from \$13.92 & FREE shipping.

Traditional Procurement KPIs

- Improve internal customer satisfaction by providing the right item in a timely manner
- Reduce the cost of supplies with quantifiable, soft and hard savings
- Shorten the total cycle time from requisition to receipt of product through payment reconciliation
- Increase total spend under management by procurement department for visibility and control
- Improve spend compliance by reducing rogue spend outside of managed suppliers
- Decrease total number of vendors to manage

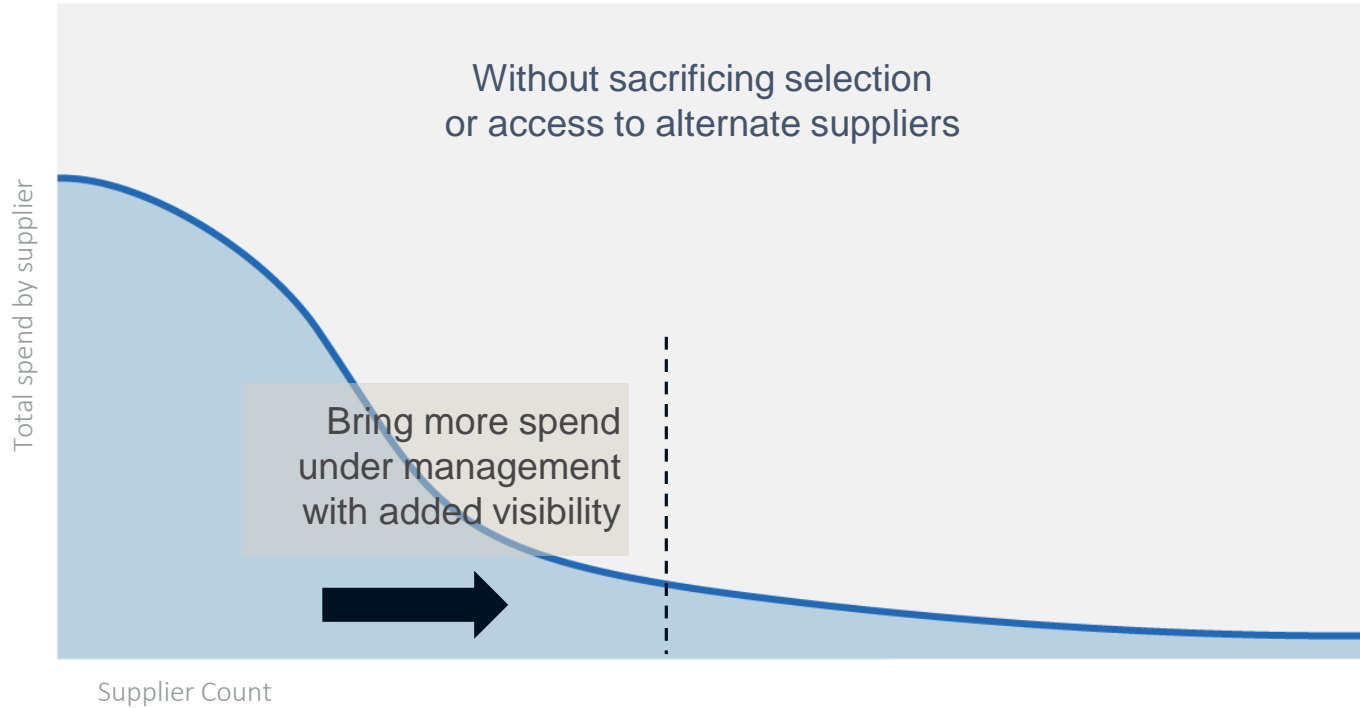


B2B Spend Overview



* Estimated based on industry data and Amazon Business healthcare customer estimates

Spend Under Management



Marketplace Key Purchasing Benefits



**Increases visibility to
alternates and flexibility
for choice**



**Reduces contracts to
manage, long term
commitments and costs**



**Frees up staff to focus on
more strategic spend
initiatives**



**Supports purchase
compliance and
eliminates “rouge”**



**Harnesses the value
of competitive pricing**



**Tracks user
purchasing trends with
analytics for future
decision making**

“By 2022, 75% of all B2B tail spend goods will be purchased in an online marketplace...”

- *Gartner, Inc.*
November, 2017

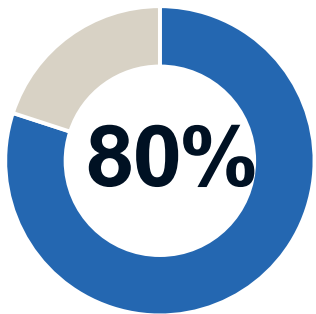
Who's Adopting B2B Marketplaces



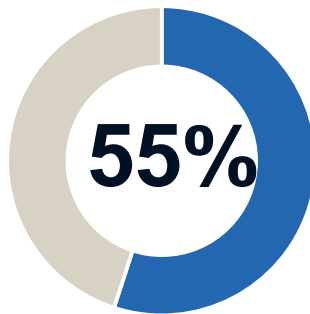
Consumer products • Pharmaceutical • Manufacturing • Universities
Technology • Schools • Banks • Energy • Consulting • Government
Healthcare • Restaurants • Entertainment • Telecommunications



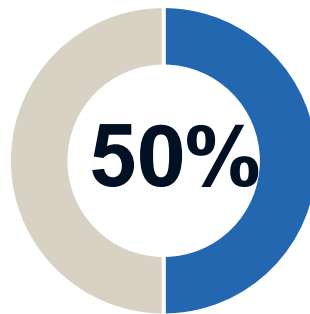
Who's Adopting B2B Marketplaces (cont.)



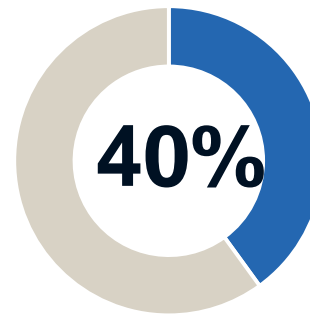
**nearly 80%
of the 100
largest
enrollment
education
organizations**



**55 of the
Fortune 100
companies**



**more than
half of the
100 biggest
hospital
systems**



**more than
40%
of the 100
most
populous
local
governments**



Millenials Affect on Purchasing

A Tale of Two Nurses



When Alexa Comes to the Rescue

Consumer Delivery Innovations

amazon**Prime**



amazon**business**

Meet Mallory: The Millennial B2B Buyer

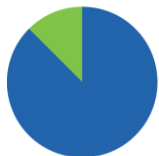


Buyer's Age	% That Make Company Purchases Online
18-35	90
36-45	68
46-60	45
60+	29

Depending on how you look at it, B2B e-commerce has either spoiled buyers or enlightened them as to what's possible for purchasing. **As consumers, they're used to finding complicated items (organic, top-rated, fair trade, non-GMO, crunchy peanut butter with free shipping) in 2 minutes or less online.**

And since this generation is now becoming the **global workforce majority**, their tech standards will quickly become the purchasing team's standards. **Millennials want every tool they use at work to be as mobile, efficient, and as advanced as the devices they personally use.**

Business Buyers' Expectations Are Changing



94%

of business customers report that they conduct some form of online research before purchasing a business product.*



75%

of businesses start their offline purchase process online.**



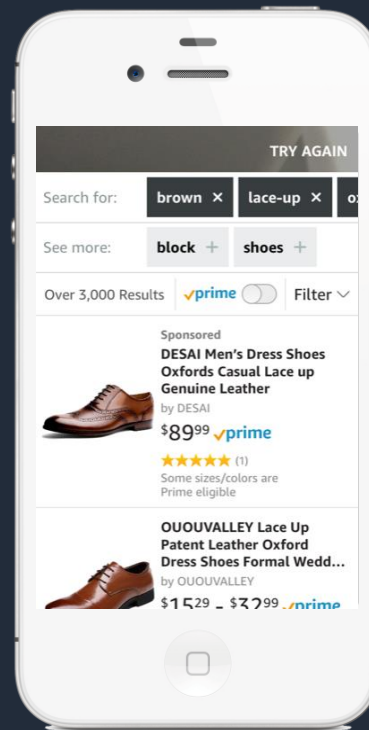
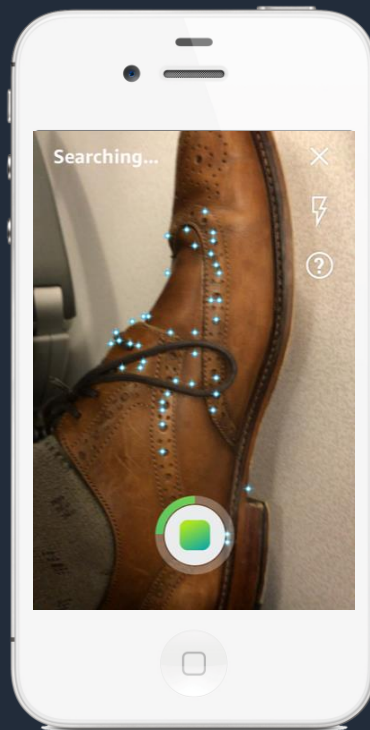
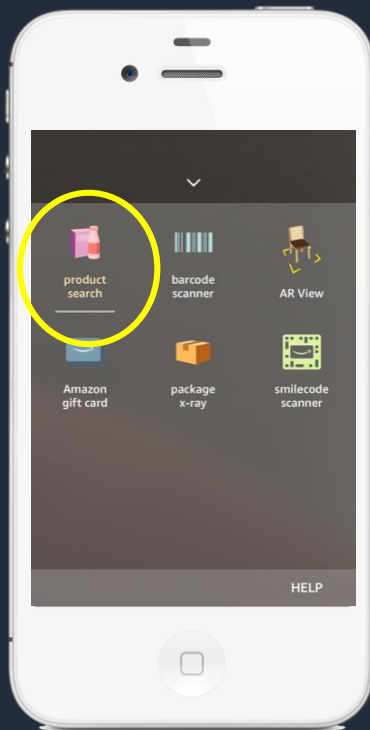
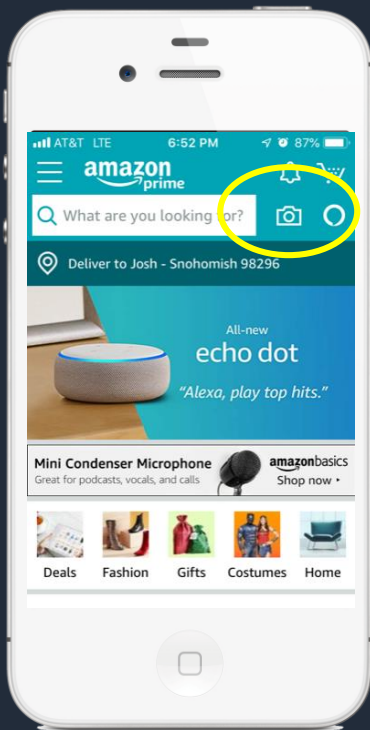
MORE THAN 50%

of business end users are using websites to purchase products for their business.**

*THE 2014 ACQUITY B2B STUDY

**INTERNET RETAILER B2B ECOMMERCE 2015 REPORT

The Future is Already In Your Pocket



Parting Thoughts

- **Utilize a working backwards framework to drive change in your business and question the status quo**
- **A marketplace can be complementary to traditional contracting methods and formularies to reduce the burden on purchasing for low value, high frequency commodity items allowing them to focus on more strategic initiatives**
- **Millennials use of new technologies and tools for purchasing will only improve and advance the healthcare supply chain so embrace them**



Thank You

Josh Cairns
joshcair@amazon.com