

Resend Willow Shire
I want to draw this with
you. I'll set it
up.

T 7-7

✓

Printed by Russ Gullotti @ CORE

I N T E R O F F I C E M E M O R A N D U M

t MRO

A - P2 before
any words with
BT's people.

Doc. No: 007999
Date: 11-Jun-1992 04:28pm EDT
From: Willow Shire
SHIRE.WILLOW AT A1 at MR4DEC a

Dept: Healthcare
Tel No: 297-2443

TO: BILL STEUL @CORE
TO: don zereski @core
TO: BILL JOHNSON @CORE
TO: russ gullotti @core
TO: john sims @core

CC: bonnie bedell @mso
CC: Dan Burkus @MRO
CC: DAVID TOSO @UCG
CC: GARY PATTENGILL @IVO

① how work with
SI?
② How do I
block her
from success
today?
③ How will people
be accounted for?

RECEIVED

JUN 1 1 1992

RUSS GULLOTTI

(BURKUS.DAN AT A1 at MR4DEC at MRO)

C/B

RFM

Subject: CORE and the U.S. Healthcare Business Plan

The U.S. Field organization has completed Draft #3 of an excellent U.S. Healthcare Sales and Marketing Plan. Gary Pattengill has forwarded it to Tom Colatosti, whom Gary has asked to represent Healthcare at the U.S. Management Committee's meetings. He will also be presenting it to several of you individually.

To give all of you a preview, I have forwarded Gary's cover memo to you that outlines four key elements of the plan for which we need your support:

1. VP for U.S. Healthcare
2. Healthcare trained salesforce
3. U.S. Healthcare Practice
4. Implementation plans

These needs came out, in part, from the INSEAD CORE program. The Field team has translated the vision from INSEAD into a complete business plan that you will find impressive. I do.

This is the value of the CORE Program. We are totally committed to dramatic improvements in performance: 21% increase in NOR in U.S. Healthcare Accounts in FY'93. This is no longer just a vision. The U.S. team has named accounts, salesreps, programs, solutions, and incremental NOR, by account. We know how we

are going to accomplish this, which we didn't know when we left INSEAD. Now we need your support to pull this off.

Gary and I would love to share the plan with all of you if you would find it helpful to understand an example of an integrated, concrete plan that will dramatically improve Digital's performance in an industry. And, by the way, we have similar plans for Canada, The Netherlands, Germany, U.K., Ireland,

Switzerland, New Zealand, Austria and the largest state in Australia!

I believe that we really can do this.

Thanks,
Willow

+--+--+--+--+--+tm
|d|i|g|i|t|a|l|
+--+--+--+--+--+

INTEROFFICE MEMORANDUM

DATE: June 8, 1992
FROM: Gary Pattengill
DEPT: U.S. Healthcare Sales
EXT: DTN 535-4167

TO: Tom Colatosti

SUBJECT: U.S. HEALTHCARE BUSINESS PLAN

Tom, I'm aware that you are chairing a "Design Team" to determine how best to implement Don's organization direction for the U.S. Given that Healthcare is currently without a VP-level spokesperson, I wanted to communicate to you a request that the Healthcare industry be given consideration when designing the new organization.

While I don't expect you to read it entirely, I've attached a copy of the latest draft of the U.S. Healthcare Business Plan to show the depth of focus that the U.S. Healthcare team is putting on this industry. As stated in the Plan, we have set an aggressive growth goal for FY93 of 21%, increasing total revenues to \$430M. The majority of this growth will come in the Services area. Key elements of the plan are:

1. U.S.-wide, VP-level focus on Healthcare; with "funding" responsibilities for all Sales, Service, Marketing, etc. activities.
2. (Fewer) Healthcare account managers who are highly trained on Healthcare business problems and Digital's solutions. Host managed by the geographic account organizations.
3. U.S.-wide Healthcare Practice with Big 6-like "opportunity through engagement" approach. Host managed by the Services organization.
4. Well defined strategies with detailed tactical plans to ensure implementation.

The Plan calls for doing "more with less" which will result in significant improvements in the cost of sales while, at the same time through training and focus, raising Digital to "Best of Class" status as a provider of solutions to the Healthcare industry.

The net of this Plan is that Digital must field a smaller team of Healthcare Sales/Service resources that are highly trained and highly focused "consultants," who have complete understanding of our Healthcare Sales/Service strategies and who receive U.S.-wide leadership and direction.

Healthcare can be no different in this respect than the other industries being focused on by Digital. Being one of Digital's single largest industries and one representing significant growth/profit potential, I would request that Healthcare be given the appropriate consideration as we evolve to the new organization. I would be happy to represent Healthcare, from an industry point-of-view at the appropriate time during the organizational planning stages.

Regards,

Gary

Printed by Russ Gullotti @ CORE

I N T E R O F F I C E M E M O R A N D U M

Doc. No: 008022
Date: 15-Jun-1992 04:10pm EDT
From: Willow Shire @ CORE
SHIRE.WILLOW
Dept: Healthcare Business Unit
Tel No: DTN 297-2443

TO: Russ Gullotti @ CORE

(GULLOTTI.RUSS)

CC: Remote Addressee

(GARY PATTENGILL @IVO)

Subject: RE: CORE AND THE U.S. HEALTHCARE BUSINESS PLAN

Russ,

We'd love to talk about this. We're ready this week or next.

I personally appreciate your interest and support in Healthcare.

Thanks,

Willow

Not until week of 29th. OK? yup

RECEIVED

JUN 15 1992

RUSS GULLOTTI

I N T E R O F F I C E M E M O R A N D U M

Date: 15-Jun-1992 10:55am EDT
From: Russ Gullotti @ CORE
GULLOTTI.RUSS AT A1 at CORA @
Dept: Digital Services
Tel No: 264-6209

TO: WILLOW SHIRE @CORE

Subject: CORE AND THE U.S. HEALTHCARE BUSINESS PLAN

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Dictated Not Read

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SHIRE.WILLOW AT A1 at MR4DEC a
Dept: Healthcare
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Date: 11-Jun-1992 01:50pm EDT
From: Gary Pattengill @IVO
PATTENGILL.GARY AT NEWPRTA1 at
Dept: US Healthcare Sales
Tel No: 535-4167

TO: WILLOW SHIRE @MRO

Subject: U.S. HEALTHCARE BUSINESS PLAN

FYI.

Regards,

Gary

+--+--+--+--+--+tm
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+--+--+--+--+--+

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Regards,

Gary

① add Sales mgmt to SIC

② Rasmussen 37/17 resources for SD
for healthcare.

Not allowed? No one will sign.

Does capacity plan

U. S.

**HEALTHCARE BUSINESS
PLAN**

FY93

Version 4
06/16/92

FY93

U.S. HEALTHCARE

BUSINESS PLAN

EXECUTIVE SUMMARY

7/6/92

I. EXECUTIVE SUMMARY

Healthcare in the United States is a market that Digital could and should dominate. While we have been relatively successful in this marketplace up to now, the business climate is changing dramatically.

In FY91, Digital's U.S. Healthcare revenues were \$361M; an increase of 30% over the previous fiscal year. However, the current projection for FY92 shows product revenue declining by 9% and an overall revenue decrease of 2%, to \$355M. In a market that is growing an estimated 3% per year, Digital is no longer gaining market share. Without significant changes to our selling model, this trend will continue and Digital will most likely experience very limited revenue growth in FY93 and beyond.

There are several driving forces in the U.S. Healthcare market that will cause Digital's current selling model to be increasingly less effective:

- A. A shift toward enterprise-wide solutions versus stand-alone departmental applications.
- B. A shift toward organized systems of care where several Healthcare institutions bond together for management and delivery of care.
- C. An increased competitive focus on the Healthcare market by Consultants, Systems Integrators and traditional hardware vendors.
- D. Reduced hardware prices and margins, plus the movement to "open" systems, is putting increasing emphasis on selling more services.
- E. An increasing demand from Healthcare customers for an understanding of their business and for solutions to their business problems versus hearing about the latest technology.

Digital's current selling model for the Healthcare market is heavily dependent upon the opportunistic involvement of CSO's for the

provision of departmental applications, and the subsequent upgrading of the CSO's installed base. Systems integration projects currently account for less than 5% of the overall business. The Sales coverage of U.S. Healthcare accounts is highly dispersed, with many reps being dedicated less than 50% to Healthcare. In general, Digital's U.S. Salesforce is poorly focused and inadequately trained, relative to Healthcare. For this latter reason, many opportunities for large, enterprise-wide integration sales are not being pursued.

An analysis of Digital's competencies, compared with the information technology product and services needs of the Healthcare market, clearly indicates that Digital can be the "Premiere Provider of Business Solutions to the Healthcare Industry." The changes required to produce the appropriate U.S. Healthcare Sales/Service model are:

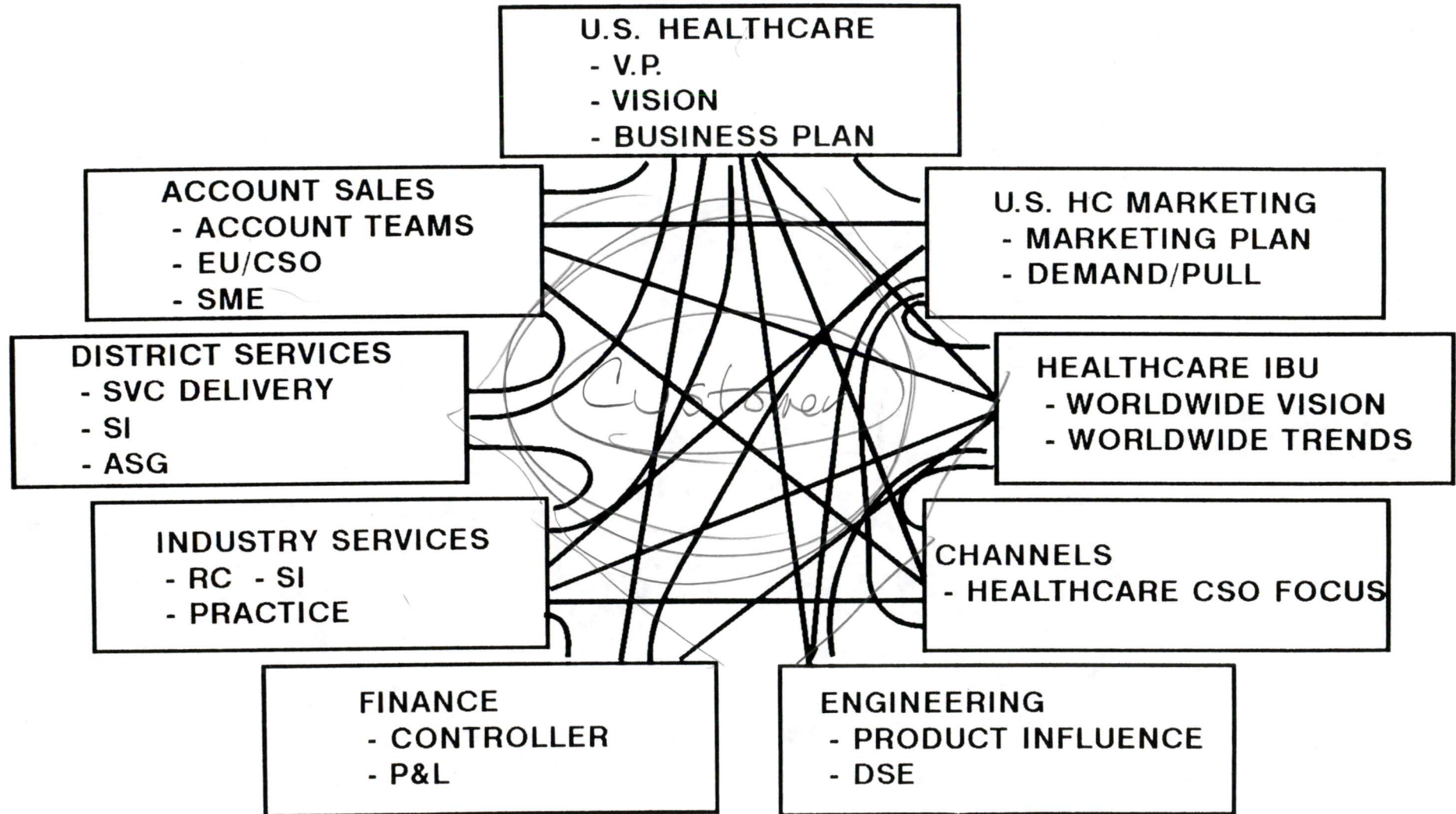
- A. Implement VP-level responsibility and authority for all U.S. Healthcare Sales, Services and Marketing activities.
- B. Implement dedicated (minimum 50%), highly trained Healthcare account teams which proactively propose business solutions. To be host managed by the geographic account organizations.
- C. Develop and implement a comprehensive U.S. Healthcare marketing plan which provides an effective framework for the Sales plan and which produces the required level of "Demand/Pull" for Digital in Healthcare.
- D. Ensure account planning and management focus on those Healthcare accounts which constitute approximately 85% of the business.
- E. Implement a U.S.-wide Healthcare Practice with a Big 6-like Opportunity/Engagement model. To be staffed with the required number of competent resources. To be host managed by the Services organization.
- F. Increase staffing of the U.S.-wide Healthcare Pre-Sales Resource Center.
- G. Maintain a dedicated Healthcare CSO Channels focus.

H. Move U.S. Healthcare Marketing responsibility under the U.S. Healthcare VP.

The U.S. Healthcare Business Plan details the changes Digital must implement in order to capitalize on this opportunity for significant, profitable growth. Implementation of this plan will result in a 21% Revenue growth in FY93, with a substantial improvement in profit and NCM. (See attached Financial Summary.) This Plan will also establish a firm base for similar revenue/profit improvements beyond FY93.

U.S. HEALTHCARE

THE INTEGRATED NETWORK



ASSUMPTIONS:

1. ALL INDIVIDUAL ENTITIES TO BE HIGH PERFORMANCE.
2. EFFECTIVE NETWORK OF ENTITIES TO BE IMPLEMENTED.
3. GLUE TO HOLD NETWORK TOGETHER IS VISION, PLAN AND PERSONAL COMMITMENTS.

U. S. HEALTHCARE PLAN

FINANCIAL SUMMARY

	<u>FY92</u>	<u>FY93</u>	<u>FY94</u>	<u>CAGR</u>
Product NOR	\$210M	\$231M	\$254M	+10%
Services NOR	<u>145M</u>	<u>199M</u>	<u>266M</u>	<u>+37%</u>
Total NOR	\$355M	\$430M	\$520M	+21%
Sales Effort (FTE)	209	165	167	
Sales Support Effort (FTE)	<u>66</u>	<u>60</u>	<u>66</u>	
Total Effort (FTE)	275	225	233	
Yield	\$1290K	\$1911K	\$2232K	
Net Profit	\$ 8M	\$ 27M	\$ 49M	
% NOR	2.2%	6.3%	9.4%	
Market Share	8.1%	9.6%	11.3%	
Services as % of Total NOR	41%	46%	51%	

Note: The increased emphasis on Services will result in Healthcare Services Revenues exceeding Product Revenues in Q4 FY93. As shown above, Services Revenues will exceed Product Revenues in FY94.

U. S. HEALTHCARE

'93 PRODUCT/SERVICES GROWTH PLAN

	<u>'92 Forecast</u>	<u>'93 PLAN</u>	<u>%</u>
Product Revenue			
Channels	\$147M	\$159M	+ 8%
End User	<u>63M</u>	<u>72M</u>	<u>+ 14%</u>
Total	\$210M	\$231M	+ 10%
Services Revenue			
HPS	\$109M	\$120M	+ 10%
SPS	18M	20M	+ 10%
NIS	7M	\$ 16M	+ 129%
OSS	3M	\$ 7M	+ 133%
DTS	1M	\$ 2M	+ 100%
APS	2M	\$ 22M	+1000%
DCS	3M	\$ 6M	+ 100%
CT	<u>3M</u>	<u>\$ 6M</u>	<u>+ 100%</u>
Total	\$145M	\$199M	+ 37%
Total Revenue	\$355M	\$430M	+ 21%

Note: HPS and SPS assumed to track Product growth (at 10%).

U.S. HEALTHCARE
MARKET SHARE ANALYSIS

HEALTHCARE SI MARKET

	<u>'91</u>	<u>'92</u>	<u>'93</u>	<u>'94</u>	<u>CAGR</u>
Target U.S. Market	.6B	.8B	1.0B	1.3B	30%
SI Revenue	10M	15M	52M	74M	
% SI Market Share	1.7%	1.9%	5.2%	5.4%	
SI As % Of Total HC Revenue	3%	4%	12%	14%	

SUMMARY

U.S. HEALTHCARE BUSINESS PLAN

- Healthcare has been identified as a market where Digital should invest to dominate.
- The U.S. Business Plan details the specific investments and industry focus required to achieve:
 - Significant Revenue Growth
 - Increase in Sales Productivity
 - Significant Services Focus and Revenue Growth
 - Increase in Market Share
 - Increase in Profitability
- Conforms to Geographic Account Management model.
- Provides focus on high-growth SI Market via a Big 6-like Healthcare Practice and training.
- Tight integration of Sales/Services/Marketing plans.
- Includes an implementation plan to ensure success.

**U. S.
HEALTHCARE BUSINESS PLAN
FY93**

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- VII. FINANCIAL GOALS**
- VIII. OBJECTIVES/STRATEGIES/TACTICS**
- IX. INVESTMENTS REQUIRED**
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U. S. HEALTHCARE PLAN FY93

I. INTRODUCTION

The Business Plan presented herein addresses the significant opportunity presented to Digital by the Healthcare market in the U.S. While Digital has been somewhat successful in this marketplace, we are not taking maximum advantage of the growth and profit opportunities presented. Healthcare is definitely a market Digital could and should dominate in the U.S. This plan details the aggressive steps required to dramatically increase our profitable growth and to attain market leadership.

In essence, this is a recovery and growth plan based on the "Four R" methodology of "Re-Think, Re-Engineer, Re-Train and Re-Energize" and on an "Integrated Network" as presented and discussed during the recent Healthcare CORE Training session at INSEAD. The plan is, in fact, the cumulative result of collaborative contributions from the various "network" partners that constitute Digital's approach to this marketplace.

While the plan is focused primarily on FY93, it is also seen as providing a firm basis for profitable growth beyond FY93.

Members of the U.S. Healthcare business planning group represented the following :

U.S. Sales

U.S. Healthcare Marketing

W.W. Healthcare IBU

U.S. Channels

U.S. Finance

U.S. Healthcare Advisory Board

Digital Services

- Healthcare Practice
- Healthcare Resource Center
- Systems Integration
- Engineering Integration Center (EIC)

(Note: These organizations constitute the U.S. Healthcare "Integrated Network" referred to, herein, in Section IV.)

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- A. Implement VP-level responsibility and authority for all U.S. Healthcare Sales, Services and Marketing activities. (A General Manager role.)
- B. Implement dedicated (minimum 50%), highly trained Healthcare account teams which proactively propose business solutions. To be host managed by the geographic account organizations.
- C. Develop and implement a comprehensive U.S. Healthcare marketing plan which provides an effective framework for the Sales plan and which produces the required level of "Demand/Pull" for Digital in Healthcare.
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II. U. S. HEALTHCARE VISION

We Have A Vision That By FY96:

Digital Is #1 In Healthcare

Best in Class Account Selling Teams

Best in Class Solutions Partners (CSO's)

Best in Class Products/Services

Enthusiastic Customers Who Recognize Digital as a Business Partner

Playing a Key Role in Improving Quality and Lowering Cost of Healthcare

Understand Healthcare Market and Have a Solid Plan for Success

Through Our Partners, Provide the Most Complete Spectrum of Solutions

Viewed as #1 Integrator of Enterprise-Wide Healthcare Solutions

Healthcare is Digital's Most Profitable Business

#1 in Market Share

III. U. S. HEALTHCARE MISSION

**To Be The Premiere Provider Of
Business Solutions To the Healthcare
Industry While Profitably Increasing
Digital's Revenue And Market Share**

IV. U. S. HEALTHCARE: THE INTEGRATED NETWORK

To successfully attack the U.S. Healthcare market, it is necessary that we bring together several different internal Digital groups, each of whom play a role in the overall Healthcare strategy, and synergistically link all these resources into an efficient and effective approach to the market.

Based on training received during a recent Healthcare CORE session at INSEAD, this plan is based on an "Integrated Network" approach which includes:

- A. Identifying the organizational and individual entities that have full/partial responsibility for the plan's success.
- B. Clearly defining the roles and responsibilities of all entities.
- C. Obtaining commitments for focus and high-performance from each entity.
- D. Linking all entities together into an "Integrated Network."
- E. Establishing ownership of the overall plan: Vision, Strategy, Communications and Implementation.

In this approach, the common vision, clear plans and personal commitments of those involved will result in successful achievement of the overall plan. Relative to the U.S. Healthcare market, several individual internal Digital organizations were seen as having major involvement, as follows:

<u>Organization</u>	<u>Involvement/Responsibility</u>
A. Sales:	
1. HC Industry	- HC Industry VP Focal Point - Vision and Mission - Business Plan Ownership - Integrated Network DRI

- | | | |
|----|--------------------------|--|
| 2. | Account Teams
(Field) | Sales/Support |
| | | - Direct |
| | | - Via Channels |
| | | - SI |
| 3. | SME | - Low-End of Market via Lead
Generation Programs and
VAR's |

B. Services:

- | | | |
|----|-----------------------------|---|
| 1. | HC Industry | - HC Resource Center
(Sales Support) |
| | | - HC Practice (Delivery) |
| | | - SI |
| | | - EIC Link |
| 2. | Digital Services
(Field) | - Service Delivery (HPS, etc..) |
| | | - SI Resources |
| | | - ASG |

C. Healthcare IBU

- | | | |
|----|----------------|---------------------------|
| 1. | Worldwide HC | - Worldwide Vision/Trends |
| | | - Link to Corporate |
| 2. | U.S. Marketing | - Marketing Plan |
| | | - Demand/Pull Programs |

D. Channels

- | | | |
|----|--------------|--------------------------|
| 1. | LE HC CSO's | - HC Solutions Providers |
| 2. | SME HC VAR's | - HC Solutions Providers |

Note: Relative to Healthcare, the low-end of the market is seen as an extension of the overall market with much overlap. Our SME efforts in Healthcare should be viewed as a "Channels" activity and not as if SME Healthcare were a separate market.

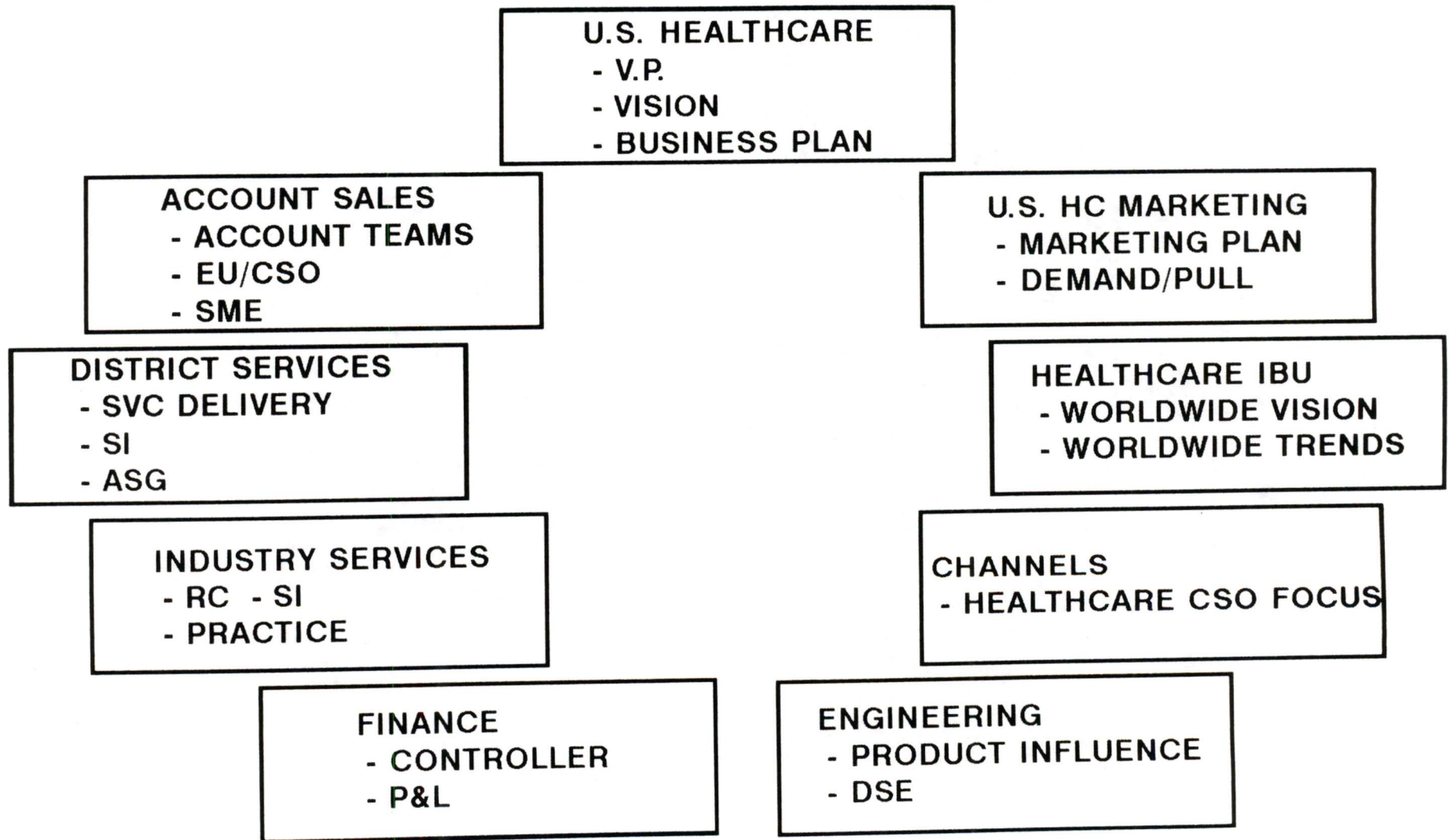
- E. Finance
 - Controllership
 - P&L
 - Investments

- F. Engineering
 - Product influence
 - Services Influence
 - DSE

The inter-relationship between these various organizations is complex with communications and cooperative effort as critical elements for success. It will be the responsibility of the U.S. Healthcare VP to ensure the successful integration of this network. The network, with its primary inter-relationships, can be depicted as shown on the following chart.

U.S. HEALTHCARE

THE INTEGRATED NETWORK

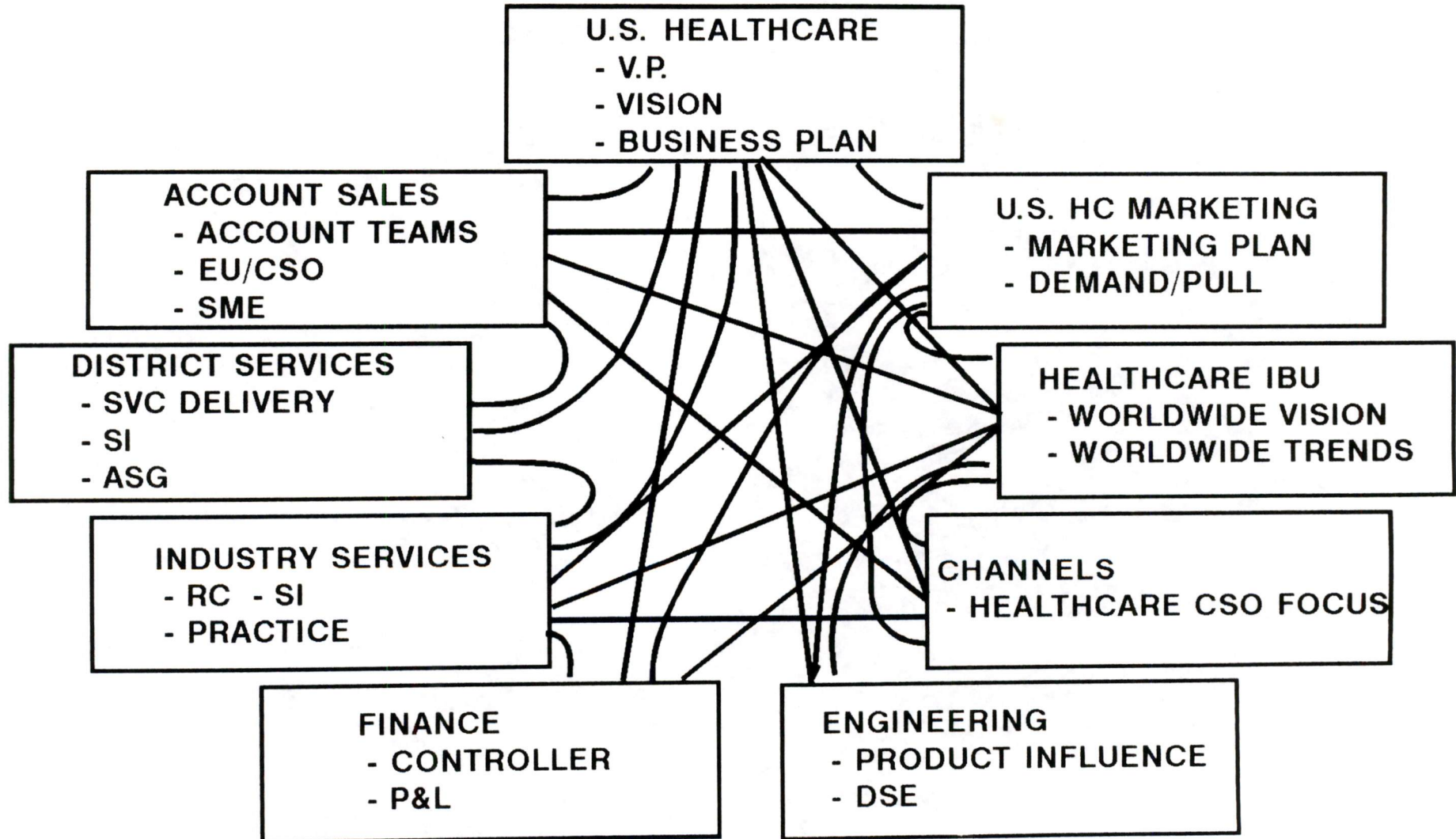


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U.S. HEALTHCARE

THE INTEGRATED NETWORK



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1. ALL INDIVIDUAL ENTITIES TO BE HIGH PERFORMANCE.
2. EFFECTIVE NETWORK OF ENTITIES TO BE IMPLEMENTED.
3. GLUE TO HOLD NETWORK TOGETHER IS VISION, PLAN AND PERSONAL COMMITMENTS.

V. U. S. HEALTHCARE MARKETING PLAN

A. Market Analysis

1. Market Definition.
2. Market Trends
3. Market Segmentation
4. Current Customer Needs
5. Competition
6. Size of the Business Opportunity

B. Solution Strategy

C. Demand Creation/Market Pull Strategy

D. Product/Services Creation Influence

E. Direction to Sales

F. Financial (Expense Budget)

Records Transmittal

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3. Affix label to front of box
4. Please remove all documents from binders or pendaflex before packing boxes.

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CUSTOMER ID	CUSTOMER NAME
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COST CENTER	LOCATION / MAILSTOP
579	TAYO-1/EP

RECORD CONTROL NO.
2000001

FROM DATE			TO DATE		
MONTH	DAY	YEAR	MONTH	DAY	YEAR

MAJOR DESCRIPTION	16
96-012	

MINOR DESCRIPTION	10
RUSS GULLOTTI FILES	

DISPOSAL DATE	Must be valid date
MONTH DAY YEAR	

PREPARER'S FULL NAME	DATE	COST CENTER ID	TELEPHONE NUMBER AND EXTENSION	MAILSTOP
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CUSTOMER ID			
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PLUS BOX NUMBER
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V. U. S. HEALTHCARE MARKETING PLAN

A. Market Analysis

1. Market Definition

- Words/SIC/Code/#'s of Institutions/Size in \$ Spending
- Charter of Healthcare IBU
- Overlap with EDU, Insurance and SLG

2. Market Trends

- Healthcare Direction, Plus New Business Problems
- Technological and Social
- Fit with Digital Products/Services

3. Market Segmentation

- Focus Segments
(Hospitals/MC/OSC/HHC/LTC)
- By Hospital Bed Size
- By Managed Care Membership
- By Chains (OSC) # Beds/# Facilities
- By Regional OSC
- By University Medical Center
- Low-End/SME (Group Practice, etc..)

4. Current Customer Needs

- Business Problems Faced Which Digital Can/Can't Address

5. Competition

- Competitive Vendors in Departmental and SI Solution Areas
- Strengths and Weaknesses

6. Size of the Business Opportunity

- Total Healthcare Spending
- Total IS Spending
- Amount Available to Digital
- Current Market Share (Plus Calculation Algorithm)
- Projected Market Share
- Total
- By Focus Segment

B. Solution Strategy

- By Focus Segment
(Hospitals/MC/OSC/HHC/LTC)
- Via Solution Partners
- Direct (Product/Services/SI)

C. Demand Creation/Market Pull Strategy

- By Focus Segment

- Events Planned
- Advertising Planned
- Field Based Programs
 - e.g., Showcase Program
 - Healthcare Road Show/Seminar Series
- Industry Associations
- Government Healthcare Organizations
- Expense Budget
- Broken Down by Program, Event, Association Fees, etc..

D. Product/Services Creation Influence

- Plan for Identifying and Obtaining New Digital Products/Services Required to Address Significant Customer Business Problems
- Engineering/PCU/SCU Linkages
- Investment Funding Process
- External Sourcing Alternatives

E. Direction To Sales

- What Market Segments to Address
- Which Accounts to Target/Segment
- What Solutions We Have to Offer/Segment
- Major Solutions Partners/Segment/Application

- Industry/Application Training Program for Each Marketing Segment (Link to Overall U.S. Healthcare Training Program)

F. Financial

- Overall Expense Budget for Programs and Staff

**FY93 U.S. HOSPITALS
MARKETING PLAN**

MISSION

Our mission is to make Digital the first choice for innovative problem solving in U.S. Hospital accounts, and the easiest with which to do business.

GOALS

- Increase marketshare profitably in the U.S. hospitals segment
- Ensure "best in class" solution leadership status
- Best educated U.S. sales/services/support team

MARKET ANALYSIS

MARKET DEFINITION:

The Hospitals market segment includes all external expenditures for computer hardware, software and services across market segments and applications. Segments include: University Teaching Hospitals and affiliates, Large Hospitals (over 400 beds), Specialty clinics, mid size Community hospitals (200 - 400 beds), and small Community hospitals (under 200 beds).

Digital has targeted the hospital segments for focused marketing effort. The top tier of these accounts -- roughly 16% of the total number -- have uniformly identified Enterprise integration, enabling User Access to patient information, as a strategic short-term goal.

Major application categories are Administrative, Electronic Medical Record, Telemedicine, Patient Care, EDI, and Diagnosis. Digital has targeted the high-growth segments within each category. Most Patient Care applications are information systems at the business level, involving some level of strategic decision support. Traditional finance and administrative applications are a large replacement-only market (2% growth), but decision support applications are a high-growth segment. The clinical (patient care) applications, Telemedicine, and the electronic medical record are the fastest-growing major category of applications.

NUMBER OF INSTITUTIONS/SIZE:

There is a total of 5800 U.S. hospitals. Approximately 3100 of these comprise the hospital segments outlined above. Roughly 900 are University teaching and/or affiliated, 2000 are small - mid size Community hospitals, with the balance being Large Hospitals and Specialty clinics.

FY93 U.S. HOSPITALS MARKETING PLAN
MARKET ANALYSIS (Cont.)

SIC CODE:

801X MD offices by specialty
806X Hospitals
808X Outpatient care (specialty clinics)
809X Other services/associations
OEMs -- 7374, 7372, 7379

MARKET TRENDS

Healthcare customers must find ways to control costs via increased productivity, improve organizational effectiveness, and provide a higher quality of care which must be made available to more people, as the population ages. It is likely that Healthcare will become the #1 issue of the 1992 presidential election. If brought to the political agenda, there will be no stopping the increased provision of health care or the automation required by this industry. By the year 2000, the U.S. will spend \$1.7 Trillion per year on Health Care, including \$100B on information management. 60% of this, \$60B, will be spent in the Hospitals segment.

The longer-term strategic emphasis for automation in Healthcare is not cost control, but Total Quality Management and Continuous Quality Improvement as applied to Healthcare. The driving force in the U.S. is the Joint Commission on Accreditation of Healthcare Organizations' (JCAHO) Agenda for Change. The JCAHO, a self-governing hospital standards-setting agency, is championing a movement "designed to progressively incorporate clinical and organizational performance data into a new accreditation process that is intended to improve the outcomes of care." Within five years, hospitals will be held accountable for the documentation and tracking of patient information, and the design and implementation of appropriate information systems will be the critical success factor in determining their quality measurements.

The Environment and Trends Are Favorable to Digital's Style of Computing:

- Government legislation and reimbursement regulations will require more accurate reporting and tracking of clinical and patient information.
- The patient's medical treatment history must be accessible from many different service delivery points -- both within the hospital's many departments, and remotely to authorized physicians, pharmacists, etc.
- Healthcare providers therefore understand that today's data collection, integration, and analysis needs can be solved, in part, by investing in networking and in clinical systems that will facilitate a dramatic increase in quality of care; and that the old systems, which are only financially-oriented, do not address these new issues.

- To meet these challenges, hospitals should increase information systems spending from 3% to 8% of their budgets over the next decade.
- They will require systems that include not just text, but can also integrate images and voice.
- Today's integration projects are already enterprise- and community-wide in scope ("local delivery systems").
- Quality Service is now a requirement - as healthcare delivery is a "service business."

In 1990, U.S. Healthcare expenditures accounted for 11.8% of the Gross National Product -- making Healthcare the largest U.S. industry -- and that percentage is expected to increase to about 15% by the year 2000. As stated earlier, 60% of these expenditures will be in the Hospitals segment.

HOSPITALS MARKET OVERVIEW (Current I.S. Spending)

- University Teaching Hospitals and Affiliates \$1.8B
- Large hospitals: \$1.0B
- Specialty clinics \$.3B
- Small-mid sized Community Hospitals \$.6B

HOSPITALS TARGET MARKET

- 124 University teaching hospitals and affiliates (Appendix I)
- 25 Selected hospitals >400 beds (Appendix II)
- 5 Specialty clinics (Appendix 3)
- 2000 Small-Mid size hospitals (Dorenfest 3000 Database)

CURRENT CUSTOMER NEEDS:

- Customer Needs
Customers must have USER ACCESS to PATIENT DATA to begin addressing QUALITY issues. They are looking for ways to effectively CONTROL COSTS and to INCREASE PRODUCTIVITY. They are new to the idea of being in a competitive industry, and must distinguish their own competitive advantages.

The first prerequisite to achieving these goals is to integrate the disparate systems within the enterprise, with an emphasis on the clinical side. Longer term, the next generation of information systems will focus on automating the patient's medical record (now paper), and must provide the USER (MD, nurse, administrator) with ACCESS to medical history, treatment, and outcomes data so that QUALITY of care can be analyzed and improved while COST is managed. The customized presentation of this data -- in a form that is actionable by each professional -- will be expanding the user base.

- Technology

Hospitals needs fit well with our technological strengths and directions. As this is a labor-intensive industry, the expectation is that computer technology will be used to increase the effectiveness of everyone from nurses and doctors to lab technicians. There is intense interest in applying advanced technologies such as voice, expert systems, and decision support. Voice recognition systems will be well-received and quickly integrated. Decision support and other AI-based systems will be applied first to administrative areas, then to patient care, and possibly later for diagnostic assistance to MDs.

The multi-vendor nature of the industry demands the support of Open Systems, and provides digital with a competitive advantage over IBM in the battle to integrate and support the Enterprise, thereby winning account control.

The highly heterogeneous mix of systems and applications in hospitals-- coupled with the need for a single, logical, consistent view of the patient record from anywhere within the institution -- demands a level of integration and support capabilities beyond the abilities of other vendors, but within reach of Digital.

The Healthcare industry is addressing the need for better application integration through Healthcare-specific standards efforts HL7 and MEDIX are the most significant efforts in this area. Both of these standards describe application-to-application transactions that synchronize and exchange medical information. Digital is actively involved in driving the key Healthcare standards, e.g., participation in HL7 and ACR/NEMA committees. Other computer industry standards, such as Motif, will find acceptance in Healthcare as UNIX-based development expands to new applications.

Because of the complex and demanding production computing needs of Hospitals, IBM and Digital and their proprietary systems have been natural choices. There is, however, a growing interest in, and acceptance of, Open Systems. Once again, this represents a competitive advantage for Digital over IBM.

COMPETITION:

In the U.S., Digital is the clear #2 supplier of computing systems to the Healthcare industry, and is the dominant supplier of clinical information systems. We are acknowledged as such by market consultants and the press. The ratio of Digital to IBM revenue in Health Care (1:2.5) is about twice as favorable as our total size vs. IBM.

In a January 1991 Dorenfest & Associates U.S. study, Digital is tied with IBM in terms of number of systems installed in hospitals, with a 25% share of the total units in the survey; and Digital appears in 41% of the hospitals surveyed, vs. IBM's 48%. The next highest hardware vendor presence is DG, which appears in 25% of the hospitals surveyed.

IBM has been our main competitor, with a second tier of traditional computer companies including DG, Apple, Sun, H-P, NCR and Tandem; followed by Unisys and AT&T.

Because Healthcare is viewed as an extremely attractive market, we expect increasing pressure from a number of new entrants into this market, primarily from UNIX-based low margin vendors who will usually focus on the research institutions, but moving rapidly into clinical applications.

There will be rapidly-growing pressure on Digital to provide price-competitive and technologically-advanced solutions for clinical care.

Data General, Hewlett Packard and Tandem have continued to build their OEM thrust into the Healthcare Information Systems market. Digital has worked to expand our OEM distribution program, and in doing so has recruited a number of our competitors' (including DG) major IS vendors. However, DG and HP have approached DEC CSOs aggressively and have successfully turned around some of our initiatives.

HP is a strategic threat as their reputation in patient monitoring is excellent, and the new information system focus on clinical computing and patient data gives them an entry point from which to leverage their strength. In addition, they have aggressively attacked our OEM base, and recently won a strategic contract as the platform vendor for Bell Atlantic Healthcare Systems (formerly Simborg Systems). It should also be noted that HP is a highly regarded professional organization of competitive size and field strength to Digital. their products are technically on a par with Digital's, and to win against them Digital must change the focus to our prowess in integration. Tandem has established a foothold in Hospital clinical systems over the last 3 years through their two strategic OEMs, Phamis and Knowledge Data Systems (KDS); both of these vendors have achieved significant wins in the biggest-name accounts (e.g., Mayo Foundation, MGH) with their AI-enhanced patient care database systems. Tandem has also penetrated strategic (Digital Named) accounts such as Kaiser and Humana through smart marketing of their fault-tolerant systems capability.

Apple and Sun Microsystems have quietly built up a dangerous presence in our targeted University-affiliated hospitals through their focused attack on our university business. Most of our customers are using Apples and Sun workstations for medical research and diagnostic imaging applications, and Sun has converted some of our patient monitoring OEMs to their platform. With these victories under their belt, Sun is starting to compete effectively in the Information Systems segment. Both vendors have aggressively built partnership and joint development relationships, including large investments on their part. We see their efforts as a significant threat to our installed base of VAX systems; as workstations become more powerful, and the computing model changes, our mid-range VAX installed base is at risk. Apple, in addition, has won a significant share from IBM in low-end PCs, e.g., doctor's office, hospital administrators, etc.

NCR has, over the last year, initiated a number of solutions and programs that will result in increased success. Their Access 2000 product is a competitive solution platform for HL-based applications integration. If NCR is acquired by AT&T, they will be more favorably positioned in Healthcare.

Unisys is listed as a third-tier competitor today because they have a moderately-sized but flat installed base, but during 1990 they made a major strategic move which signaled a strengthened commitment. They have separated out and consolidated their focus on Healthcare by creating a Unisys Healthcare Division, with its own president, headquartered in Charlotte, NC, and under which their formerly regionalized sales units report to a single national sales manager. Their corporate financial troubles have taken somewhat of a toll on their recent success in the market, and it was just (1/91) announced that Unisys is considering selling off their Healthcare division or entering a joint venture.

As Digital develops our EIS business, our competition will include System Integration vendors such as EDS, Anderson Consulting, Perot Systems, Cambridge Technologies, and other healthcare consultants in the U.S.

As a number of Telecomm Industry corporations (AT&T, Northern Telecom and RBOCs) demonstrated hospital information system software applications at the 1991 HIMSS conference. These companies have a heavy dependence on the Health Care market and a lot of money to invest. Many have already invested in pilot projects regarding networking local clusters of university-affiliated hospitals or relating to the transmission of electronic diagnostic images. One or more of these companies could develop into a significant long-term threat in our market. Imaging is a critical technology for these companies, and we are convincing some of them to adopt our Imaging strategy and computing platform.

Digital will encounter new competitors as we enter the Systems Integration business, but we will succeed by leveraging our technology and networking advantage in the larger and more complex institutions where we have a significant presence through CSOs. Many such medical centers now have a computing model of mainframe systems for financial and core patient care systems, surrounded by minicomputer and PC LAN-based departmental systems. The visibility of our success in integration and connectivity brings will enable us to move into the medium and multi-site business over time.

SIZE OF THE BUSINESS OPPORTUNITY

	<u>FY'92</u>	<u>FY'93</u>	<u>FY'94</u>	<u>FY'95</u>
Total HCIS Spending	7.8B	8.0B	8.3B	8.6B
Total Hospitals IS Spending	3.7B	3.9B	4.1B	4.2B
Amount available to Digital				
H.W.	1.4B	1.4B	1.3B	1.1B
S.I.	.5B	.6B	.8B	1.0B
Other Services	.5B	.5B	.5B	.6B
Total Amount Available	2.4B	2.5B	2.6B	2.7B
Total U.S. Healthcare Revenue	.35B	.43B	.52B	.63B
Product Revenue	.21B	.23B	.26B	.28B
Services Revenue	.14B	.20B	.26B	.35B
Total Digital Revenue	.22B	.26B	.32B	.38B
Product Revenue	.13B	.14B	.16B	.17B
Services Revenue	.09B	.12B	.16B	.21B
Current Market Share	9%			
Projected Market Share		10.4%	12.3%	14.1%
Hospitals I.S. Spending	3.7B	3.9B	4.1B	4.2B
University/Affiliated	1.8	1.9	2.0	2.0
Large Hospitals	1.0	1.1	1.2	1.2
Specialty Clinics	.3	.3	.3	.3
Small-Midsize Hospitals	.6	.6	.6	.7

SOLUTION STRATEGY

HOSPITALS STRATEGY (Direct/Indirect/Co-op)

- University Teaching Hospitals/Affiliates, Large Hospitals, & Specialty Clinics:

Existing account penetration:

Services, Projects/Engagements, Installed base

New account development:

Market development oriented programs, CSO programs

Investments:

Enabling technologies: imaging, NAS, NaC

Programs: Showcase Accounts, CSOs, FABS

Dedicated Healthcare team:

Sales, Marketing, Services, Support

Sales internship, training programs

- Small - Midsize Community Hospitals:

Existing account penetration:

CSOs, Services, DMO programs, Installed base

New account development:

CSOs, DMO programs

Investments:

Programs: CSO recruitment, co-op programs

Sales:

SME managed CSO/co-op

U.S. HOSPITALS PROGRAM STRATEGY

PROGRAM NAME: Showcase Account Program

- GOAL:**
- * Establishment of reference account leadership sites
 - * Demonstrate Digital's and Digital's CSOs' complete solution and services capabilities
 - * Grow showcase account revenue profitably

IMPLEMENTATION:

- * Worldwide program
- * Individual account management driven locally/funding
- * U.S. marketing administration/support/funding

ROLLOUT:

- * Q4, FY92: Q1 FY93 targeted site account managers contacted; site participation confirmed
- * Showcase account proposal submitted by local account management
- * Letter of agreement signed between Digital and showcase account
- * "Quick win" press relations announcement
- * Repeat of process for Qs 2 & 3
- * Regular status meetings scheduled with Showcase account, local field management, and U.S. marketing, held quarterly or as determined

- CYCLE:**
- * 6 sites targeted for FY93
 - * Fox Chase Cancer Center
 - * Children's Hospital, Boston
 - * Maryland Shock Trauma Institute
 - * St Jude Children's Research Hospital
 - * Community Hospital of Monterey Peninsula
 - * Dartmouth Hitchcock Medical Center

- * 2 each in Qs 1, 2, & 3

MEASUREMENT:

- * Addition of FY93 targeted sites to the Showcase Accounts portfolio
- * Revenue growth achieved in established showcase accounts
- * Executive relationships established
- * Showcase account activity stimulates \$20M in opportunities

FUNDING:

- * U.S. Marketing: \$50K
- * U.S. Field: TBD based on account need

CO-OWNER:

- * U.S. Marketing: Ric Buxton
- * U.S. Field: Sales Account Manager for each site
- * Other organizations based on activity type; i.e., marcom programs for advertising or success stories, etc.

PROGRAM NAME: Establishing Executive Relationships in Hospitals

GOAL:

- * Leverage Digital's expertise to establish executive relationships in U.S. healthcare accounts
- * Promote Digital's unique approach to managing HIV/AIDS in the workplace
- * Grow service revenue in the U.S. healthcare market

IMPLEMENTATION:

- * U.S. wide seminar and sales program
- * Directed by Paul Ross, director of Digital's HIV/AIDS program office
- * Field responsibility includes audience acquisition, site planning, host event, lead generation/follow-up
- * U.S. marketing responsibility includes co-funding, co-sponsorship, program rollout

ROLLOUT/CYCLE:

- * Pilot at Emory U Medical Center early Q 1, FY93
- * 3 - 4 events per quarter in FY93, either seminar format, or individual U.S. healthcare site
- * Field promotion via program package and MEDnet
- * Paul Ross responsibility includes program delivery, sponsorship, and co-fund
- * U.S. marketing to track results/leads and assist in program delivery

MEASUREMENT:

- * Increase in Digital service revenue (program pricing TBD)
- * Produce 12 - 15 events in FY93

FUNDING: \$15K

- * U.S. Marketing
- * HIV/AIDS Program Office

CO-OWNER:

- * U.S. marketing: Ric Buxton
- * HIV/AIDS Program Office: Paul Ross

PROGRAM NAME: Hospitals Day Seminar: "A Case Study: EMR Implementation"

- GOAL:**
- * Promote Digital's service capabilities
 - * Jointly drive CSO strategy and business
 - * Leverage showcase account program
 - * Increase U.S. Healthcare revenue

IMPLEMENTATION:

- * U.S. wide seminar series
- * "Pinehurst Seminar" model
 - * Locally field sales supported/managed/participation
 - * Cerner Corp. support/sponsorship/participation
 - * Emory University Med Ctr participation/support
 - * U.S. marketing participation/support

ROLLOUT:

- * Q4, FY92: Host field sites named, Cerner and Emory support/participation confirmed
- * Field responsibility: Audience acquisition, host site planning and management, host event, co-funding, lead generation/follow-up
- * Cerner responsibility: Audience acquisition, sponsorship, co-funding, participation
- * Emory University responsibility: Support acquisition process (invitation letters, confirmations), provide primary participation through John McDaniel, Director Medical Informatics; Charlie Enicks, CIO; Dr Garland Perdue, CEO/Director, Emory Clinics
- * U.S. marketing responsibility: facilitate event, co-host event, co-sponsorship, co-fund

- CYCLE:**
- * 4 seminars for FY93; 1, Q1; 2, Q2; 3, Q3
 - * Sites: Q1 St Louis; Nikki Mercer to be event driver
 - Q2 Atlanta; Linda Calvo to be event driver
 - Q2 Tampa (tentative); Lindy Benton to be event driver
 - Q3 TBD

MEASUREMENT:

- * \$10M+ in lead generation each seminar
- * \$10M in FY93 revenue

FUNDING: \$50K

- * Total program cost: \$48K/\$12K each event
- * Cerner: \$20K/\$5K
- * U.S. Marketing: \$13K/\$3.25K
- * U.S. Field: \$15K/\$3.75K

CO-OWNER:

- * U.S. Marketing: Ric Buxton
- * U.S. Field by Site: As explained in plan
- * Cerner Corp: David Margulies (TBD) and local Cerner account manager (TBD)
- * Emory U Med Ctr: John McDaniel

PROGRAM NAME: Hospitals Lead Generation: Dorenfest FLASH Reports

- GOAL:**
- * Qualified lead generation
 - * Leverage further use of Dorenfest database
 - * Increase U.S. Healthcare revenue

IMPLEMENTATION:

- * U.S. wide field program
- * U.S. marketing administration and support
- * Field follow-up and generation of sales activity

ROLLOUT/CYCLE:

- * FLASH reports from Dorenfest and Associates received the 2nd and 4th weeks of every month
- * FLASH reports sorted and distributed via fax within 2 days of receipt
- * Ongoing follow-up by U.S. marketing/SME Healthcare manager

MEASUREMENT:

- * Timely, accurate FLASH report turnaround to field
- * Monthly follow-up for activity update
- * Generation of \$20M in lead activity

FUNDING:

- * Healthcare Business Unit

CO-OWNER:

- * U.S. marketing: Ric Buxton
- * Healthcare Business Unit: Ava Schutzman

PROGRAM NAME: Field Program: Desktop Integration Services

- GOAL:**
- * Promote Digital's Desktop Integration service
 - * Create market pull for CSO Desktop rollout strategy
 - * Increase Business unit revenue
 - * Fast Time ramp-up of new marketing program

IMPLEMENTATION:

- * U.S. component of world-wide program
- * Direct Mail response
- * Target over 350 bed hospitals.
- * Target initial Dorenfest purchase plans.
 - Direct sales on:
 - Volume PC purchase (greater than \$200k)
 - LAN integration
 - Digital Direct follow-up (less than \$100k)
 - Low volume request
 - Distributors follow-up (less than \$200k)
 - medium volume
 - No integration

ROLLOUT:

- * Late Q1 FY93 focused evaluation.
- * Quarterly if successful
- * Healthcare Literature (TBD)
 - Customer Testimonials (Reprints)
 - Customer References
 - . Focused by "class" of customer

CYCLE:

- * Initial Evaluation
- * Quarterly if successful

MEASUREMENT:

- * Leveraged pull program for CSO push program
- * \$2.5M qualified direct sales leads (10) initial effort
- * 100 qualified distributor integration projects.
- * Digital Direct healthcare focused follow-up

FUNDING: \$15K

- * Healthcare customer testimonial (\$4k)
- * Direct mail reprints (\$2k)
- * Healthcare direct mail literature (\$4k)
- * DMO/Telemarketing (\$5k)

OWNER:

- * Ed Rudack

CO-OWNER:

- * US Marketing Ric Buxton
- * Desktop integration services (TBD)

PROGRAM NAME: Hospitals Lead Generation: DMO/Telemarketing

- GOAL:**
- * Generate high quality leads
 - * Increase Digital's visibility in the small and midsize hospital market
 - * Increase U.S. Healthcare revenue

IMPLEMENTATION:

- * Direct mail campaign to U.S. hospitals <400 beds
- * Telemarketing by DMO
- * Lead follow-up by local account managers, or SME MDM

ROLLOUT/CYCLE:

- * 2 campaigns - late Q1, early Q3
- * Executive level (CEO, CFO, CIO) targeted
- * 2000 sites
- * Direct mail vehicle with business reply survey/offer
- * Telemarketing 1 week after mailing
- * Leads passed on to appropriate account manager/MDM

MEASUREMENT:

- * Lead generation from 50% of respondents
- * 10% of leads close
- * Average system order: \$200K
- * Increased U.S. hospitals revenue of \$1M+

FUNDING: \$40K

CO-OWNER:

- * SME Healthcare Manager, Joe Lesica
- * U.S. Marketing, Ric Buxton

PROGRAM NAME: U.S. Hospital Events

- GOAL:**
- * Visibility: develop and enhance Digital's presence, market awareness, and image in the hospitals market
 - * Selling: support the selling efforts of the U.S. sales team through furthering account penetration, new account development, and lead generation
 - * Establish an environment for demonstration of world class solutions for technology (voice, imaging, networking), and services (systems integration, HealthView)
 - * Leverage U.S. strengths of channels/consultants/showcase accounts relationships through cooperative efforts
 - * Leverage events to augment U.S. training curriculum

EVENT TYPE: Conference & trade show

- * Healthcare Information Management and Systems Society (HIMSS)
 - Audience: CIOs, IS Directors of U.S. hospitals
 - Attendance: 2000
 - Digital presence: total conference and trade show participation, cooperative participation with Digital hospital CSOs (SMS, Gerber Alley, Cerner, etc.) and with allied consultants (E&Y, Booz-Allen, etc.), and showcase accounts/reference sites
 - Q3 (February, 93)
 - Funding: \$150K
- * Healthcare Forum
 - Audience: CEOs, Presidents, Administrators of U.S. hospitals
 - Attendance: 2000
 - Digital presence: partial conference and trade show participation, cooperative participation with Digital hospital CSOs and with allied consultants, and showcase accounts/reference sites
 - Q4 (April, 93)
 - Funding: \$75K
- * Corporate Leaders Forum (CLF)
 - Audience: CEOs, Presidents, Administrators, Senior V.P.s of U.S. hospitals
 - Attendance: 60
 - Digital presence: development, implementation, sponsorship, cooperative participation with healthcare industry leaders, consultants, and showcase accounts/reference sites as appropriate
 - Q2 (December, 93)
 - Funding: \$50K
- * Healthcare Finance Managers Association (HFMA) Leadership Conferences
 - Audience: CFOs, V.P.s of Finance, Controllers of U.S. hospitals
 - Attendance: 100 each conference
 - Digital presence: cooperative participation with FABS and HFMA for sponsorship of speakers, agenda topics, and advertising/pr
 - Q2 (September, 93)

PROGRAM NAME: U.S. Hospitals Training

- GOAL:**
- * Ensure the best educated, most well equipped U.S. sales/services/support team
 - * Provide a cost efficient way of providing up to date healthcare industry and product information
 - * Provide a vehicle for our CSOs and other partners to easily and quickly disseminate timely, useful information to the U.S. healthcare sales team

EVENTS:

- * North American Sales Meeting (NORAM)
 - Audience: 100% dedicated North American Healthcare Sales, sales support, sales managers
 - Attendance: 200
 - Q2 (October, 92)
 - Funding: \$125K
 - Co-owners: Healthcare Business Unit, U.S. Healthcare Sales
- * Sales Internship Program
 - Audience: 100% dedicated U.S. hospitals sales, sales support, sales managers
 - Attendance: 15 each
 - Q2: 2, Q3: 2, Q4: 2
 - Funding: \$180K
 - Co-owners: Ed Deppert & Subodh Sheth
- * Conference and Trade Show Events
 - Audience: 100% dedicated U.S. hospitals sales, sales support, sales managers, cross industries/product groups working in Healthcare (FABS, NaCM, NAS)
 - Attendance at various conferences for conference specific training as appropriate
 - Q3 (February, 93), Q4 (April, 93)
 - Funding \$10K
 - Co-owner: Peg Noonan
- * CSO/Customer DVN Training Series
 - Audience: 100% dedicated U.S. healthcare sales, support, sales managers, cross industries/product groups working in Healthcare
 - Attendance: U.S. wide at local DVN sites
 - Digital presence: sponsorship and implementation of 6 DVNs in FY93, cooperatively with CSOs and customers
 - Q2 (2), Q3 (3), Q4 (1)
 - Funding: \$125K
 - Co-owner: Lorraine Morse
- * Coach Program
 - Audience: 100% dedicated U.S. healthcare sales/sales support with less than 1 year healthcare experience
 - Managed by Sales Drivers in cooperation with senior Digital Healthcare sales account managers
 - Q1 and ongoing
 - Funding: \$5K
 - Co-owner: Ed Deppert & Subodh Sheth

PROGRAM NAME: U.S. Hospitals Marketing and Communications Campaign

- GOAL:**
- * Continue to enhance Digital's visibility in the hospital market
 - * Build awareness that Digital is a major player in the hospital market
 - * Develop messages which map into Digital's and Digital's partners hospitals industry strategies
 - * Create selling tools which can be used in various steps of the sales process

ADVERTISING (Corporate)

- Rollout of 2nd phase of the Digital Corporate ad campaign using 2 customer testimonials - St Jude Children's Research Hospital & Ohio State University Hospitals - to show how Digital understands the hospitals market, and is working with hospitals accounts to help them achieve their goals
- Implementation: Q1/Q2
- Co-owner: Janis Bookman

ADVERTISING (U.S. Hospitals)

- Develop and implement hospital specific advertising for industry publications to coincide with all hospital events, including but not limited to, conferences, trade shows, hospital day seminars, local or geographic promotions
- Implementation: Q2, then ongoing
- Co-owner: Janis Bookman

Advertising funding: \$100K

SUCCESS STORIES

- Develop and produce 4 hospital specific success story data sheets which provide unique examples of how Digital hospital customers are solving their information management challenges. These will be used as promotional literature, literature fulfillment pieces, and as selling tools for sales account managers
- Implementation: Q2 (1), Q3 (2), Q4 (1)
 - Possible sites:
 - St Jude Hospital: Integration of research and hospital
 - Ohio State University Hospitals: clinical information system/networking
 - Fox Chase Cancer Center: NAS/PACS
 - Emory U System of Healthcare: EMR/CSO partnership
 - Maryland Institute of Emergency Medicine: Networking and acute care
- Funding: \$80K
- Co-owner: Ilana Reynolds

EXECUTIVE VIDEO

- Develop and produce a customer testimonial video focused on a central theme, utilizing executives of hospital customers who have uniquely solved business challenges using Digital products and services. The video will be used as a selling tool for sales account managers, as a promotional piece in conjunction with events, and as an executive office entre through vehicles such as the Impact program
- Implementation: Q2 and ongoing for 2 years
- Funding: \$80K
- Co-owner: Janis Bookman

PRESS RELATIONS

- Develop hospital press relations campaign, one for internal use and one for external use for FY93 to coincide with announcements, press briefings, success stories, conferences, advertising, and trade shows. Will be used as a selling tool for account managers, and as an influencing vehicle for press, consultants, and targeted accounts
- Implementation: Q1 and ongoing
- Funding: \$10K
- Co-owner: Ethel Kaiden

FY93 HOSPITALS CAMPAIGN TIMELINE

	Q1	Q2	Q3	Q4	Q1	Q2
Showcase Accounts	----->					
Exec. Rel. Seminar		-----x				
Hospital Seminar: EMR		--x--x-x--x				
FLASH Reports	----->					
Desktop I.S.	-----x					
Lead/DMO Program		-----x		-----x		
HIMSS		-----x-->				
HC Forum		-----x-->				
CLF (Medinfo, D.C.)		-----x-----x				
CLF (FABS)	-----x					
HFMA	-----x					
NORAM	-----x					
Internship		-xx---xx---xx				
Coach Program	----->					
DVN Training		-----xx-----xxx-----x				
Advertising	----->					
Success Stories		-----x-----xx-----x				
Exec. Video		----->				
Press relations	----->					

U.S. HOSPITALS PROGRAM BUDGET SUMMARY

Showcase Accounts	\$50K	Q2,3,4
Exec. Rel. Seminar	\$15K	Q1 - 4
Hospitals Seminar	\$50K	Q1 - 4
Desktop I.S.	\$15K	Q1
Leads/DMO	\$40K	Q1 - 3
HIMSS	\$150K	Q3
HC Forum	\$75K	Q4
FABS CLF	\$50K	Q2
HFMA	\$60K	Q1
NORAM	\$125K	Q2
Internship	\$180K	Q2 - 4
Industry Training (Conferences)	\$10K	Q3, 4
DVN	\$125K	Q2 - 4
Coach	\$5K	Q1
Advertising	\$100K	Q1 - 4
Sucess stories	\$80K	Q2 - 4
Exec. Video	\$80K	Q2
Press relations	\$10K	Q1 - 4
Misc.	\$20K	Q1 - 4
 TOTAL:	 \$1225K	

PRODUCT/SERVICES CREATION INFLUENCE

With the focused high growth areas in the hospitals segment of systems integration, telemedicine, patient focused care, and the electronic medical record, there exists a critical need bring to the hospital market, packaged products and services in the form of solutions to meet the demand.

Alliances and additional 3rd parties are necessary to fill gaps in the Digital hospital solutions portfolio.

Technology Areas:

- Imaging (document, clinical, PACS, research)
- Voice
- Video, multimedia
- AI
- FDDI, high bandwidth networking
- EDI

Solutions (Digital):

- S.I.
- Management Consulting
- TQM, CQI
- CIT

Solutions (3rd party):

- HIS for hospitals >500 beds
- PACS
- Management consulting/delivery
- TQM, CQI
- Patient focused care
- Bedside terminal
- Voice
- Video

PCU Focus:

- Image/Voice/Video
- Services
- NAS
- NaCM
- Telcom
- FABS
- Office

DIRECTION TO SALES

Digital's U.S. strategy is to DEVELOP ACCOUNT CONTROL by SELLING SOLUTIONS to Targeted Accounts. This will complement and facilitate a higher proportion of Digital wins with our third party vendors.

The targeted Hospital accounts are spread across the country. The major 25 metropolitan areas have the highest concentration of these accounts, but some states, e.g., NY, FL, CA, are high in population (and demand) with accounts more evenly distributed throughout. In addition, a few smaller cities are the home of strategic, leading edge medical centers (e.g., Mayo Clinic/Rochester MN, Duke U./Chapel Hill).

The 125 University Medical Centers & affiliated hospitals, Large Hospitals, and Specialty Clinics are now spending from \$15M-\$50M each over 3-5 years to overhaul and integrate their enterprise computing systems.

100 - 125 SALES ACCOUNT MANAGERS SHOULD BE TARGETED SQUARELY AT THESE LEADING-EDGE HOSPITALS. Significant successes have been developed into showcases such as Ohio State, Fox Chase Cancer Center(networking), Baptist Memorial Hospital in Memphis (MIS), Childrens Hospital in Boston (Enterprise computing), and Emory U. Hospitals & Clinics in Atlanta (Automated medical records and imaging).

TARGET ACCOUNT SUMMARY

<u>Segment</u>	<u>High Growth Computing Areas</u>
University Medical Centers/Affiliates	EMR, LAN, Telemedicine, POC
Large Hospitals (>400 Beds)	EMR, LAN, Telemedicine, POC
Specialty Clinics	EMR, LAN, Telemedicine, POC
Small - Midsize Hospitals (<400 beds)	POC, LAN

COOPERATIVE SELLING STRATEGY:

Today we get into our accounts with CSOs with departmental and administrative solutions. This has populated hospital departments with Digital hardware, but has not permitted Digital to build executive relationships.

The vision is to become more direct with a more robust service and delivery portfolio, as shown in the following chart:

Digital's Hospital SI Selling & Delivery Strategy:

<u># of Acct</u>	<u>Sales Model</u>	<u>CSO Model</u>	<u>Services Model</u>
Top 155 Targeted Hospital Accounts: University Medical Centers, Large Hospitals, Specialty Clinics	Direct presence	CSO subcontracts	Digital SI target - Healthcare Practice Alliances w/CSOs and Consultants

155-1500	Joint Sell	If many CSOs -->	Digital integrates/
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Large,
midsize
hospitals;
specialty
clinics

If 1 CSO dominant--> CSO integrates/
Digital subs if appr.

>1500 small hospitals	CSO SME	CSO SME	CSO w/ or w/o Digital (if appropriate opportunity)
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FY93 MANAGED CARE
U.S. SALES AND MARKETING PLAN

A. MARKET ANALYSIS

1. MARKET DEFINITION:

Managed Care by definition within Digital, includes all U.S. Health Maintenance Organizations (HMOs) and Preferred Provider Organizations (PPOs). This includes the following HMO models: staff, group, network, Independent Practitioner Associations (IPA) and Point of Service (POS) plans. Also included are Dental HMOs and Utilization Review organizations. Hospital or Insurance owned HMOs or PPOs are covered by this segment (ie. Humana Health Plan, CIGNA Health Plan). Not included under the Managed Care segment are Third Party Administrators (TPAs), which are covered by the Insurance Business Unit.

SIC CODES:

8011 MD offices
8081 outpatient clinics
6324 medical insurance

There are currently 550 HMOs and 800 PPOs as of Jan. '92. The trend in number of HMOs is decreasing mainly through acquisition (there were 600 HMOs in Jan. '91), with 38.6 million enrollees. The number of PPOs is increasing as they are very easy to establish (there were 639 PPOs in Jan. '91.), with 60.0 million enrollees.

It is said that 35-40% of the 1 trillion spent on Healthcare in the year 2000 will be spent on managed care. However, currently, total managed care spending for FY'93 is \$1.2 billion. The amount available to Digital is \$545 million. The projected revenue for Digital in FY93 is \$64M.

There is an overlap with the Insurance Business Unit where managed care organizations are owned by major insurance carriers, ie. Blue Cross/Blue Shield, Cigna Health Plan, Aetna Health Plans, etc.

The charter or mission is to make Digital the first choice of innovative problem solving in U.S. Managed Care accounts.

2. MARKET TRENDS:

Managed Care is prepaid healthcare. The concept is to keep people healthy and out of the healthcare system. Their goal is to contain healthcare costs, while providing quality service and access to healthcare services. Automation is critical to a managed care organizations cost controls. There is a major focus on Total Quality Management and Continuous Quality Improvement in every major managed care organizations.

U.S. HEALTHCARE MARKETING PLAN
A. MARKET ANALYSIS (Cont.)
2. MARKET TRENDS (CONT.)

Currently 15% of U.S. population or 35 million Americans are enrolled in a managed care setting. This trend will continue to grow, due to the large burden of healthcare costs on American corporations today. In order to contain healthcare costs, they are pricing the managed care plans more attractively than the traditional healthcare insurance plan, therefore causing their employees to move to the lower cost health alternative. Automation is essential for this continued growth. HMO plans need to communicate patient and claims information, as well as keep members satisfied so they will re-enroll.

There is a movement among managed care organizations to merge with regional/local healthcare delivery systems to further contain costs and participate in a patients continuum of care. Networking and multi-vendor integration services plays a large role here in moving information among the different healthcare entities.

Managed Care is being viewed by many healthcare experts as being the driving force to curb spiraling high costs of healthcare in the U.S. The U.S. Government is proposing various Medicare and Medicaid HMO bills (Coordinated Care - HCFA), to help curb the spending in these costly programs. This means large systems/OLTP to handle the increase in members and claims processing.

Wellness is a key component for managed care organizations to contain costs. There is a big focus on keeping educating the healthcare consumer and keeping them well and out of the healthcare system. Home triaging and education systems such as the one from IPS installed for HCHP members will play an important role here.

50% of an HMOs costs are in the administrative area, and this is the major area Digital should focus its energies for automation. Other areas which favor Digital's style of computing include:

- Government legislation for all healthcare institutions dealing with Medicare/Medicaid patients must implement EDI by 1995 means lots of Digital EDI opportunities.
- Staff and Group model HMOs are concerned with government regulations around accurate reporting and tracking of clinical and patient information.
- Digital Services such as System Integration (desktop, networking, multi-vendor, Healthview), Support Services (security, disaster recovery) and Consulting (TQM, EDI) will be critical to the success of the major managed care accounts.
- Large systems, large databases, OLTP and CASE are essential and critical for the bet your business applications (mainly claims processing systems) of a managed care organization.
- EDI, Document Imaging, and CallCenterPLUS are Digital technologies/ solutions that will assist contain costs in the high cost administrative areas.
- Data collection and reporting for HMOs to employer groups is essential for survival and continued support from employer groups.
- Sales and Marketing systems, decision support, executive information systems and proposal generation are other necessary functions Digital can support.

U.S. HEALTHCARE MARKETING PLAN
A. MARKET ANALYSIS (Cont.)

3. MARKET SEGMENTATION:

- Target the top 125 HMO accounts with membership over 100,000, all model types.
- Target the top 50 PPO accounts with membership over 100,000.

Sales strategy:

CSO, direct sales effort for medium to large (100,000 members to 6M + members) accounts.

CSO, SME for small (100,000 members and below) accounts.

4. CURRENT CUSTOMER NEEDS:

Solutions to cut administrative costs (ie. claims processing), which for over 50% of a managed care organizations costs is the biggest issue. By cutting these costs can be the difference between profitability or significant losses.

Solid and flexible managed care information systems are essential within a managed care organization. This is their core, bet your business application (claims, enrollment, billing, plans, UR, etc.).

There is the need for information to be at the right place, at the right time, to make key medical or business decisions as in any medical environment.

HMOs/PPOs are faced with come up with programs to increase member satisfaction/retention for continued prosperity. There is major competition in this market, hence the need for lots of visibility and high levels of member satisfaction for renewals and new enrollments.

Employer groups are requiring accurate reporting of costs, utilization, quality, etc. to determine if managed care organizations are indeed containing the healthcare dollars. If accurate reporting is not available, there is the risk the employer group will drop the managed care organization from their portfolio. There is a movement among employer groups toward standardization of reporting, which will make things a lot easier on HMOs.

5. COMPETITION:

In the U.S. for Managed Care, Digital is the #3 supplier of computing systems. The current market position is as follows -- IBM: 26%, HP: 21%, Digital: 19%. This is information per Charles Singer & Assoc. and is hardware only!!

Digital's marketshare has been consistently growing over the last 4 years of tracking by Charles Singer & Associates (from 14% in 1988 to 19% in 1991). IBM and Hewlett Packard's performance has been up and down over the past 4 years (IBM: from 23% in 1988 to 28% for a high in 1990, and down to 26% in 1991, HP: from 25% in 1988 down to 19% in 1990 and back up to 21% in 1991).

U.S. HEALTHCARE MARKETING PLAN
 A. MARKET ANALYSIS (Cont.)
 5. COMPETITION (Cont.)

There is no dominant software vendor for the managed care information system, and just a handful of players. AMISYS from American International Health (HP only) and Systems Choice from GTE (IBM only) are currently the 3 state of the art applications. A serious recruiting effort needs to be placed on both of these vendors. DISCorp and IDX are both good products (Digital only), however, DISCorp is out of date and need some re-vamping, while IDX needs to put a larger focus on this market. Both organizations are aware of their downfalls and are doing something about them. DISCorp is looking into relational databases, imaging and EDI, while IDX is refocusing its sales force and looking at working with Digital on joint efforts.

The competition:

	<u>Strategy</u>	<u>CSO</u>	<u>Focus</u>	<u>Counter</u>
IBM	CSO	Systems Choice (GTE)	Lg. HMOs	Need to Recruit
		MCS (SEAKO/Comtec)	Med. HMOs	IDX, DISCorp
HP	CSO	AMISYS (AIH)	Lg. HMOs	Need to Recruit
Tandem	CSO	Phamis	Lg. HMOs	IPS (Clinical)

6. SIZE OF THE BUSINESS OPPORTUNITY:

Healthcare on average is growing at 5%. The managed care segment is growing at a faster rate. It has been about 10% over the past few year with expectations to begin growing 15% around the FY94 timeframe.

Total MC spending for FY93 is \$1.2B which includes hardware, software and services spending. The amount available to Digital is \$545M. The hardware component is decreasing, due to the declining cost of hardware. The system integration component is increasing at a rate of 40% per G2 Research Inc., as Digital begins to take a leadership role in this area.

Digital Product, Services and Total Revenue are based on 15% of the U.S. Healthcare Market Share numbers.

	<u>FY' 92</u>	<u>FY' 93</u>	<u>FY' 94</u>	<u>FY' 95</u>
Total HCIS Spending	\$7.8B	\$8.0B	\$8.3B	\$8.6B
Total MC Spending	1.1B	1.2B	1.4B	1.6B
Amount Available to Digital				
Hardware	396M	408M	420M	432M
Syst. Integ.	41M	57M	79M	108M
Other Services	80M	80M	80M	90M
Total Amount Available	517M	545M	579M	630M
Digital Product Revenue	31M	34M	39M	42M
Digital Services Revenue	21M	30M	39M	52M
Total Digital Revenue	52M	64M	78M	94M
Current Market Share	10%	-	-	-
Projected Market Share	-	12%	14%	15%

U.S. HEALTHCARE MARKETING PLAN

B. SOLUTION STRATEGY

Focus on existing account development and new account development:

- Continue direct selling teams, CSOs for accounts with 100,000 members and over. Continue SME, CSOs for accounts with less than 100,000 members. Initiate direct mailings and joint marketing programs with CSOs in this space with Joe Lesica.
- Existing Account Focus: work with our existing customers in new areas, with a focus on the services (integration), projects, custom applications and installed base. Key customers include: Kaiser, BC/BS, PacifiCare, Health Net, HCHP, CCN, Group Health Inc., Group Health Association, Coventry, Sierra, Selectcare, etc.
- New Account Development: need to fill the pipeline with new accounts. Target will be on Digital's HMO Elect customers (see focus program in Section C), such as: Fallon, CIGNA, BC/BS, Takecare, Health Alliance Plan, etc. Focus on Services!
- Investments need to be made in document imaging, EDI and other technologies that can help managed care organizations curb their administrative spending.
- Sales Training Programs focused on managed care, advertising and success stories, target marketing programs and other field readiness activities.
- Utilize Managed Care consultants.

CSO Solution Strategy:

- Current: Small & medium accounts are covered with our existing CSO portfolio for managed care. Application areas of focus include:
 - Managed Care Information System (MCIS)
 - Electronic Medical Records
 - Financial Solutions
 - Clinical Solutions
 - Administrative Solutions (ie. appt. scheduling)
 - Claims Workflow
- Proposed: Need to recruit high end CSOs (AIH/AMISYS or GE/Systems Choice) for administrative systems and KDS or Phamis for clinical systems.

U.S. HEALTHCARE MARKETING PLAN

C. DEMAND CREATION/MARKET PULL STRATEGY

1. FIELD PROGRAMS

PROGRAM NAME: EDI In Managed Care

GOAL:

- Market "push" for EDI solutions
- Position Digital as #1 solution provider for EDI
- Increase U.S. Healthcare revenue

IMPLEMENTATION:

- Joint fund 2 EDI reference accounts (\$50K)
- Solution 1: HMO to Provider Connection for the exchange of eligibility and encounter information. PacifiCare Health Systems in Cypress, CA has agreed to be the pilot sight for this. The connection will be to Bristol Park Medical Group, an IDX software account. This project is currently underway.
- Solution 2: HMO to Employer Group for the exchange of enrollment information. Digital's U.S. Benefits organization has agreed to participate with one of our POS HMOs (HCHP, Matthew Thornton or Fallon. Beginning negotiations are currently in progress.
- Sales tool kit developed (\$50K)
 - . Identifying EDI opportunities, questions, buzz-words
 - . How to sell EDI, resources
 - . What to sell, when to sell, who to sell to, why to sell
 - . Cost justification
 - . Business process re-engineering model
 - . Revenue potential
 - . Ensuring success
- Services Group involved for delivery (IBU & EDI Practice)
- Formal Announcement to Sales via MEDNET/MC News
- Reference account advertising & promotion (\$30K)
 - . Success Stories (PacifiCare and POS account
 - . Managed Care magazines - HMO Magazine & Managed HC News
 - . Managed Care News/MEDNET
- Assist EDI Marketing Group in execution of EDI seminars across the U.S. To begin in Q1 (approx. 6 seminars at \$5K)

MEASUREMENT:

- Multiple EDI sales and significant revenue increase

TIMEFRAME:

- Begin execution in Q1

TOTAL COST:

- \$ 160K

U.S. HEALTHCARE MARKETING PLAN
C. DEMAND CREATION/MARKET PULL STRATEGY

PROGRAM NAME: CSO Revenue Generation Programs

GOAL: Increase CSO/Digital revenue with select programs

IMPLEMENTATION:

- Business Management for: IDX, DISCorp, HSII, ICI, EPIC, IPS
 - . Account planning sessions
 - . Issue resolution

- Joint Sales Efforts
 - . Account identification
 - . Strategic planning
 - . Issue resolution
 - . Installed base upgrades/enhancements
 - . Services Reselling

- Joint Attack Programs (\$40K)
 - . DISCorp IPA Attack Program - Robin Bales
 - . ROSS Systems - Finance Attack Program - Mark Ruggiero

- Joint MARCOM activities (\$75K)
 - . 3-5 Success Stories
 - DISC, Ross and Comprecare
 - DISC and Selectcare
 - IDX and Anchor/Rush
 - IDX and Fallon
 - HSII and Group Health Inc.
 - ICI, Computron, Ross and Health Net
 - IPS and HCHP

- Articles for Managed Care Magazines
- Ross/Computron Financial Mailers

- Joint Seminars/Breakfasts/Events (\$60K)
 - . DISCorp/Ross Breakfasts - 6 seminars
 - . IDX Special Event

- Put together CSO Recruitment List for healthcare recruiter to go after (ie. AIH, TOPPS, Systems Choice, KDS, Phamis) (\$50K)

MEASUREMENT:

- Increase CSO revenue in managed care
- Increase CSO satisfaction with Digital

TIMEFRAME:

- Begin Q1, ongoing

TOTAL COST:

- \$ 225K

U.S. HEALTHCARE MARKETING PLAN
C. DEMAND CREATION/MARKET PULL STRATEGY

PROGRAM NAME: HMO-Elect Target Program

GOAL:

- Generate new account development targeted at Digital's HMO providers. Leverage the existing partnership with Digital's U.S. Benefits Organization
- Increase U.S. Healthcare revenue and pipeline

IMPLEMENTATION:

- List of HMO-Elect & Top 20 Largest Enrolled HMOs & revenue spent by Digital. i.e.:

Harvard	MA	Various	\$17.3M
Fallon	MA	IBM	
Matthew Thornton	NH	DEC	
Lincoln National	CO	Quantel	
Baystate	MA	Sequoia	
Takecare	CA	IBM	
CIGNA Health Plan	CT	IBM	\$ 6.2M
- Matrix of HMO, location, size, type, contact at HMO, DEC \$ spent & local sales rep. Align appropriate CSO - IDX for staff/group, DISC for IPA/network.
- Work with sales reps. to determine entrance strategy for each account. Use the success at Fallon as a model (after a 1 1/2 year effort, at year end Fallon will have spent \$ 1M with Digital, an all IBM shop who wouldn't even return phone calls from the DEC rep. We used a top down approach with Sr. executives and the U.S. Benefits link to get in the door.) This success should be used as a model for other HMO-Elect accounts.
- Work with rep. and CSO to put together plan for new account development for their unique account
- Determine services message and possible delivery strategy
 - System Integration
 - Desktop int.
 - Networking/Multi-vendor
 - Healthview
 - Doc. Imaging
 - Support
 - Security
 - Disaster Recovery
 - Consulting
- Consult with sales rep as they execute the plan, visit account when necessary
- Assist if necessary to close the business

MEASUREMENT:

- Increase accounts/pipeline, increase revenue

TIMEFRAME:

- Begin Q2

TOTAL COST:

- \$ 25K

U.S. HEALTHCARE MARKETING PLAN
C. DEMAND CREATION/MARKETING PULL STRATEGY

PROGRAM NAME: Consultants Program

GOAL:

- Begin to educate managed care consultant organizations that Digital is the choice to partner with for managed care solutions and we are in this business to stay.

IMPLEMENTATION:

- Target consultants for FY93 will be
 - Charles Singer
 - Delloit-Touche
 - Arthur Anderson
- Compile listing of managed care focus individuals in each organization, forward to field
- Educate on Digital's strategy and offerings (focus on technology and services)
- Understand their strategy within managed care, share with field
- Work corporate strategy primarily, local secondarily
- Assist sales with local issues, programs
- Possible joint projects, market analysis, etc.

MEASUREMENT:

- Better understanding & communications between Digital and managed care consultants.

TIMEFRAME:

- Begin Q3

TOTAL COST:

- \$ 50K

U.S. HEALTHCARE MARKETING PLAN
C. DEMAND CREATION/MARKET PULL STRATEGY

2. EVENTS

Trade Shows:

**GHAA-Group Health Institute, AMCRA-Annual Conference,
BC/BS Managed Care Show**

GOAL:

Position Digital as a Managed Care Solutions Provider for an Open, Integrated HMO. Visibility - Digital and Managed Care!!

IMPLEMENTATION:

- Exhibit area with strategic demonstrations
- Services/integration consultations
- Speakers for seminars and white paper submissions
- Advertising and PR
- Training event for senior sales/support reps.
- Work with CSOs to ensure Digital equipment used
- Joint CSO advertising, event or giveaway
- Demo development

MEASUREMENT:

- Sr. executives walk away and know Digital is a managed care solutions provider, primarily in the areas of connectivity, integration, technology solutions and services. Also ensure that executives have the first in class solutions with our CSOs.

TIMEFRAME:

- June 1993, Oct. 1992, August 1992

COST:

- \$100K, 10K, 30K for the 3 shows respectively

U.S. HEALTHCARE MARKETING PLAN
C. DEMAND CREATION/MARKET PULL STRATEGY

Executive Events: MANAGED CARE EXECUTIVE FORUM

GOAL:

- Work with Managed Care Board of Directors to execute top notch CIO program for managed care hot-buttons.

IMPLEMENTATION:

- Choose theme, develop program agenda, choose speakers
- Work with each speaker on their presentations - tie together
- Invitation process/audience acquisition
- Membership growth through telephone campaign
- Program logistics

MEASUREMENT:

- Successfully implemented program

TIMEFRAME:

- March 1993

COST:

- \$ 20K

Managed Care Executive Group - Board of Directors

GOAL:

- Use MCEG Board to keep pulse on the Managed Care Market and advisors to Digital's solutions strategy from the IS standpoint.

IMPLEMENTATION:

- Monthly conference calls with board
- Generate ideas on how to position Digital in Managed Care
- Use board in reference capacity for potential customers
- Board consists of:

Chairman	Doug Reeves	Community Care Network
Program Dev.	Ken Gale	Matthew Thornton
Communications	Fred Heavy	Sierra Health Services
Membership	John Mittelstadt	Group Health Inc.
Treasurer	Jack Gajewski	SelectCare
Program Dev.	Ken Lewis	Health Net
Digital Rep.	Carol Fronduto	Digital

MEASUREMENT:

- Board feedback on impact of Digital in Managed Care

TIMEFRAME:

- Current and ongoing

COST:

- \$ 0K

U.S. HEALTHCARE MARKETING PLAN

3. MANAGED CARE TRAINING CURRICULUM

- 101: MANAGED CARE NEW REP KIT** (10K)
To include: Managed Care Enterprise - A Departmental Analysis
Managed Care Industry Overview
Managed Care Brochure
SMG State Listings for HMOs and PPOs
Charles Singer Account Profiles

NORAM - TRAINING TRACTS

Managed Care Update
EDI in Managed Care
Managed Care Services Focus

201: NORAM - TRAINING TRACTS

Managed Care Update
EDI in Managed Care
Managed Care Services Focus

MANAGED CARE WORKSHOP

(\$70K)

A video or DVN based training event on industry trends, CSO solutions, consultant recommendations, and customer testimonials. This will be an interactive video with workbook. Workbook and evaluation must be completed and returned to sales training for training credit to be received.

301: GHAA: GROUP HEALTH INSTITUTE

There is no better training for senior level sales than what GHAA offers. Tracts include info. on financial, legal, medical, marketing, IS and other major topics. Cost per sales rep. is approximately \$900.

EXECUTIVE HEALTHCARE TRAINING

We need to educate our senior reps. on such high level topics as How to Sell to a CEOs/CFOs, Developing Executive Healthcare Relationships, Consultative Selling in Healthcare, Working with Healthcare Consultants, etc. I envision this being delivered in a lecture/lab setting for all segments.

TOTAL COST:

\$80K

U.S. HEALTHCARE MARKETING PLAN

4. MARCOM ACTIVITIES

ADVERTISING CAMPAIGN

GOAL:

Increase Digital's image in Managed Care. Build awareness that Digital is in the managed care business and has solutions to help solve real business problems.

IMPLEMENTATION:

- Market analysis with Mullen, Digital's Ad Agency
- Develop ad for Managed Care focused on how Digital can help cut administrative costs which account for 50% of managed care spending. Focus audience is CEO/CFO/COO.
- Select vehicle for distribution (Managed Healthcare News & HMO Magazine)
- Execute media recommendations by Mullen
- Review ad and monitor reactions

MEASUREMENT:

- Mullen to follow-up of the effectiveness of ad campaign

TIMEFRAME:

- Q1 FY93 for roll-out

TOTAL COST:

- \$ 150K
-

SUCCESS STORIES

GOAL:

- 2-3 unique account scenarios for selling tools

IMPLEMENTATION:

- Choose accounts with best in class solutions, services, CSO content, that tell the best story of how Digital solved business problems. (i.e.: Group Health Inc., Health Net, Fallon, BC/BS)
- Work with MARCOM for messages, content, and delivery
- Distribute to field and mail with letter to customers and prospects.

MEASUREMENT:

- Positive feedback from sales on effectiveness

TIMEFRAME:

- Q2, Q3, and Q4 for delivery

COST:

- \$ 50K

U.S. HEALTHCARE MARKETING PLAN
 4. MARCOM ACTIVITIES (Cont.)

REFERENCE ACCOUNTS PROFILE BOOK

GOAL:

- Reference Account Listing for reference selling as a sales tool only, not for customer distribution.

IMPLEMENTATION:

- List of managed care accounts, location, sales contact
- Applications, solutions installed
- Develop account profiles book
- Distribute to sales
- Update as necessary quarterly

MEASUREMENT:

- Positive feedback from sales on effectiveness

TIMEFRAME: - Q2 FY93

COST: - \$ 5K

Note: This will be used instead of the Showcase Program

FY93 DELIVERABLE TIMELINE

	Q1	Q2	Q3	Q4	Q1	Q2
EDI In Managed Care	I----->					
EDI Seminars	I-----I					
CSO Revenue Generation	I----->					
HMO Elect		I----->				
Consultants			I----->			
GHAA				X		
AMCRA		X				
BC/BS Managed Care Event	X					
MC Executive Forum			X			
MC New Rep Kit	I----->					
NORAM		X				
MC Workshop		I-----I				
Advertising	I----->					
Success Stories		I----->				
Reference Account Book		I-----I				

U.S. HEALTHCARE MARKETING PLAN

D. PRODUCT/SERVICES CREATION INFLUENCE

Within the managed care segment, there is no need to develop/obtain new Digital products (the real need is in CSO solutions for Managed Care Information Systems (MCIS)).

Products to Market from Digital include:

High performance VAXs, workstations, PCs, large

Digital Services with a focus on:

Integration Services

Networking

Multi-Vendor

Healthview

Desktop

Consulting Services

Business/Management Consulting (TQM, Top Mapping)

Application Consulting/Development

Customer Training

Operations Support

Security

Disaster Recovery

CASE Tools/Database Tools

Applications:

Financial

Sales & Marketing

TQM Integrator

CallCenterPLUS

Emerging Technologies:

EDI Links: HMO to Provider Group

HMO to Employer Group

HMO to HMO

HMO to Hospital

CallCenterPLUS (CIT): Member/Provider Services

Voice Solutions

Document Imaging Solutions

Focus PCUs:

FABS

Imaging/Voice/Video

Digital Services

Telco (CallCenterPLUS)

U.S. HEALTHCARE MARKETING PLAN

E. DIRECTION TO SALES

Digital's U.S. strategy is to develop account control by selling solutions to targeted accounts. This will complement and facilitate a higher proportion of Digital wins with our third party vendors.

The targeted Healthcare accounts are spread across the country. The top 10 metropolitan areas having the highest concentration of accounts and enrollees include: CA, MA, MN, AZ, OR, CO, MD, HI, RI, WI. Other states of importance are IL, DC, FL, and MI due to large numbers of HMOs. CT is important because it is headquarters of many insurance owned accounts i.e.; CIGNA, Aetna Health Plans, and KY for Humana Health Plan as strategic, large accounts.

HMO/PPOs with membership greater than 100K are our targeted accounts. We recommend 30 sales representatives (FTEs) be assigned to this segment.

The multiple solutions that Digital has to offer as woven throughout the plan, with emphasis in the Market Trends and Solution Strategy sections.

The major solution partners are:

IDX Corp.	Boston	MCIS Medical Records	(617) 277-3426
DISCorp	Ohio	MCIS	
ICI	Calif.	MCIS	(818) 810-1271
HSII	Minn.	MCIS	(612) 644-7110
EPIC	Wisconsin	Appt. Sched. Medical Records	(608) 271-7237
IPS	Calif.	Medical Records	(415) 546-1640
Ross Systems	Illinois	Financial	(708) 228-6265
Computron	New Jersey	Claims Workflow	(201) 935-3400

A detailed training program for all levels of expertise selling into the managed care segment is included under Section C: Demand Creation/Market Pull Strategy.

U.S. HEALTHCARE MARKETING PLAN

F. FINANCIAL

PROGRAMS:

EDI In Managed Care	\$160K
CSO Revenue Generation Program	225K
HMO Elect Program	25K
Consultants Program	50K

EVENTS:

Trade Shows	
GHAA	100K
AMCRA	10K
BC/BS HMO Show	30K
Executive Events	
Managed Care Executive Forum	20K

TRAINING:

Managed Care New Rep Kit	10K
Managed Care Workshop	70K

MARCOM:

Advertising	150K
Success Stories	50K
Reference Account Profile Book	5K

MISC.: 10K

TOTAL MANAGED CARE BUDGET \$915K

DEPENDENCIES AND ISSUES

- Money in budget to execute the above plan/programs
- Need to increase CSO recruitment effort for high end managed care solutions
- Event team in place means more time to work on revenue generating programs
- Appropriate sales coverage placed on target accounts
- Continuation of Healthcare Resource Center and Healthcare Practice - focus on managed care as well as hospital side
- Service delivery teams in the field to deliver EDI solutions, networking and integration solutions
- Political environment and decision for National Healthcare could either enhance or curb managed care industry.

HCDS
Chains

U.S. HEALTHCARE ~~MARKETING PLAN~~
~~(Section I. of U.S. Healthcare Business Plan)~~

A. MARKET ANALYSIS

1. MARKET DEFINITION:

The Hospital Chain segment is comprised of profit, non-profit public and religious hospital systems. In many cases these organizations are multi-site/multi-location with some corporate headquarters having centralized/regionalized decision making authority.

NUMBER OF INSTITUTIONS/SIZE:

There are a total of 311 Healthcare Systems in the U.S. These Healthcare Systems account for 46% of the total 5800 U.S. Hospitals. The accounts that meet the following criteria are our targets:

- a. 20 Facilities or more
- b. \$1B in revenue or over
- c. Strategic or Selected Accounts

OVERLAP:

The U.S. Department of Veterans Affairs and the Department of Defense healthcare systems are included as hospital chains organizations. The Government Healthcare line of business group works closely with these organizations with the Healthcare IBU working as consultants.

SIC CODE:

806X Hospitals

IBU MISSION:

Our mission is to make Digital the first choice for innovative problem solving in the U.S. Healthcare accounts, and the easiest with which to do business with.

2. MARKET TRENDS:

The hospital chain segment continues to grow its market share with its 4th consecutive year of increased earnings, revenues and profitability. The key issues within this segment include system integration, connectivity, TQM, and cost containment. Major application categories are Administrative, Financial, Decision Support and Ancillaries. Financial, Administrative and Decision Support applications are high growth segments. The continued success within this market combined with our unique application and technology offerings proves a need for a dedicated account management teams.

U.S. HEALTHCARE MARKETING PLAN
A. MARKET ANALYSIS (Cont.)
2. MARKET TRENDS (Cont.)

The Environment and Trends Are Favorable to Digital's Style of Computing:

- Government legislation and reimbursement regulations will require more accurate reporting and tracking of clinical and patient information.
- The patient's medical treatment history must be accessible from many different service delivery points -- both within the hospital's many departments, and remotely to authorized physicians, pharmacists, etc.
- Health care providers therefore understand that today's data collection, integration, and analysis needs can be solved, in part, by investing in networking and in clinical systems that will facilitate a dramatic increase in quality of care; and that the old systems, which are only financially-oriented, do not address these new issues.
- Today's integration projects are already enterprise- and community-wide in scope ("local delivery systems").

3. MARKET SEGMENTATION:

HOSPITAL CHAIN INDUSTRY TARGET ACCOUNTS

- Accounts that meet the following criteria are our targets:
 - . 20 facilities or more
 - . 1B in revenue or over
 - . Strategic or Selected Account (see Appendix IV)

Our plan is to expand and develop new selling teams for the top 20 accounts. These accounts will be qualified by the appropriate sales executive (East or West), account plans developed and integrated into our marketing programs. The next tier of accounts will be tightly coupled with our CSO teams.

4. CURRENT CUSTOMER NEEDS:

Hospital chain customers need easy access to financial data. This segment must continue to control cost and increase profitability. Competition is the key to their survival.

- The first prerequisite to achieving these goals is to integrate the disparate systems within the enterprise, with an emphasis on the financial systems. Longer term, the next generation of information systems will focus on automating the patient's medical record (now paper), and must provide the USER (MD, nurse, administrator) with ACCESS to medical history, treatment, and outcomes data so that QUALITY of care can be analyzed and improved while COST is managed.
- Technology
Healthcare needs fit well with our technological strengths and directions. As this is a labor-intensive industry, the expectation is that computer technology will be used to increase the effectiveness of everyone from nurses and doctors to lab technicians. Decision support and other financial systems will be applied first to administrative areas, then to patient care.

U.S. HEALTHCARE MARKETING PLAN

A. MARKET ANALYSIS (Cont.)

4. CURRENT CUSTOMER NEEDS (Cont.)

The multi-vendor nature of the industry demands the support of Open Systems, and provides digital with a competitive advantage over IBM in the battle to integrate and support the Enterprise, thereby winning account control.

5. COMPETITION:

In the U.S., Digital is the clear #2 supplier of computing systems to the Health Care industry. We are acknowledged as such by market consultants and the press.

IBM has been our main competitor, with a second tier of traditional computer companies including DG, Apple, Sun, H-P, NCR and Tandem; followed by Unisys and AT&T.

Data General, Hewlett Packard and Tandem have continued to build their OEM thrust into the Healthcare Information Systems market. Digital has worked to expand our OEM distribution program, and in doing so has recruited a number of our competitors' (including DG) major IS vendors. However, DG and HP have approached DEC CSOs aggressively and have successfully turned around some of our initiatives.

Tandem has established a foothold in Healthcare clinical systems over the last 3 years through their two strategic OEMs, Phamis and Knowledge Data Systems (KDS); both of these vendors have achieved significant wins in the biggest-name accounts (e.g., Mayo Foundation, MGH). Tandem has also penetrated strategic (Digital Named) accounts such as Kaiser and Humana through smart marketing of their fault-tolerant systems capability.

Apple and Sun Microsystems have quietly built up a dangerous presence in these hospitals corporations. Apple, in addition, has won a significant share from IBM in low-end PCs, e.g., doctor's office, hospital administrators, etc.

NCR has, over the last year, initiated a number of solutions and programs that will result in increased success. Their Access 2000 product is a competitive solution platform for HL-based applications integration.

As Digital develops our EIS business, our competition will include System Integration vendors such as EDS, Anderson Consulting, Perot Systems, Cambridge Technologies, and other healthcare consultants in the U.S.

U.S. HEALTHCARE MARKETING PLAN
A. MARKET ANALYSIS (Cont.)

6. SIZE OF THE BUSINESS OPPORTUNITY:

	<u>FY92</u>	<u>FY93</u>	<u>FY94</u>	<u>FY95</u>
Total HCIS Spending	7.8B	8.0B	8.3B	8.6B
Total Hospital Chain	1.6B	1.7B	1.7B	1.8B
Amt Available to Digital				
Hardware	.576B	.580B	.510B	.540B
Integration	.2B	.2B	.2B	.2B
Services	.2B	.2B	.2B	.2B
Total Amount Available	.976B	.980B	.910B	.940B
Total Healthcare Revenues	.355B	.430B	.520B	.630B
Product Revenue	.210B	.231B	.260B	.280B
Services Revenue	.145B	.199B	.260B	.350B
Hospital Chain Segment				
Product Revenue	.05B	.06B	.06B	.07B
Services	.03B	.05B	.06B	.09B
Total	.08B	.11B	.12B	.16B
Current Market Share	8%	-	-	-
Projected Market Share	-	11%	13%	17%

B. SOLUTION STRATEGY

HOSPITAL CHAIN STRATEGY

Existing account and new account development:

- Continue and expand direct selling teams with East and West Coast Sales Executives with top 20 accounts.
- Link others with CSOs.
- Develop alliances with CSOs, and other Cross Functional Organizations for existing and new accounts.
- Develop FABS alliance/program for financial and decision support applications for entrance into financial area.
- Co-develop CSO program to increase marketshare.

CSO SOLUTIONS STRATEGY - HOSPITAL CHAIN

- Expand our CSO portfolio to align and recruit CSOs for this segment.
 - . Current: All hospital based CSOs
 - . Proposed: Recruit CSOs that focus on hospital chains; KDS, HBO, Phamis

U.S. HEALTHCARE MARKETING PLAN

C. DEMAND CREATION/MARKET PULL STRATEGY

INCREMENTAL CSO REVENUE PROGRAM

GOAL: Increase CSO/Digital revenue with focused programs on hospital chains

IMPLEMENTATION:

CSO Selection

- Identify CSOs that meet hospital chain requirements (SMS, Gerber Alley, D&B, Ross).
- Select 4 CSOs that want to aggressively pursue this market segment.
- Setup meetings with selected CSO sales and marketing teams
- Develop goals and tactical plans for each CSO.

Account Selection

- Identify targeted accounts with sales and CSO contacts.
- Coordinate accounts with East and West Coast Sales Executives.
- Qualify targeted opportunities with sales and CSOs; e.g., (clinical, ancillary, administrative).
- Integrate CSO activity into account plan where applicable.

Plan Development

- Develop cooperative strategic and tactical plans.
- Present to targeted account teams and customers.
- Develop goals/milestones for each targeted account.

Sales Promotion

- Develop joint ads/success stories for appropriate magazines.
- Integrate CSO activity into joint seminars/DEC DAYS.
- Co-develop promotional literature (x # per year).

Sales Training

- Ensure hospital chain/CSO training tract at NORAM.
- Provide regional sales training tract in two key areas.

Reporting

- Monthly Progress Reports
- Quarterly Reviews

MEASUREMENTS:

- Increased CSO participation with hospital chains
- Increased Digital/CSO revenue

TIMEFRAME:

- Begin Q1/ongoing

DEPENDENCIES:

- CSO participation
- Accounts aligned with DEC salespeople

FUNDING:

- \$150K

U.S. HEALTHCARE MARKETING PLAN
C. DEMAND CREATION/MARKET PULL STRATEGY (Cont.)

FABS CONSULTANT PROGRAM

GOAL: Establish Key relationships with CFOs of hospital chains and FABS consultants.

IMPLEMENTATION:

Consultant Selection

- Identify budget committment for regional FABS consultants support.
- Develop goals/tactical plan, with consultants for selected accounts.

Account Selection

Target accounts and CFOs with sales teams

- Qualify account with East and West Coast Sales Executive.

Plan Development

- Develop presentation for CFO's with consultant.
- Develop healthcare financial analysis/needs analysis for account.

Sales Promotion

- Develop success stories with appropriate accounts.

Sales Training

- Drive healthcare training for FABS consultants.
- Ensure bi-directional track for FABS consultants at NORAM.

Reporting

- Monthly Progress Reviews
- Quarterly Reviews

MEASUREMENTS:

- Increased revenue from target accounts/target CSOs.
- Foot in the door of key accounts.

TIMEFRAME:

- Begin Q2/Ongoing

DEPENDENCIES:

- FABS consultants to assist in Healthcare market.
- Accounts aligned with DEC sales people.

FUNDING:

- \$50K

U.S. HEALTHCARE MARKETING PLAN
C. DEMAND CREATION/MARKET PULL STRATEGY (Cont.)

SI/SERVICES HOSPITAL CHAIN PROGRAM

GOAL: Establish services as an integral part of hospital chain business.

IMPLEMENTATION:

Service Selection

- Work with services groups to identify primary service offering for hospital chains.

Account Selection

- Identify strategic accounts where SI/Services is a priority.
- Qualify services initiative with East and West Coast Sales Executive.
- Align with Healthcare Resource Center, local service and corporate organization.
- Ensure service offerings are part of account plan.

Plan Development

- Cooperatively develop presentation with services team.
- Present to account teams and customers

Sales Promotion

- Ensure services are an integral part of account specific DEC DAYS.
- Develop services related success story.

Sales Tool Kit

- Package presentation and rollout

Reporting

- Monthly Progress Review
- Quarterly Review

MEASUREMENT:

- Increased service revenue

TIMEFRAME:

- Begin Q2/Ongoing

DEPENDENCIES:

- Sales force aligned
- Healthcare Resource Center availability
- Practice Delivery
- CAS/NME reference

FUNDING:

- \$50K

U.S. HEALTHCARE MARKETING PLAN
C. DEMAND CREATION/MARKET PULL STRATEGY (Cont.)

ACCOUNT SPECIFIC DEC DAY PROGRAMS

GOAL: Establish technological and business account specific
DEC DAYS at targeted sites

IMPLEMENTATION:

Account Selection

- Identify 4 target accounts where customers jointly support
DEC DAYS
- Evaluate accounts for technological and business needs.

Plan Development

- Develop DEC DAY plan to support business issues, customer
requirements and technological needs.

Sales/Marketing Plan

- Promote first successful account specific DEC DAY.
- Sales promotion.

Reporting

MEASUREMENT:

- Increased account/specific revenues.

TIMEFRAME:

- Begin Q2/Ongoing

DEPENDENCIES:

- Accounts aligned with DEC sales people
- Services support

FUNDING:

- \$100K

U.S. HEALTHCARE MARKETING PLAN
C. DEMAND CREATION/MARKET PULL STRATEGY (Cont.)

HOSPITAL CHAIN EVENTS PROGRAM

GOAL: Increase Digital's presence through events focused on hospital chains

IMPLEMENTATION:

Event Selection

- Identify events to participate (FAHS, HFMA, CLF)
- Select appropriate level of participation

Plan Development

- Develop coordinated plan for sales teams with customer participation
- Develop goals and objectives for each event
- Support CLF and HFMA national events

Sales Promotion

- Promote events through chain magazines
- Corporate participation

Reporting

- Quarterly Update

MEASUREMENT:

- Incremental business as a result of specific events

TIMEFRAME:

- Begin Q2/Ongoing

DEPENDENCIES:

- Funding

FUNDING:

- \$160K

U.S. HEALTHCARE MARKETING PLAN
C. DEMAND CREATION/MARKET PULL STRATEGY (Cont.)

HOSPITAL CHAIN MARCOM PROGRAM

GOAL: Increase Digital's image in hospital chains

IMPLEMENTATION:

Advertising Campaign

- Market analysis
- Advertisement development
- Select vehicle for distribution (FAHS, Multi's)
- Track and follow through with leads
- Measure AD for effectiveness

Sales Promotion

- Success stories
- 2-page fact sheet
- Cooperative promotion with FAHS

MEASUREMENT:

- Lead generation
- Increased customer awareness

TIMEFRAME:

- Begin Q1/Ongoing

DEPENDENCIES:

- Funding and MARCOM support

FUNDING:

- \$250K - Advertising and Sales Promotion

U.S. HEALTHCARE MARKETING PLAN
C. DEMAND CREATION/MARKET PULL STRATEGY (Cont.)

HOSPITAL CHAIN TRAINING PROGRAM

GOAL: Increase Digital's sales reps knowledge of hospital chains

IMPLEMENTATION:

Training Selection

- Training track at NORAM
- Hospital chain specialty training;
e.g., administrative, clinical, ancillary, services
- Advanced Healthcare training; e.g., services

HFMA Track

- Local, regional, national

Trade Show Track

- HIMSS
- FAHS
- HFMA

MEASUREMENT:

- Increased business opportunities in hospital chain market

TIMEFRAME:

- Begin Q2/ongoing

FUNDING:

- \$50K

U.S. HEALTHCARE MARKETING PLAN

D. PRODUCT/SERVICES CREATION INFLUENCE

Digital will increase its installed base in hospital chains by automating departments with CSO applications and selling solutions by providing systems integration (SI) and other services. These services will enhance and integrate the disparate financial, clinical and administration applications throughout these organizations.

We have identified integration of financial systems as the key service needed to address this segments business problem. Our plan is to develop a jointly sponsored pilot program with a strategic account. Both the FABS Group and our Healthcare Resource Center have agreed to support this initiative.

Products to Market from Digital include:
Vax's, Workstations and PC's

Services to Market from Digital include:
Management Consulting (Total Quality Management)
- Enterprise Engineering
- Information Systems
- Technology Consulting

HealthView Integration
- Connectivity
- Tool Kit

Standard Integration
- Networks
- Desktops
- EDI Services

*Which specific
accounts are targeted?*

E. DIRECTION TO SALES

Digital's U.S. strategy is to DEVELOP ACCOUNT CONTROL by SELLING SOLUTIONS to Targeted Accounts. This will complement and facilitate a higher proportion of Digital wins with our third party vendors.

The targeted Healthcare accounts are spread across the country. The southern states, Texas and CA areas have the highest concentration of these accounts, but some states, e.g., TN, TX, CA, are high in population (and demand) with accounts more evenly distributed throughout. In addition, a few smaller cities are the home of strategic, leading hospital corporations (e.g., Mayo Clinic/Rochester MN,

Hospital chains meeting the following criteria will be targeted:

- a. Accounts with 20 facilities or more
- b. Accounts over 1B in revenue
- c. Strategic or selected accounts

We recommend 40 sales representatives (20 full-time and 20 with 20% involvement) be assigned to these organizations.

Note: much of this activity will be new account development.

<u>Target Account Summary:</u> <u>Segment</u>	<u>Targeted Account</u> <u>Clusters</u>	<u>High Growth Computing Areas</u>
Hospital Chains	Chains >1B/20 fac.	LAN, WAN, EDI, Financial

U.S. HEALTHCARE MARKETING PLAN

F. FINANCIAL

	<u>\$K</u>	<u>TIMEFRAME</u>
Healthcare/FABS CLF	\$ 50K	DEC 92
HFMA-NATIONAL (4)	\$ 60K	SEPT 92
FAHS	\$ 50K	MAR 93
HCDS REPORT	\$ 70K	SEPT 93
CSO Program	\$150K	Q1
FABS Consultant Program	\$ 50K	Q2
SI/Services	\$ 50K	Q2
DEC Day	\$100K	Q2-Q3
ADV	\$250K	Q1-Q4
Training	\$ 50K	Q2
TOTAL	\$880K	

VI. U. S. HEALTHCARE: SALES/SERVICES PLAN

A. Sales/Services Strategy

From the preceding Marketing Plan, it is clear that we will be focusing our Sales/Services efforts on three major market segments: Hospitals, Managed Care and Organized Systems of Care. Our U.S. Healthcare strategy for selling/servicing these market segments is as follows:

1. Digital looks to CSO's for the provision of Healthcare applications. Healthcare CSO's are seen as vital partners to Digital and we intend to be very open with them about our Direct/Indirect Sales strategies. Digital will strive to implement a "To, Through and With" selling strategy with each CSO with an intent to maximize their Digital business and to minimize any perception of competition.
2. Digital will sell and service complex, enterprise-wide business solutions which could involve the integration of one or more CSO's applications.
3. Digital will develop/sell/service integration platforms which will be of value to Healthcare customers in providing solutions to various information technology business problems. Some of these will be Healthcare-specific (e.g., HealthView) and some will be generic (e.g., Imaging, EDI).
4. Digital will cooperatively work with CSO's whose business plan includes the provision of similar Digital-based integration platforms. By implementing a "To, Through and With" strategy involving the sale of Digital products, platforms and services, Digital will minimize any perception of competition with those CSO's.
5. Digital will work with software vendors who have Healthcare-specific or generic applications (e.g., Ross Systems) to provide solutions to Healthcare customers.

6. Digital will, via its End User (EU) Sales organization, provide account coverage to all identified strategic Healthcare accounts (as well as to significant new account opportunities) and will sell all other products and services required by customers, whether as new systems or as add-on/upgrades to their installed base. (Note: Specific guidelines have been developed for selling into the installed base of our CSO's. See memo dated 12/3/91, titled "Installed Base Selling - Healthcare", included herein as Appendix item "C".)
7. Digital will address the low-end (SME) of the market via Healthcare VAR's. Digital's involvement will be very "indirect" with our activities limited to VAR recruitment/ramping and lead generation.
8. Digital will enter into Strategic Alliances with consultants and/or solutions providers (software house), in order to aggressively pursue significant market opportunities.
9. Digital will develop programs to ensure dramatic growth in Services business during FY93. Growth by Services LOB is projected as follows:

<u>LOB</u>	<u>'92 Forecast</u>	<u>'93 Plan</u>
HPS	\$109M	\$120M
SPS	18M	20M
NIS	7M	16M
OSS	3M	7M
DTS	1M	2M
APS	2M	22M
DCS	3M	6M
CT	<u>3M</u>	<u>6M</u>
TOTAL	\$145M	\$199M

Specific programs for each LOB are currently under development. A brief commentary on each LOB follows:

HPS/SPS - Protecting the base will be of utmost importance here. Working through the ASG organization, focus will be given to programs to ensure renewals (including those through CSO's). Also, a new service, Critical Care, will be pushed for selected institutions that require priority service. Multi-vendor services will also be a source of growth. These efforts, together with a 10% Product growth, will result in a 10% increase in business.

NIS - This is a key component of our SI strategy. It is tightly coupled with our NAS solutions (HealthView, Imaging, EDI) and will follow the growth in that area. Also, it is the most requested new service from our CSO's, as they see the need and clearly rely on us to supply the services. We plan to put special focus on NIS.

DTS - Desktop is closely coupled with NIS. There is a Program Manager (Ed Rudack) in the IBU for both NIS and DTS. Ed will develop plans for growing our business in both these services.

OSS - Operational Support Services. This falls under the general umbrella of Facilities management (data center management, logistics, etc.). Although this is a long and hard sell, we plan to focus a few select opportunities and close them. Since they tend to be large, we do not need many wins to make the number. This is a growing market and we plan to be a player in it.

APS - This is the big growth area. Although very aggressive, we have definite plans about this. HealthView is the major component. Considering the investment, focus and momentum we have in HealthView; there is a high degree of confidence in it. There are also other Imaging, EDI, and general SI opportunities. We are planning to have 6-10 dedicated Healthcare Program Managers. In addition, the CSO's are requesting assistance in managing large programs.

DCS - This centers around enterprise engineering. The plans call for dedicated Healthcare consultants, as well as general

management consulting. We will use the Healthcare Services Delivery Kit (SDK), developed in Europe as the basis for this effort.

CT - Customer training will mainly grow in the area of custom courses. These will be part of the total SI solutions and will closely track the APS SI business.

10. Digital will focus aggressively on selling Digital's Services offerings "To/Through/With" our CSO's, as well as directly to Healthcare institutions. As it relates to our CSO's, we will:
 - a. Sell Digital Services "TO" them as a means of adding value to our business relationship and assisting them in streamlining their day-to-day efficiency (i.e., Pre-Installation Support Services to shorten on-site installs). Services should be offered to assist CSO's to become current in the latest technology, thus, increasing their market appeal (i.e., implementation of CASE tools for faster development and shorter time to market).
 - b. Sell Digital Services "THROUGH" them as an integral part of the overall solution. CSO Account Teams will focus on activities that will incorporate as much Digital Services content in CSO RFP/BID responses as possible. We will focus on five strategic service offerings, as articulated later in this plan, that have excellent market need/appeal. When bidding Services "THROUGH" a CSO, the CSO Account Managers will facilitate the coordination and cooperation of the End User Account Manager in L.E. Accounts.
 - c. Sell Digital Services "WITH" our CSO's. In certain sales situations, it will be appropriate for Digital to sell Services directly to an End User client even though a CSO's application is an integral part of the sale. This could be due to numerous reasons. Several examples might be:

- 1) A CSO does not feel comfortable taking responsibility for quoting/sizing the opportunity.
- 2) An End User client may feel the CSO adds no incremental value in the process and wants to deal with Digital directly.
- 3) Due to the mission critical nature and large scope of a project, the End User client wants Digital's "Deep Pockets" on the line as the prime contractor.

The "WITH" strategy also involves a cooperative effort between our CSO's and End User Account Managers. Where possible, teaming agreements will be enacted to clarify roles and responsibilities of all parties. Digital is flexible in working with our CSO's in both a "Prime" or "SUB" role, as long as the needs of the End User client are best served and a win/win/win situation is created. The "Prime" or "Sub" roles should not be emphasized, but rather focus on partnership with project leadership determined by each individual situation.

There may be cases where Digital will compete with a CSO for a piece of business. While we want to minimize these situations, when they occur, we will take all reasonable steps to be up front with our CSO's in communicating our intentions. In this way, we will ensure the integrity of our business relationships. Healthcare alliances and multi-platform CSO arrangements are leading to an environment of "coopetition."

11. Digital will encourage customers to use DECdirect and the Electronic Store for Product information and availability, pre-purchase technical information and order placement of low-end hardware and software products.

B. Current Business Analysis

Currently the U.S. Healthcare business is split about 50/50 on a total revenue basis between Direct sales by Digital and Indirect sales via CSO's and distributors. This is further broken down, as follows:

U.S. Healthcare Business Analysis

	<u>Direct</u>	<u>Indirect</u>
Product Revenue	33%	67%
Services Revenue	<u>80%</u>	<u>20%</u>
Total	50%	50%

This analysis clearly illustrates that CSO's account for the majority of the Product business (in line with the stated strategy to-date) while Services revenue, even from CSO installations, is primarily being sold Direct.

Also, relative to Systems Integration business in the Healthcare market, it is estimated that currently less than 5% of total revenues are as a result of SI projects.

C. Current Sales/Service Model

Currently, the Healthcare market in the U.S. is not treated as an official "Industry". Rather than being assigned to an Industry Sales VP (AVPI) with a recognized list of strategic accounts which receive U.S.-wide account management, Healthcare is viewed as a "Public Sector" industry with assignment to a Cross-Industry/Geographic Sales VP (AVPx). An Industry Account Group Manager (AGMI) is in place to provide U.S.-wide industry focus and to function as the Healthcare IBU's link to the U.S. Sales/Service organization. Increased U.S.-wide focus on Healthcare has occurred during the past year in the form of a Healthcare Resource Center (Pre-Sales Healthcare Consultants), Healthcare CSO Account Group Manger, Healthcare Practice (SI Delivery) and two Healthcare Sales Executives (Large Account/Opportunity focus).

Healthcare CSO Accounts are managed within the various Channels Account Groups and Healthcare End User Accounts (within the three focused market segments) are managed within the various End User

Cross-Industry Account Groups. Healthcare Account Managers are primarily members of "SLEM" (State and Local Government/Education/Medical) Account Sets with only a few 100% dedicated Healthcare Account Sets in the U.S. Due to the inconsistent implementation of SME around the U.S., some fairly large Healthcare accounts are managed out of SME Account Sets.

At the account rep level, the FY92 plan called for 145 Sales and 59 Sales Support FTE's. Recent Sales Effort Tracking System (ETS) reports indicate that U.S. Healthcare is being "charged" for about 225 FTE Sales people. Besides the obvious expense problems associated with the lack of control over the number of account reps charging time to Healthcare, there is a significant problem with a large number of "part-time" Healthcare reps. These reps are neither committed to nor trained on Healthcare and they are not focused on the proper market segment/accounts.

Regarding this latter point, it is a documented fact that these untrained, uncommitted account reps are "losing" Healthcare business for Digital. This is occurring due to their inability to proactively recognize and pursue business opportunities and due to their lack of credibility, relative to understanding the business problems of Healthcare customers.

Relative to the sale and delivery of Services, there is definitely a need for increased focus and training of the Salesforce. SI training is an especially urgent requirement. The delivery of Services is primarily via the Digital Services resources located within the geographic Digital Services organizations with Healthcare SI projects increasingly being coordinated through the Healthcare Resource Center and Healthcare Practice. A significant problem exists in the lack of a sufficient number of qualified and available program management and delivery resources relative to the SI opportunities presented by the Healthcare market.

In summary, the current U.S. Healthcare Sales/Service model has several major deficiencies, as follows:

1. Lack of industry focus at the VP level.
2. Lack of cross-functional leadership at the VP level.

3. Insufficient industry dedication at the account rep level.
4. Lack of formal "strategic" account focus.
5. Insufficient industry/applications knowledge at the account rep level.
6. Inadequate approach to Systems Integration.

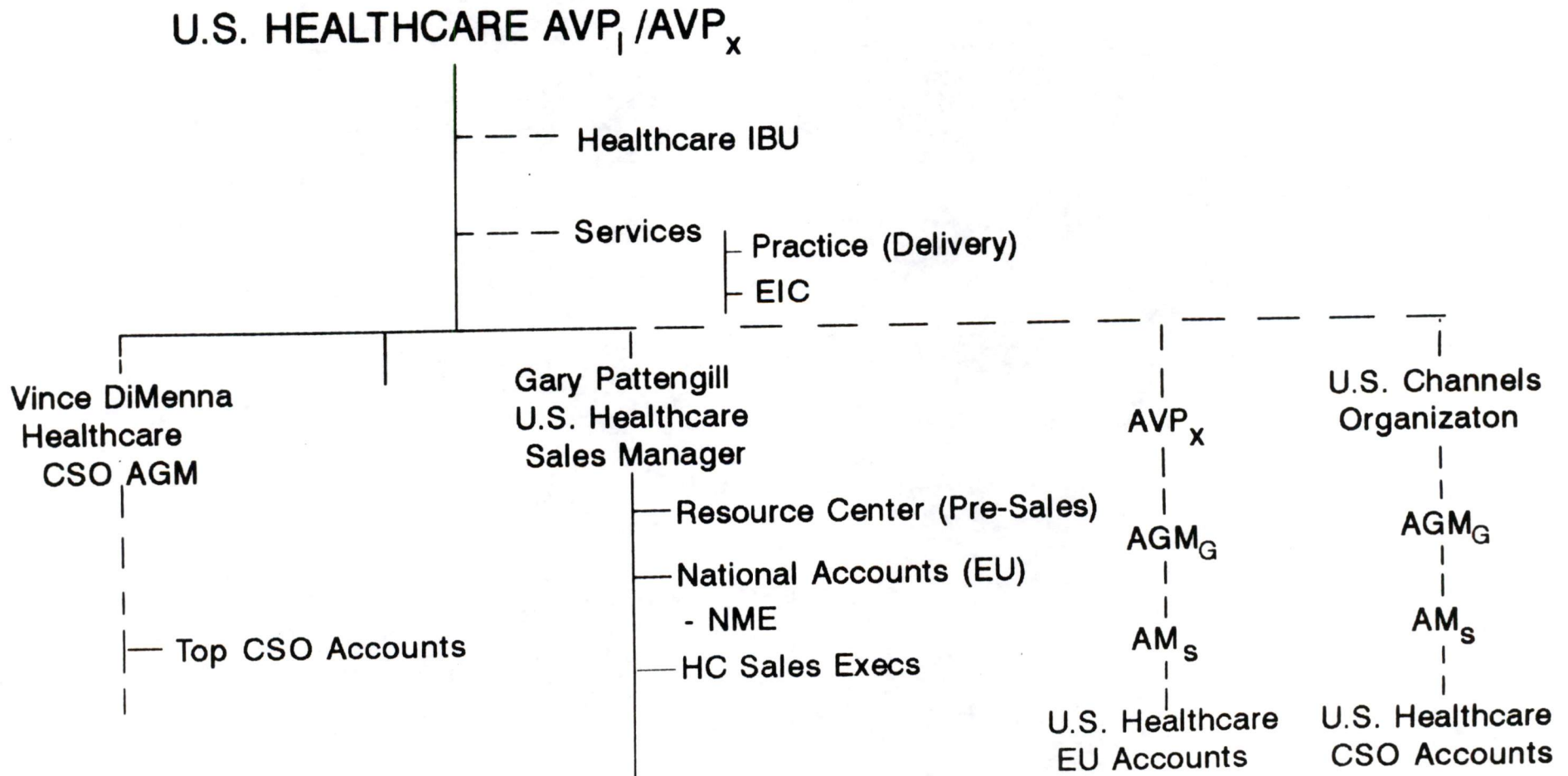
These issues, which result in reduced business levels, lower yield and reduced profit, will be addressed via changes as detailed in the following section, as well as in Section VIII herein.

The current U.S. Healthcare organizational structure is as shown on the following page:

CURRENT

U.S. HEALTHCARE ACCOUNT GROUP

ORGANIZATION CHART



D. Proposed Sales/Services Model

To further improve the current Sales/Service model, as well as to correct its identified flaws, the following changes are proposed (to be implemented immediately for maximum impact on FY93 performance):

1. Industry VP Focus

A U.S. Healthcare VP is to be appointed; with overall "General Manager" responsibility for successful development and implementation of the U.S. Healthcare Business Plan. This person would be responsible for driving "The Integrated Network" described in Section II and would have authority over those cross-functional resources which are part of the network. This person is to have an industry focus only in line with an aggressive strategy to establish Digital as a major "Consultant" to the Healthcare industry. Under this "Consultative Selling Model", the Healthcare VP would have responsibility/authority for all Healthcare "Practice" resources, even though those resources may initially be host-managed within an Industry Services organization.

2. Dedicated End User Account Teams

End User accounts will continue to be managed through the geographic cross-industry (Transaction) account Sales organizations. Certs and Revenue credit will continue, as today, to flow through these "hosting" account organizations.

However, in order to "do more with less", the host Account Group/Account Set Managers will be directed to consolidate Healthcare account coverage into fewer, more fully dedicated account managers. Obviously, 100% dedication at the account manager level is ideal and should be the goal, even if remote management of accounts is required. Account Group Managers will also be requested to consolidate Healthcare account coverage, where practical, into dedicated Healthcare Account Sets.

As mentioned later, herein, these dedicated account teams will be trained extensively to maximize their effectiveness in the Healthcare market.

Based on existing knowledge of the account managers covering U.S. Healthcare accounts, an initial list of experienced account managers has been generated. Account Group and Account Set Managers will be requested to focus their consolidation efforts on this group. As with the list of Strategic Accounts, this list of dedicated account managers will be given priority attention, relative to Healthcare training and support resources.

See Section VIII.A. for Strategies and Tactics to achieve this objective.

See Appendix item "D" for the current list of Healthcare Account Managers.

3. Strategic Account Focus

A list of U.S. Healthcare Strategic Accounts, which will cover approximately 85% of the business, will be maintained and used to ensure account planning/management and to prioritize resources. In the case of Organized Systems of Care (chains) with several hospital sites distributed around the U.S., the Digital Account Manager at the Headquarters-location will be directed to develop a U.S.-wide account plan/budget. Beginning in FY93, the Top 10 such chains will receive this increased focus. Similar account-wide planning and budgeting will be required from Managed Care organizations with multiple locations.

As stated previously, Certs/Revenue credit for these Strategic accounts will continue to flow to the host account manager.

The current list of Strategic accounts can be broken down by market segment as follows:

<u>Market Segment</u>	<u># of Strategic Accounts</u>
Hospitals	98
Managed Care	35
Organized Systems of Care	26
CSO's	26
Laboratories	<u>5</u>
Total	190

See Appendix item "E" for this list of Strategic Accounts.

4. Healthcare CSO Focus

The Strategic Healthcare CSO's, referenced above, currently account for about two-thirds of Digital's Healthcare product business. To ensure consistent focus on this set of accounts and consistent implementation of Healthcare-specific CSO initiatives, the Channels organization will continue to fund the "U.S. Healthcare Channels Account Group Manager" position. This person will jointly report to the U.S. Channels VP and the U.S. Healthcare VP.

5. Account Team Industry/Application Knowledge

A U.S. Healthcare Training plan will be developed and implemented immediately, in order to dramatically increase the credibility of our account teams. An in-depth understanding of the business problems faced by the Healthcare industry is critical, if Digital is to win the confidence of these customers. Healthcare Industry and Application training will be considered mandatory for the dedicated account managers mentioned previously.

See Section VIII.F. for details of the proposed training plan.

6. System Integration Focus

In order for Digital to achieve success as a Healthcare Systems Integrator, the following actions are to be taken:

- a. **Requirement:** Top level focus and commitment to Healthcare SI.

Action: Appoint U.S. Healthcare VP. This person's overall U.S. Healthcare charter would include responsibility and authority for the SI Business Plan and for all SI pre-sales, program management and delivery resources, even though those resources may be host managed by the Services organization.

- b. **Requirement:** Credibility as a consultative integrator in the Healthcare market.

Action: Staff the Practice with resources possessing the required Healthcare-specific industry and application experience and IT expertise.

(Note: This will require some external hiring.)

- c. **Requirement:** Practice team to include "Selling" resources which become part of the "Delivery" team. (To align with the proven/accepted Big-6 approach.)

Action: Add Healthcare consultant resources (as part of the Practice) who can take a project from the Opportunity stage through the Delivery stage; shifting from "Opportunity Manager" to "Engagement Manager" as the project is won.

(Note: Will require external hiring and/or training of internal candidates.)

- d. **Requirement:** Availability of on-demand, competent, Healthcare-knowledgeable SI resources.

Action: Add incremental resources to the Practice to match the number/size of SI opportunities foreseen.

(Note: Will require up-front investment to staff/train to the required level.)

An alternative plan would be to use external contract workers, but this may not be as reliable or profitable.

- e. Requirement: Ability/skill at pricing and selling the "value" of a business solution.

Action: Train all account teams (including the VP) and Practice personnel on "Value" pricing/sales, plus staff the Practice with resources experienced in doing this.

7. Marketing Focus/Integration

To ensure an integrated Sales/Marketing approach to the Healthcare industry, the U.S. Marketing function will be transitioned from the Healthcare IBU to the U.S. Healthcare organization, reporting to the U.S. Healthcare VP.

8. Low-End/SME Market Coverage

Healthcare is a market which should not be viewed as a candidate for "walling off" a low-end segment for management by a separate SME-like effort. There are two primary reasons for this statement:

- a. The trend toward "Organized Systems of Care" where an entire range of Healthcare services are offered by banding together various entities such as: large and small hospitals, clinics, physician groups, long-term care, etc.

- and -

- b. Hospital business problems (and, therefore, solutions) are essentially the same, regardless of hospital size. Most of our CSO's sell to small hospitals, as well as large hospitals.

The current inconsistent implementation of SME, relative to the Healthcare market, is confusing and inefficient and should be revised. It is proposed that responsibility for the entire

Healthcare market in a given geography be given to a single Account Set Manager. However, given that there is significant value in the current SME efforts toward Healthcare VAR recruitment and lead generation, it is further proposed that these activities continue to be available to these Account Set Managers.

9. Focused Engineering/Manufacturing/Delivery

Within Digital Services, the Healthcare Practice and Healthcare EIC are dedicated to the delivery of integrated solutions to customers. Both of these entities are part of the APS line of business and are focused on providing customized solutions built upon a set of products, platforms and services.

The EIC, in partnership with the IBU, will develop industry-specific platforms (i.e., HealthView) and products which meet U.S. and worldwide market needs. Value-added engineering (software and hardware) and manufacturing services provide a capability to meet customer needs for repeatable platforms which can be custom-tailored to fit their specific business requirements. Design services to assist in conversion of End User or CSO applications or systems to embrace the ALPHA architecture will be available in FY93.

The Practice will provide project management and delivery skills to create integrated systems to meet customers specific business needs. Integration of platforms and services from all Digital Service offerings as well as solutions sales support will be provided. Business requirements analysis, financial analysis and work statement definition are some of the services to be offered.

10. Solutions Selling Capability - DS4's

The Digital Services Sales Specialists (DS4's) will be used to support the qualification and selling of solutions to Healthcare customers. A portion of this resource pool should be trained more extensively on the HealthView platform to work with the Practice in support of account teams with potential business opportunities. This group provides a set of skills experienced in

the sale of customized solutions and understands the selling cycle required in this line of business. This group should be linked more closely with the dedicated Healthcare sales capability described elsewhere, herein.

SUMMARY

The U.S. Healthcare Sales/Service model proposed for FY93 can be summarized as follows:

- A. U.S. Healthcare VP with overall "General Manager" responsibility/authority for all U.S. Healthcare business. Plus, responsibility for implementing the "Integrated Healthcare Network."
- B. Dedicated, highly trained Healthcare account teams to be host-managed by geographic, cross-industry account organizations; with all Certs/Revenue credit retained by those organizations.
- C. Strategic accounts will be identified to ensure account planning and management. This group of accounts to comprise approximately 85% of the total business.
- D. Dedicated Healthcare Consultative Practice to be host-managed by the Services Industries Services organization; Practice to be staffed with sufficient number of competent, experienced Opportunity, Engagement, and Consultant resources.
- E. Dedicated Healthcare CSO Channels Manager and CSO account teams host-managed by the Channels organization.
- F. Healthcare Marketing to be part of the U.S. Healthcare business team (versus being in the IBU).
- G. All Healthcare accounts, including those currently labeled "SME" are to be managed within dedicated Healthcare Account Sets.

PROPOSED U.S. HEALTHCARE ORGANIZATION

V.P.

U.S. HEALTHCARE INDUSTRY

FINANCE

U.S. HEALTHCARE SALES MANAGER

U.S. HEALTHCARE MARKETING

— — U.S. HEALTHCARE CSO MANAGER

HC EU Account
Management
(Hosted by AVP_x Sales)

HC CSO Account
Management
(Hosted by Channels)

HC Services
Practice/EIC
(Hosted by Services)

HC IBU

U. S. HEALTHCARE SALES/SUPPORT/SERVICES MODEL

SALES

- Direct via EU Reps
- Indirect via CSO Reps
- SI via Practice and Resource Center
- SME via Lead Generation/VAR Activities
- Services via EU/CSO Reps and ASG (Services)

SUPPORT

- Direct EU Sales Support
- Indirect CSO Sales Support
- Resource Center Sales Support
- EIC "Sales Support" Including DS4's

SERVICES

- SI Sales and Delivery via Practice
- LOB Services via District Services Organization
- Digital Services Engineering

VII. U. S. HEALTHCARE FINANCIAL GOALS - FY93

An aggressive plan has been established for U.S. Healthcare in FY93, which will yield significant revenue growth and profit improvements. As a result of the planned consolidation of Healthcare Sales effort, improvements in Sales yield will also occur.

A. Certs/Revenue/Effort/Yield Plan

	<u>FY92 Forecast</u>	<u>FY93 Plan</u>	<u>%</u>
Product Certs	\$215M	\$237M	+10%
Product NOR	\$210M	\$231M	+10%
Services NOR	<u>\$145M</u>	<u>\$199M</u>	<u>+37%</u>
Total NOR	\$355M	\$430M	+21%
Sales Effort	209	165	-21%
Sales Support Effort	<u>66</u>	<u>60</u>	<u>- 9%</u>
Total Effort	275	225	-18%
Yield (Total NOR/Total Effort)	\$1291K	\$1911K	+48%

B. Market Share Plan

Current U.S. Healthcare market share is 8.1%.

FY93 Goal is to increase our share to 9.6%.

C. Profitable Growth

	<u>FY92 Forecast</u>	<u>FY93 Plan</u>	<u>% Growth</u>
NCM \$	\$ 8M	\$27M	+225%
NCM %	2.2%	6.3%	+186%

U. S. HEALTHCARE

'93 CHANNELS/END USER PLAN

	<u>'92 Forecast</u>	<u>'93 PLAN</u>	<u>%</u>
 <u>NOR</u>			
Channels - Product	\$147M	\$159M	+ 8%
- Services	<u>30M</u>	<u>50M</u>	<u>+ 67%</u>
Total	\$177M	\$209M	+ 18%
End User - Product	\$ 63M	\$ 72M	+ 14%
End User - Services	<u>115M</u>	<u>149M</u>	<u>+ 30%</u>
Total	\$178M	\$221M	+ 24%
Total - Product	\$210M	\$231M	+ 10%
- Services	<u>145M</u>	<u>199M</u>	<u>+ 37%</u>
Total	\$355M	\$430M	+ 21%
 <u>EFFORT</u>			
Channels - Sales	33	35	
- Sales Support	<u>11</u>	<u>10</u>	
Total	44	45	+ 2%
End User - Sales	176	130	
- Sales Support	<u>55</u>	<u>50</u>	
Total	231	180	- 22%
Total - Sales	209	165	
- Sales Support	<u>66</u>	<u>60</u>	
Total	275	225	- 18%

U. S. HEALTHCARE

'93 CHANNELS/END USER PLAN (Cont'd)

	<u>'92 Forecast</u>	<u>'93 PLAN</u>	<u>%</u>
<u>YIELD</u>			
Channels	\$4023K	\$4744K	+ 15%
End User	<u>766K</u>	<u>1227K</u>	<u>+ 60%</u>
Total	\$1291K	\$1911K	+ 48%

Notes/Assumptions:

1. Services = 80% End User in '92; 75% End User in '93
2. Products = 30% End User in '92; 31% End User in '93
3. Discount/Allowances Assumptions:

	<u>'92</u>	<u>'93</u>
Product - Discounts	23%	24%
- Allowances	13%	12%
Services - Discounts	10%	9%
- Allowances	8%	8%

U. S. HEALTHCARE

'93 PRODUCT/SERVICES GROWTH PLAN

	<u>'92 Forecast</u>	<u>'93 PLAN</u>	<u>%</u>
Product Revenue			
Channels	\$147M	\$159M	+ 8%
End User	<u>63M</u>	<u>72M</u>	<u>+ 14%</u>
Total	\$210M	\$231M	+ 10%
Services Revenue			
HPS	\$109M	\$120M	+ 10%
SPS	18M	20M	+ 10%
NIS	7M	\$ 16M	+ 129%
OSS	3M	\$ 7M	+ 133%
DTS	1M	\$ 2M	+ 100%
APS	2M	\$ 22M	+1000%
DCS	3M	\$ 6M	+ 100%
CT	<u>3M</u>	<u>\$ 6M</u>	<u>+ 100%</u>
Total	\$145M	\$199M	+ 37%
Total Revenue	\$355M	\$430M	+ 21%

Note: HPS and SPS assumed to track Product growth (at 10%).

U.S. HEALTHCARE P&L
(\$ MILLIONS)

	<u>FY92</u> <u>Forecast</u>	<u>FY93</u> <u>Plan</u>
Net Product Certs	215	237
Gross Revenue	503	601
Discounts	95	109
Allowances	53	62
Total NOR	355	430
Product NOR	210	231
Services NOR	145	199
Business Unit Price	148	162
Service Delivery Cost	92	126
Value Added Revenue	115	142
Account Costs		
Direct Selling	31	26
Sales Spec.	12	14
Loan and Demo	1	1
Direct Account Overhead	<u>12</u>	<u>14</u>
Total Account Costs	56	55
Direct Margin	59	87
Support Costs		
Services Support and Admin	6	7
Marketing Services	18	22
Business Unit	24	28
Corporate Overhead	<u>3</u>	<u>3</u>
Total Support Costs	51	60
Net ABU Profit	8	27
% of NOR	2.2%	6.3%

U.S. HEALTHCARE

MARKET SHARE ANALYSIS

Total HC Market

	<u>'91</u>	<u>'92</u>	<u>'93</u>	<u>'94</u>	<u>CAGR</u>
Total U.S. Market	7.5B	7.8B	8.0B	8.3B	3.5%
Target U.S. Market	4.2B	4.4B	4.5B	4.6B	3.1%
U.S. Revenue	361M	355M	430M	520M	
% Market Share	8.6%	8.1%	9.6%	11.3%	

U.S. HEALTHCARE
MARKET SHARE ANALYSIS

HEALTHCARE SI MARKET

	<u>'91</u>	<u>'92</u>	<u>'93</u>	<u>'94</u>	<u>CAGR</u>
Target U.S. Market	.6B	.8B	1.0B	1.3B	30%
SI Revenue	10M	15M	52M	74M	
% SI Market Share	1.7%	1.9%	5.2%	5.4%	
SI As % Of Total HC Revenue	3%	4%	12%	14%	

**VIII. U.S. HEALTHCARE PLAN:
OBJECTIVES/STRATEGIES/TACTICS**

This section covers the major Objectives established which will enable successful accomplishment of the integrated U.S. Healthcare Plan. Tactics have been detailed, herein, which will lead to fulfillment of the Strategies designed to accomplish each stated Objective.

OBJECTIVES

- A. Implement A Highly Focused U.S. Healthcare Sales/Service/Marketing Team
- B. Increase Healthcare Market Share
- C. Profitably Grow Revenue
- D. Successfully Migrate Healthcare Accounts To ALPHA
- E. Maintain/Expand Solutions Portfolios Via CSO's
- F. Increase Market Awareness And Pull
- G. Ensure Best In Class Healthcare Account Selling Teams
- H. Profitably Deliver Complex SI Projects
- I. Anticipate And Respond To Emerging Trends

A. OBJECTIVE: IMPLEMENT A HIGHLY FOCUSED U. S. HEALTHCARE SALES/SERVICE/MARKETING TEAM

1. Strategy

Implement U.S.-Wide, VP-Level Responsibility for Authority Over All Sales, Service and Marketing Activities Related to Healthcare

<u>Tactics</u>	<u>DRI</u>
a. Develop U.S. Healthcare Business Plan which supports need for position and authority over entire "Integrated Network."	Gary Pattengill
b. Obtain feedback and support from IBU, Services, Marketing and Finance.	Gary Pattengill
c. Present Plan and obtain approval from Don Zereski.	Gary Pattengill

2. Strategy

Ensure Selling Focus on Targeted Healthcare Accounts

<u>Tactics</u>	<u>DRI</u>
a. Identify high-volume and strategically important accounts which constitute 80%+ of the total U.S. Healthcare business.	Gary Pattengill
b. Segment these accounts by market type.	Gary Pattengill Wayne Salpietro
c. Publicize list to ensure coverage and to identify responsible account manager.	Gary Pattengill

3. Strategy

Minimize/Eliminate Part-time Healthcare Sales Effort

Tactics

DRI

- | | | |
|----|---|--------------------------------|
| a. | Obtain support of Don Zereski for need to consolidate selling effort. | Gary Pattengill |
| b. | Direct Account Group/Set Managers to consolidate into fewer, more dedicated people. | Gary Pattengill
Don Zereski |
| c. | Offer AGM's several models to accomplish this objective. | Gary Pattengill |

4. Strategy

Ensure That the Services Organization Has Sufficient (Quantity and Quality) Resources Dedicated to Healthcare

Tactics

DRI

- | | | |
|----|--|---|
| a. | Push for increased staffing in the Pre-Sales Resource Center. | Gary Pattengill
Ladd Bodem |
| b. | Push for increased staffing in the Practice. | Ladd Bodem
Gary Pattengill |
| c. | Request that external hiring be approved, as required, in order to ensure quality in the staffing. | Gary Pattengill
Ladd Bodem |
| d. | Prepare and present "SI Resource" proposal, in order to obtain approval from Russ G., etc.. | Dave Rasmussen
Gary Pattengill
Ladd Bodem |

5. Strategy

Transfer U.S. Healthcare Marketing Responsibilities to the U.S. Healthcare VP Organization

Tactics

DRI

- | | | |
|----|--|-----------------|
| a. | Obtain agreement from IBU VP that this is required in order to ensure U.S. Marketing focus and U.S. teamwork. | Gary Pattengill |
| b. | Implement by reassigning U.S. Marketing Manager to U.S. Healthcare VP. Marketing group will continue to reside in Marlboro, initially, but could be dispersed if/when appropriate. | U.S. HC VP |

6. Strategy

Ensure Implementation of the "Integrated Network" (Described in Section II, herein)

Tactics

DRI

- | | | |
|----|--|--------------|
| a. | Obtain approval/buy-in for concept from all network entities. | U.S. HC Team |
| b. | Establish working relationships and reporting mechanisms to facilitate management by the U.S. Healthcare VP. | U.S. HC VP |

B. OBJECTIVE: INCREASE HEALTHCARE MARKET SHARE

1. Strategy

Increase Share of Business from Multi-Platform CSO's

Tactics

DRI

- | | | |
|----|--|----------------------------------|
| a. | Develop selling services packages for our CSO.

- Network Planning
- Program Management
- System/Network Operation
- Multi-Vendor Desktop
- Disaster Planning Recovery | Vince DiMenna |
| b. | Lock in CSO's based upon relationship in:

- Services Dependencies
- Market Pull/Demand Direction
- Sell To | Vince DiMenna |
| c. | Fund TOEM Sales people. | Vince DiMenna
Gary Pattengill |
| d. | Thoroughly educate our key CSO's to/through/with services strategy. | Vince DiMenna
Ladd Bodem |
| e. | Develop and implement a plan to work with targeted CSO's to subcontract services. This would include such services training, conversions and implementation. | Vince DiMenna |

- | | | |
|----|---|-----------------|
| f. | Provide targeted CSO's with HealthView or components of HealthView and obtain revenue on the back end (HealthView). | CSO Acct. Mgrs. |
| g. | Provide targeted CSO's with NAS components to integrate into their application and receive revenue the CSO sells their application. | CSO Acct. Mgrs. |

2. Strategy

Focus on a Few "Hot" SI Platforms

Tactics

DRI

- | | | |
|----|--|-------------------------|
| a. | Develop aggressive sales plan to pursue one or two key platforms for sale in FY93 , HealthView and ? | Gary Pattengill |
| b. | Secure the resources to begin implementation of platforms by July 1. | Gary Pattengill |
| c. | Target key loyal customers to place a focused effort to sell HealthView. | Gary Pattengill |
| d. | Develop a U.S. plan with consultants to jointly target HealthView prospects. | Gary Gorden |
| e. | Have multiple HealthView packaging strategies completed by July 1, 1992. | Jim Jones
Ladd Bodem |

- | | | |
|----|---|-------------------------------|
| f. | Develop a selling plan to key consultants on our HealthView platform and the capabilities of the EIC. | Gary Gorden
Dave Rasmussen |
| g. | Complete and distribute the Healthcare SI roadmap. | Ladd Bodem |
| h. | Hire a prominent M.D. or consultants part-time to ask for medical direction for the Healthcare group and/or develop a Healthcare medical advisory and to develop Healthcare products plus approaches, and add credibility to program development. | Gary Pattengill |
| i. | Educate all members of the Healthcare Practice and Sales on the EIC and their offerings by 10/92. | Gary Gorden
Dave Rasmussen |

3. Strategy

Ensure Successful Implementation of SME

Tactics

DRI

- | | | |
|----|---|---|
| a. | Identify dedicated Healthcare SME drivers for the U.S. | Gary Pattengill
Joe Lesica |
| b. | Clarify and implement our SME Healthcare strategy. | Gary Pattengill
Joe Lesica |
| c. | Develop aggressive pull programs by application with our CSO's/VAR's and SME marketing. | Gary Pattengill
Joe Lesica
Mktg. Seg. Mgrs. |

4. Strategy

Define Market Map by Segment

Tactics

DRI

- | | | |
|----|--|-------------------------------------|
| a. | Do an application map by 7/92. | Wayne Salpietro
Mktg. Seg. Mgrs. |
| b. | Determine the market by applications, to clearly identify gaps and weaknesses in our application strategy. | Wayne Salpietro
Vince DiMenna |
| c. | Identify companies we may want to convert to a Digital platform with costs, timeframe and effort scope. | Wayne Salpietro
Vince DiMenna |
| d. | Develop and implement a plan to recruit targeted companies. | Wayne Salpietro
Vince DiMenna |
| e. | Track and update effort to Sales Advisory Board. | Wayne Salpietro |

Note: Objective D includes additional details on this strategy.

5. Strategy

Increase Mind Share of Significant Healthcare Consultants

Tactics

DRI

- | | | |
|----|--|-------------|
| a. | Develop a plan to focus on significant Healthcare consultants in the U.S. by 7/1/92, which should include: | Gary Gorden |
| | - Which Consultants to Target | |
| | - How to Target Them | |

- Measurement Criteria
- Requirement Effort

Leverage Digital's Corporate consultant program. Gary Gorden

Educate consultants on the EIC custom solution offerings. Gary Gorden

6. Strategy

Put Together a Focused Selling Effort to Organized Systems of Care

Tactics

DRI

- | | | |
|----|---|-----------------------------------|
| a. | Identify targeted hospital chains and managed care firms through the marketing plan. | Gary Pattengill
HC Sales Execs |
| b. | Ensure account planning and management of these targeted accounts. | Gary Pattengill
HC Sales Execs |
| c. | Have action plans for targeted accounts completed by 8/30/92. | HC Sales Execs |
| d. | Plans need to include strategies, tactics, timeframe and required resources. | HC Sales Execs |
| e. | Selling plan tactics need to leverage target marketing programs. | HC Sales Execs |
| f. | The Healthcare Sales Execs will work with targeted account teams to ensure accurate and timely implementation of sales plans. | HC Sales Execs |

Note: Healthcare Sales Execs are:

Ed Deppert (East)
Subodh Sheth (West)

7. Strategy

Focus On Campaigns Which Will Produce Incremental Dollars:

HealthView/Integration Projects

Tactics

DRI

- | | | |
|----|--|--|
| a. | Identify fifteen qualified opportunities through E/U reps. | Gary Pattengill |
| b. | Identify fifteen qualified opportunities through CSO reps. | Gary Pattengill |
| c. | Create and maintain U.S.-wide opportunity list to pursue opportunities. Use the war board to track and drive opportunities and reduce the selling cycle. | Gary Pattengill
HC Sales Execs |
| d. | Implement HealthView demo and presentation capabilities throughout key locations in the U.S. | Ladd Bodem |
| e. | Train targeted Sales Support and Sales to have HealthView demonstration and presentation skills. | Gary Pattengill
Lorraine Morse |
| f. | Develop and implement a Healthcare SI training program. | Gary Pattengill
Lorraine Morse |
| g. | Have multiple pricing models for HealthView by July 1, 1992. | Gary Pattengill
Ladd Bodem
Jim Jones |

- h. Develop a selling plan for the EIC. Gary Gorden

CSO Installed Base

Tactics

DRI

- a. Put together aggressive Sales plan by CSO to upgrade installed base. Vince DiMenna
- b. Determine account requirements; implement program. Vince DiMenna
CSO Acct. Mgrs.
- c. Sales plan to have tasks, time lines and responsibilities. Vince DiMenna
- d. Utilize the DMO and Telemarketing organization as a resource. Vince DiMenna

Incremental Services Sales via CSO's

Tactics

DRI

- a. Develop selling Services packages for our CSO's. Vince DiMenna
- Network Planning
 - Program Management
 - System/Network Operations
 - Multi-Vendor Desktop
 - Disaster Planning Recovery
- b. Continue traditional warranty type services HPS/SPS. Vince DiMenna
- c. Link to CSO's RFP process. Vince DiMenna

- | | | |
|----|--|---------------|
| d. | Have the Services organization become an extension of our CSO's. | Vince DiMenna |
| e. | Define/execute "EMR" joint selling model. | Vince DiMenna |

EDI

Tactics

DRI

- | | | |
|----|--|-----------------|
| a. | The Marketing group to develop and present EDI plan to SAB by 10/92. | Wayne Salpietro |
| b. | Marketing plan must include industry specific programs and roll out plan to the field. | Wayne Salpietro |
| c. | Plan must include responsibility and target dates. | Wayne Salpietro |
| d. | Roll out needs to be concurrently implemented in geographies. | Wayne Salpietro |
| e. | Plan must include a lead tracking and feedback process. | Wayne Salpietro |

Imaging

Tactics

DRI

- | | | |
|----|--|-----------------|
| a. | Have the Marketing group develop and present Imaging plan to SAB by 10/92. | Wayne Salpietro |
|----|--|-----------------|

- | | | |
|----|--|-----------------|
| b. | Marketing plan must include industry specific progress and roll out plan to the field. | Wayne Salpietro |
| c. | Plan must include responsibilities and target dates. | Wayne Salpietro |
| d. | Rollout must be concurrently implemented in geographies. | Wayne Salpietro |
| e. | Plan must include a lead tracking and feedback process. | Wayne Salpietro |

CIT

Tactics

DRI

- | | | |
|----|---|-----------------|
| a. | Have CIT program plan completed and presented to the SAB by 10/92. | Gary Gorden |
| b. | Determine who in marketing will drive CIT plan. | Wayne Salpietro |
| c. | Plan will include industry specific programs and rollout plan to the field. | Wayne Salpietro |
| d. | Marketing will identify responsibilities and target dates for roll-out. | Wayne Salpietro |
| e. | Rollout must be concurrently implemented in geographies. | Wayne Salpietro |
| f. | Plan must include a lead tracking and feedback process. | Wayne Salpietro |

8. Strategy

Increase the U.S. Close Ratio

Tactics

DRI

- | | | |
|----|---|-------------------------------|
| a. | Develop an automated/easy to use U.S.-wide End User and CSO war board. | Gary Gorden |
| b. | Develop a Healthcare solution Hotline. | Gary Gorden |
| c. | Put together Hit Team to focus on significant End User and CSO opportunities. | Gary Gorden
HC Sales Execs |
| d. | Work with VAR's outside Digital to outsource their application (i.e., TDS Hatachi). | Wayne Salpietro |

9. Strategy

Replicate Significant "New" Solutions (e.g., a Joint Digital/"Partner" Solution) to a Common Healthcare Business Problem

Tactics

DRI

- | | | |
|----|---|---|
| a. | Recognize solutions to common business problems that offer replicability. | Resource Center
(Chen and Boyer)
HC Sales Execs
Practice |
| b. | "Market" these solutions through the U.S. Healthcare Account Managers with specific programs. | Wayne Salpietro
Mktg. Seg. Mgr. |

C. OBJECTIVE: PROFITABLY GROW REVENUE

1. Strategy

Drive Services Business To/Through/With CSO's in Targeted Services Areas

Tactics

DRI

- | | | |
|----|---|------------------------------|
| a. | Define targeted services areas. | Vince DiMenna |
| | <ul style="list-style-type: none">- Network Design and Planning- Program Management- System and Network Operations- Multi-Vendor Desktop Services- Disaster Planning/Recovery | |
| b. | Create formal joint selling/teaming agreements with CSO's. FY93 targets include: Cerner, IDX, SMS, and Gerber Alley. | CSO Acct. Mgrs. |
| c. | Define/execute joint selling plans with targeted CSO's to aggressively sell "EMR" type solutions. | Paul Waugaman
Larry Crowe |
| d. | Tactically link CSO's RFP process to Digital Services offerings. | CSO Acct. Mgr. |
| e. | Continue to sell CSO's on Gold Key Program for traditional warranty products. | CSO Acct. Mgr. |
| f. | Ensure consistent E/U behavior in executing "EMR" and "SI" selling strategies. | Gary Pattengill |

- g. Broaden Digital Services offerings that are discountable (DBA?, Finders Fees). Judy Kelly
- h. Work closely with CSO's to help them streamline operations internally via Digital's consulting expertise (Services "Sell To"). CSO Acct. Mgr.

2. Strategy

Focus on High-Profit SI Business

Tactics

DRI

- a. Train Healthcare Sales teams on SI so that they will proactively pursue and close new opportunities. Gary Pattengill
Lorraine Morse
 - b. Implement a Healthcare Practice which ensures the availability of competent SI Opportunity/Program Managers, as well as experienced SI delivery teams. Ladd Bodem
 - c. Develop Healthcare application platforms (ala., HealthView) which will form the basis for replicable SI solutions. Dave Rasmussen
- plus -
- Train account teams on these platforms. Gary Pattengill
Lorraine Morse
- plus -
- Develop a marketing plan which includes identified target accounts for each platform. Wayne Salpietro

3. Strategy

Maximize Business from Installed Base

Tactics

DRI

- | | | |
|----|--|-----------------|
| a. | Implement installed based program directed at CSO installed base. | Vince DiMenna |
| b. | Develop specific packages of services and add-on/upgrades for an installed base program. | Wayne Salpietro |

4. Strategy

Sell More Value-Added Consulting Services

Tactics

DRI

- | | | |
|----|---|---|
| a. | Ensure availability of qualified consultants (in Practice). | Ladd Bodem |
| b. | Team with Big-6 consultants to learn how to sell and deliver Healthcare consulting. | Ladd Bodem |
| c. | Train Healthcare account teams on consulting services (how to recognize opportunity, how to sell, where to get resources, etc..). | Gary Pattengill
Ladd Bodem
Lorraine Morse |
| d. | Develop Healthcare-specific consulting services. | Ladd Bodem |

5. Strategy

Reduce Allowances

Tactics

DRI

- | | | |
|----|--|--------------------------------------|
| a. | Train account teams on "Value-based" selling. | Gary Pattengill
Lorraine Morse |
| b. | Raise awareness of account teams of need to manage allowances. | Gary Pattengill
Account Set Mgrs. |

6. Strategy

Improve Productivity (Yield) of Account Teams

Tactics

DRI

- | | | |
|----|--|---|
| a. | Implement the "dedicated" Healthcare account team strategy which will result in more business from reduced effort. | Gary Pattengill
AGM/ASM's |
| b. | Provide SI training, resources and replicable platforms. | Gary Pattengill
Ladd Bodem
Dave Rasmussen |
| c. | Develop more "pull" for Digital in Healthcare via Marketing Programs. | Wayne Salpietro |
| d. | Leverage efforts of Healthcare Sales Executives. | Ed Deppert
Subodh Sheth |
| e. | Increase Digital content of CSO offerings (especially Services). | Vince DiMenna
CSO Acct. Mgrs. |

D. OBJECTIVE: SUCCESSFULLY MIGRATE HEALTHCARE ACCOUNTS TO ALPHA

1. Strategy

Gain Commitment and Focused Resources from CSO's to Port to ALPHA

Tactics

DRI

- | | | |
|----|---|-----------------|
| a. | Ongoing updates on ALPHA status to CSO's. | CSO Acct. Mgrs. |
| b. | Aggressively utilize ALPHA migration centers for CSO conversions. | CSO Acct. Mgrs. |

2. Strategy

Accelerate Digital Software and Third Party Software Availability on ALPHA

Tactics

DRI

- | | | |
|----|---|-----------------|
| a. | Develop ALPHA migration plans by CSO identifying key software products. | CSO Acct. Mgrs. |
| b. | Make Digital software and third party software needs visible to Software Engineering. | Vince DiMenna |

Note: Help from IBU (Willow Shire) at V.P. levels.

3. Strategy

Ensure Installed Base Becomes "ALPHA-Ready"

Tactics

DRI

- a. Ensure CSO's utilize ALPHA protection programs and sell VAX's now.
- b. Use allowances vs. competitive "RISC" platforms to minimize market share erosion.

CSO Acct. Mgrs.

CSO Acct. Mgrs.

E. OBJECTIVE: MAINTAIN AND EXPAND SOLUTION PORTFOLIO VIA CSO'S

1. Strategy

Maintain and Grow Market Share Mix at Multi-Platform CSO's
(Targeted CSO's Are: SMS, Sunquest, FDC, Antrim, Gerber Alley, and HBO)

Tactics

DRI

- | | | |
|----|--|--|
| a. | Drive/enhance CSO executive management linkages with Digital Healthcare IBU. | Vince DiMenna |
| b. | Create tailored demand pull programs by Healthcare segment. | Mktg. Seg. Mgr. |
| c. | Strengthen E/U Sales knowledge of CSO's application and organization via training sessions at CSO's headquarters or via DVN. | Gary Pattengill
Lorraine Morse |
| d. | Create and execute CSO specific incentive programs to drive Digital platform sales. | Vince DiMenna
Thru CSO
Account Mgrs. |
| e. | Define and implement relationship design-in programs (i.e., Services, Healthcare, Teaming Agreements). | CSO Acct. Mgrs. |
| f. | Make CSO investments via RIB, royalty paybacks, equity positions? | Vince DiMenna |

- | | | |
|----|---|----------------------------------|
| g. | Influence PCU's to design and manufacture Healthcare specific products (i.e., multi-media devices, imaging, etc..). | Healthcare IBU |
| h. | Increase CSO's profitability by solving Internal business issue (Services "Sell To"). | CSO Acct. Mgr. |
| i. | Minimize Channel conflict between E/U Sales and CSO's. | Vince DiMenna
Gary Pattengill |

- Publish Rules of Engagement
- Acceptable Sales Behavior

- | | | |
|----|---|----------------|
| j. | Successful Alpha migration to provide CSO's with leading edge platform. | CSO Acct. Mgr. |
| | <ul style="list-style-type: none"> - Enhance Current Layered Product Schedules - Enhance Third Party Product Schedules - Enhance VMS Functionality Schedules | |

Note: Support from IBU needed with Central SW Engineering.

- | | | |
|----|---|----------------|
| k. | Drive technology "Design-In" into Next Generation Product Family. | CSO Acct. Mgr. |
|----|---|----------------|

2. Strategy

Protect and Grow Digital-Only CSO's

Tactics

DRI

- | | | |
|----|---|-----------------------------------|
| a. | Work with Healthcare Marketing, IBU, and Channels to create CSO classification that rewards "Digital Only" or "Digital Preferred" behavior. | Vince DiMenna |
| b. | Create tailored demand pull programs by Healthcare segment. | Mktg. Seg. Mgr. |
| c. | Strengthen E/U Sales knowledge of CSO's application and organization via training sessions at CSO's headquarters or via DVN. | Gary Pattengill
Lorraine Morse |
| d. | Define and implement relationship design-in programs (i.e., Services, Healthcare, Teaming Agreements). | CSO Acct. Mgrs. |
| e. | Make CSO investments via RIB, royalty paybacks, equity positions? | Vince DiMenna |
| f. | Influence PCU's to design and manufacture Healthcare specific products (i.e., Multi-Media Devices, Imaging, etc..). | Healthcare IBU |
| g. | Increase CSO's profitability by solving Internal business issue (Services "Sell To"). | CSO Acct. Mgr. |
| h. | Minimize Channel conflict between E/U Sales and CSO's. | Vince DiMenna
Gary Pattengill |
| | - Publish Rules of Engagement | |
| | - Acceptable Sales Behavior | |

- i. Successful Alpha migration to provide CSO's with leading edge platform. CSO Acct. Mgr.
 - Enhance Current Layered Product Schedules
 - Enhance Third Party Product Schedules
 - Enhance VMS Functionality Schedules
- j. Drive technology "Design-In" into Next Generation Product Family. CSO Acct. Mgr.
- k. Utilize Digital's DMO organization to assist CSO's in driving lucrative installed base programs. CSO Acct. Mgrs.

3. Strategy

Expand CSO Portfolio Selectively

Tactics

DRI

- a. Develop market maps by Healthcare segments to identify "Holes". Mktg. Seg. Mgr.
- b. Understand new and emerging Healthcare segments and identify key CSO's. Mktg. Seg. Mgr.
- c. Make CSO investments to convert/port/develop needed solutions. Vince DiMenna

- d. Create focused program to recruit (via Alpha Design-In) strategic Healthcare TOEM Accounts. Vince DiMenna
- Work Through Dan Riordan and Jim Willis Groups.
- e. Utilize Channels Recruiters to secure targeted competitive CSO's. Vince DiMenna
- f. Identify and recruit high-end HIS Partner. Vince DiMenna
Willow Shire
- Potential Candidates KDS, TDS?
- g. Convert Meditech and it's senior management from "Pro DG" to "Pro Digital". Phil Reimann/
Willow Shire
- h. Successfully collaborate with new CSO's and bring them to market. CSO Acct. Mgrs.
- FY93 Targets Include:
Emtek, Array Systems
(Emergisoft), EDS/IPS, and
Ubitrex.

F. INCREASE MARKET PULL AND AWARENESS

1. Strategy

Increase Digital Healthcare Advertising Program

Tactics

DRI

- | | | |
|----|---|-----------------|
| a. | Continue major Healthcare publications. | Wayne Salpietro |
| b. | CSO co-funding. | Wayne Salpietro |
| c. | Team advertising. | Wayne Salpietro |

2. Strategy

Healthcare Customer Testimonials for:

Tactics

DRI

- | | | |
|----|----------------------------------|-----------------|
| a. | Print media distribution. | Wayne Salpietro |
| b. | Internal distribution. | Wayne Salpietro |
| c. | Video testimonial presentations. | Wayne Salpietro |
| d. | Across/within segments. | Wayne Salpietro |

3. Strategy

Customer Seminar Series

Tactics

DRI

- | | | |
|----|--------------------------|-----------------|
| a. | "Hospital Day" seminars. | Wayne Salpietro |
| b. | "Managed Care" seminars. | Ric Buxton |

- c. Chains Road Show. John Simmonds
- d. Digital in Healthcare presentation. HC Marketing Team
- e. Digital Healthcare video(s). HC Marketing Team

4. Strategy

CSO/Digital Road Shows

Tactics

DRI

- a. Top tier CSO's (10 x 2). TBD
- b. Niche vendors (i.e., Emergency Room). TBD

5. Strategy

Trade Shows

Tactics

DRI

- a. HIMMS Pam Bragdon
- b. Healthcare Forum Pam Bragdon
- c. HFMA Pam Bragdon
- d. GHAA Pam Bragdon

6. Strategy

CLF's

Tactics

DRI

- a. Managed Care Carol Fronduto

7. Strategy

Direct Mail Campaign

Tactics

DRI

- | | | |
|----|-----------------------|-----------------|
| a. | Information exchange. | Wayne Salpietro |
| b. | Lead generation. | Wayne Salpietro |
| c. | Digital "awareness." | Wayne Salpietro |

8. Strategy

Healthcare Consultant Updates

Tactics

DRI

- | | | |
|----|--------------------|----------------------------|
| a. | Digital successes. | Ed Deppert
Subodh Sheth |
| b. | Services | Ed Deppert
Subodh Sheth |
| c. | Alliances | Ed Deppert
Subodh Sheth |

G. OBJECTIVE: ENSURE "BEST IN CLASS" HEALTHCARE ACCOUNT SELLING TEAMS

1. Strategy

Organize Selling Effort into Teams Focused Specifically on Healthcare

Tactics

DRI

- | | | |
|----|---|--|
| a. | Consolidate all Healthcare selling activity within a reasonable geography into a single, dedicated Healthcare Account Set with dedicated (100% desirable) account managers. | Gary Pattengill
AGM/ASM's |
| b. | Integrate "low-end" SME selling effort with these dedicated Account Sets. | Gary Pattengill
Joe Lesica
AGM/ASM's |
| c. | Reduce/eliminate "part-time" Healthcare selling effort by either remote management accounts or by allowing local host-management by Healthcare knowledgeable account managers (minimum 50% dedication to Healthcare). | Gary Pattengill
AGM/ASM's |
| d. | Provide Healthcare Business Manager/Coach at the Account Group level to leverage the efforts of all account teams (optional organization alternative). | Gary Pattengill
ASM's |

2. Strategy

Ensure All Required Account Team Support Is in Place, as Required by the Business

Tactics

DRI

- | | | |
|----|---|---|
| a. | Budget and staff for the required level of local Pre-Sales, SI, Delivery and Services support. | AGM/ASM's |
| b. | Budget and staff for the required level of U.S.-wide Resource Center, Practice, Marketing and U.S. Healthcare Team (VP and Direct Reports) support. | Gary Pattengill
U.S. HC VP
Ladd Bodem |
| c. | Ensure understanding by Account teams of this support network and how to access specific support resources. | Gary Pattengill |

3. Strategy

Increase the Account Team's Knowledge of the Healthcare Industry and Its Business Problems to the "Consultancy"-Level

Tactics

DRI

- | | | |
|----|--|-----------------------------------|
| a. | Develop and implement a Healthcare training curriculum which will dramatically raise the competency level of all Healthcare account teams. This curriculum is to cover relevant industry, application and SI areas. This training is to be considered mandatory for dedicated account teams. Training requirements to be covered by this plan are listed in Section "G" in the Appendix. | Gary Pattengill
Lorraine Morse |
|----|--|-----------------------------------|

4. Strategy

Change Selling Model from an Opportunistic, Transaction-Oriented Approach to a Consultative Relationship, In Order to Establish a Preference for Digital

Tactics

DRI

- | | | |
|----|--|--|
| a. | Provide training and support, as described herein. | Gary Pattengill
Lorraine Morse
AGM/ASM's |
|----|--|--|

5. Strategy

Increase Healthcare Industry's Awareness of Digital's Healthcare Competency and Capabilities as a Full-service Provider of Solutions to Healthcare Business Problems

Tactics

DRI

- | | | |
|----|--|-----------------------------------|
| a. | Develop specific Marketing program to publicize Digital capabilities and successes. | Wayne Salpietro |
| b. | Train account teams to proactively demonstrate their knowledge and Digital's capabilities. | Gary Pattengill
Lorraine Morse |

6. Strategy

Monitor Progress In Order to Gauge Effectiveness of Training

Tactics

DRI

- | | | |
|----|----------------------------------|---------------------------------|
| a. | Solicit feedback from customers. | Gary Pattengill
Willow Shire |
| b. | Reference industry surveys. | Ava Schutzman |

H. OBJECTIVE: PROFITABLY DELIVER COMPLEX SI PROJECTS

1. Strategy

Focus on Replicable Integration Platforms

Tactics

DRI

- | | | |
|----|---|-------------------------|
| a. | Work with SEIC on design spec of HealthView V2.0. | Ladd Bodem |
| b. | Ensure HealthView knowledgeable Sales Support. | Gene Boyer
Dick Chen |
| c. | Work with SEIC on new platforms (imaging, etc..). | Ladd Bodem |
| d. | Leverage knowledge of prior wins. | Ladd Bodem |

2. Strategy

Implement U.S.-Wide Application/Integration Delivery "Practices"

Tactics

- | | | |
|----|--|-------------|
| a. | Ensure SI (HealthView, Imaging, etc..) knowledgeable delivery resources. | Ladd Bodem |
| b. | Develop resourcing strategy (inside Practice, other Digital, outside Digital). | Paul Tomsco |
| c. | Add delivery resources to other geographies. | Ladd Bodem |

- d. Leverage existing Healthcare knowledgeable resources in company (DECrad, local offices, etc..). Ladd Bodem
- e. Hire or contract industry knowledgeable individuals. Ladd Bodem

3. Strategy

Train Account Teams on Large Project Methodology/Process

<u>Tactics</u>	<u>DRI</u>
a. Develop Healthcare specific Program Opportunity Roadmap.	Ladd Bodem Marilyn Cross
b. Provide Roadmap training.	Ladd Bodem Marilyn Cross
c. Ensure entire Practice supports Roadmap.	Ladd Bodem
d. Work with projects districts and geography SI organizations to ensure compliance.	Ladd Bodem

4. Strategy

Ensure On-Demand Availability of Qualified Program Management and Delivery Resources

<u>Tactics</u>	<u>DRI</u>
a. Complete CORE SI proposal.	CORE Team
b. Approve CORE SI proposal.	Don Zereski and Board
c. Implement CORE SI proposal.	Ladd Bodem
d. Staff to anticipated needs.	Ladd Bodem

- e. Train one quarter before delivery. Ladd Bodem
- f. Dedicate resources to Healthcare. Ladd Bodem
Marilyn Cross

5. Strategy

Describe the SI Projects We Would Like to Pursue Directly and Through CSO's

<u>Tactics</u>	<u>DRI</u>
a. Develop top opportunity list.	Subodh Sheth Ed Deppert
b. Sort list by Direct and CSO.	Subodh Sheth Ed Deppert
c. Pick selected CSO's for SI opportunities.	Vince DiMenna
d. Develop Sales plan for each opportunity.	Subodh Sheth Ed Deppert
e. Dedicate Program Managers for selected CSO's.	Marilyn Cross
f. Ensure proper expectations.	Vince DiMenna Ladd Bodem Gary Pattengill
g. Monitor results.	All

6. Strategy

Develop a Model for the Use of Consultants in the SI Model

Tactics

DRI

- | | | |
|----|---|-----------------------------|
| a. | Complete CORE consultant proposal. | Karen Guenther |
| b. | Implement applicable portions of CORE proposal. | Ladd Bodem |
| c. | Work with selected consultants on Model. | Ladd Bodem |
| d. | Develop internal model on use of consultants. | Marilyn Cross
Ladd Bodem |
| e. | Leverage existing experiences. | Ladd Bodem |

I. OBJECTIVE: ANTICIPATE AND RESPOND TO EMERGING TRENDS

1. Strategy

Focused Effort to Ensure Early Trend Recognition

Tactics

DRI

- | | | |
|----|--|-----------------|
| a. | Quarterly reports by L'Avenir Program Manager sent to Sales Advisory Board | Andy Masland |
| b. | Program Managers for EMR, Telemedicine and EDI submit position papers outlining DEC's products and services in that market. Sent to U.S. Country Team quarterly for evaluation and further distribution. | Program Manager |
| c. | Provide white paper twice/year of major Healthcare Industry trends such as Patient Focus Care, adoption of medical protocols, changes in reimbursement strategy by Financing organizations. | Dick Corley |

2. Strategy

Match Existing Capabilities Against Trends

Tactics

- a. Sales direction and marketing messages will be developed by Segment Managers, i.e., Digital's current capabilities in EDI in managed care will be developed by Segment

Manager with support from
Program Manager.

- Hospitals Ric Buxton
- Chains John Simmonds
- Managed Care Carol Fronduto

b. Ensure all current products and services from component to total solution are included in the Sales and Marketing messages. This work will be done by the Program Managers with support from Segment Manager.

Program Mgr.
EDI,
Telemedicine
EMR

c. Ensure CSO current capabilities and position on the major trends are known by the Sales organization.

Vince DiMenna

3. Strategy

Provide New Solutions and Services

Tactics

a. Creating new products.

- Sales Advisory Board input during regularly scheduled meeting. The appropriate IBU Rep (services, product, etc.) will be required to facilitate the session and provide feedback to the Advisory Board.

Chair Person
SAB/IBU
Support

- Healthcare SIG (Strategic Integration Group) will input to product/services

Barry Hieb

strategy at regularly scheduled meetings.

b. Critique the viability of new products and services.

- | | | |
|---|-----------------------------------|--------------|
| - | Product requirements. | Ann Sandford |
| - | Services requirements. | John Rosala |
| - | Critique by Sales Advisory Board. | Chairperson |
| - | Healthcare SIG. | Barry Hieb |

4. Strategy

Develop Programs for the Major Trend Setting Organizations

Tactics

DRI

- | | | |
|----|---|------------------------------|
| a. | Technology Providers | Product and Technology Group |
| - | Digital | |
| - | (6) Competitors - IBU, H/P, SUN, D.G., Arthur Anderson and EDS. | |
| b. | Financing Organizations | Market Develop Group |
| - | Third party payors. | |
| - | HFCA | |
| c. | Healthcare Providers | Market Develop Group |
| - | Leverage DEC presence in industry organizations like HRDI, CHIM and our Market Research sources, Dorenfest and the Healthcare | |

SIG to understand and influence trends.

d. Regulatory Agencies

Market Develop
Group

- Leverage relationship with JCAHO to understand and influence emerging standards.

e. U.S. Government

Market Develop
Group

- Use Digital lobbyist to understand and influence Government policies.

IX. U. S. HEALTHCARE PLAN: INVESTMENTS REQUIRED

The investments needed to support this Business Plan are described in this section. Although not shown explicitly in the Financial Goals (section VII), they need to be considered in the plan because forecasted revenue streams are directly related to the successful execution of these investment programs.

NEW INVESTMENTS

A. HealthView Solution

The development of HealthView V1.0 will be completed in Q1 FY93. This investment totals \$1.5M, the bulk of which was expended during FY92. The costs for this development have been accumulated in a Digital Services (APS) inventory account. These expenses will be liquidated through an amortized development cost charged to each solution sale during FY93. Margins of HealthView solution sales will be lower in FY93 until these development costs have been fully absorbed.

Development of HealthView V2.0 is planned as a FY93 Digital Services investment. The costs of this version of the platform will be expended as incurred through the normal Digital Services investment plan process (IPRB). U.S. APS FY93 investment is budgeted at \$850K; an additional \$800K is budgeted for worldwide investment in HealthView in FY93.

B. SI Resources

A set of dedicated resources for the support and delivery of SI solutions programs to customers in the Healthcare industry is needed. Customers are increasingly selecting vendors for solutions to mission-critical business problems based upon the vendors knowledge of the industry and their experience with industry-specific platforms. Customers' confidence in Digital to become their integrated systems partner is directly related to the credibility of the resources who perform this work. The Healthcare SI Resources Plan, a project from the CORE program, calls for creation of this capability by the addition of 37 consultants requiring an investment of \$2.4M in FY93.

C. DRIMS (PACS)

Digital's Radiology Imaging Management System is planned for development in FY93. More commonly referred to as Picture Archiving and Communication System (PACS), this platform will consist of five sub-systems: image base/storage, acquisition, communication/network, display/print and application interfaces.

The FY93 development costs are estimated at \$1.6M, of which \$650K is included in the investment plans of the Healthcare IBU with the balance to be funded through customer funded projects.

D. Consultant Resources

As part of the effort to present a Big 6-like Consultant Service to Healthcare customers, it will be necessary to invest in the staffing of these resources. It is proposed that such resources, focused on Healthcare, be added in three areas:

1. Digital Consulting Services (DCS)

- Dedicate six DCS people to the Healthcare industry. These resources can remain a part of Pat Zilvitis's Consulting group, but it is required that they be 100% dedicated to Healthcare and, preferably, have relevant experience. Projected revenue growth in this Services segment is from \$3M in '92 to \$6M in '93.

2. Application Project Services (APS)

- Add an incremental 37 Consultants to the Healthcare Practice. These would be in addition to the 14 currently on board. These would be a combination of Program/Engagement Managers, systems architects, coders, etc.; as required to deliver SI projects. Projected revenue growth in this Services segment is from \$2M in '92 to \$22M in '93.

3. Resource Center (Pre-Sales)

The U.S. Healthcare Pre-Sales Resource Center is currently staffed with 16 professional Consultants, all 100% dedicated to Healthcare. To ensure the overall 21% revenue growth as planned, it will be necessary to add an incremental four experienced Consultants to this group. Based on experience-to-date, it is expected that these consultants will have to be sourced external to Digital.

E. Healthcare Demo Facilities

Some amount of investment money will be required to ensure that Healthcare-specific demos can be conducted in the geographically dispersed (Account Group) Demo Centers. On the assumption that each Account Group will implement one or more sites under the U.S. Demo Center program, this investment should be minimal.

F. Training

An investment will be required to design, develop and deliver the training described in Section VIII, G., herein. This expense is currently being carried by the Healthcare IBU.

ON-GOING INVESTMENTS

A. RIB/IBU Co-Funding

To assist with the development and/or porting of strategically important application solutions, it will be necessary to continue the Channels (RIB)/IBU co-funding of such efforts. Currently identified FY93 funding is as follows:

<u>Item</u>	<u>'93 Investment</u>	<u>Expected Return</u>		
		<u>'93</u>	<u>'94</u>	<u>'95</u>
GTE Healthcare	\$.5M - \$1.0M	0	\$4M	\$9M
Apache Systems	\$250K	0	\$1M	\$3M
Other (TBD)	\$1M - \$2M	0	\$3.5M	\$8M

X. U. S. HEALTHCARE PLAN:
DEPENDENCIES/CONTINGENCIES

Following are some major items on which the success of this plan is dependent. For each "Dependency", there are some "Impact" consequences if the dependency does not happen and a "Contingency" plan that would be put into effect, if required.

A. Organizational Model

1. Dependency: Healthcare must be given "Official" Industry recognition via VP assignment and account portfolio planning responsibility.

Impact:

- Market share growth reduced.
- Loss of sales productivity improvements.
- Profitable growth at risk.
- Inefficient approach to market.

Contingencies:

- Hire additional Healthcare Sales Executives.
- Support only targeted accounts.
- AGMI assumes empowerment.

2. Dependency: Sales management must be receptive to requirements to consolidate Healthcare account coverage into fewer, 100% dedicated Sales people.

Impact:

- Productivity gains not realized.

- Market share growth reduced.
- Customer dissatisfaction, due to reduced level of Healthcare Industry/Application expertise.

Contingencies:

- Sell more through CSO's.
- Support only selected Healthcare Sales people.

B. Services Investments

1. Dependency: Services organization must be willing to invest in staffing of competent, on-demand Opportunity/Program Managers and delivery people.

Impact:

- Inability to capitalize on high growth/high profit SI opportunities.
- Profit/Revenues goals won't be realized.
- Digital will be just another vendor to customers.

Contingencies:

- Outsource SI opportunities to third parties.
- Limit opportunities being pursued.

2. Dependency: Resource Center must be allowed to hire externally to fill 4-6 incremental Healthcare Consultant slots.

Impact:

- Reduction in number of opportunities pursued.
- Reduced credibility of Resource Center.

- Reduced access to new Healthcare markets.

Contingencies:

- Increased alliances with external Consultants.
- Train our own via Hospital Masters Programs.

3. Dependency: Selling of Services will be financially attractive to CSO's.

Impact:

- Loss of source of incremental Services revenue.
- Opens door to Services competitors.
- Reduction in market share.

Contingencies:

- Local Account Manager sells Services after-the-fact.
- Increase staffing to sell Services direct.

C. ALPHA

1. Dependency: Availability of certain capabilities (tools and operating systems) must be improved (for CSO porting).

Impact:

- Leaves door open for competition.
- Reduced CSO loyalty.
- CSO win ratio decreases.
- Lower revenue.

Contingencies:

- Aggressive protection program.
- Increased allowances.

D. CSO Loyalty

1. Dependency: Digital's SI strategy must be clearly stated and understood by CSO's. Execution must be consistent with strategy.

Impact:

- Digital perceived as competitor.
- Could evolve into "Commodity" rather than "Partner" relationship.
- Reduced CSO loyalty.
- Reduced revenue.

Contingencies:

- Create more market pull.
- Increase ratio of direct sales.

E. Training

1. Dependency: Internship program must be delivered on time (six sessions during FY93; 90 students).

Impact:

- Failure to achieve "Best in Class" Salesforce.
- Reduced credibility with customers.

- Reduced ability to sell "Value".

Contingencies:

- Outsource training.
- More emphasis on Coaches Program.
- Send people to Hospital Admin. course.

2. Dependency: Healthcare Sales/Sales Support must be allowed to take training (travel expenses + time).

Impact:

- Identical to E.1. above.

Contingencies:

- Self paced training.
- DVN training.

3. Dependency: Adequate SI training is made available and taken.

- Reduced revenue from SI growth market.
- Ineffective approach to SI market.
- Account Managers will avoid SI opportunities.

Contingencies:

- Outsource training.
- Purchase outside training materials.
- Increased use of third parties.

F. HealthView Rollout

1. Dependency: Integration platform schedule is met.

Impact:

- Reduced FY93 Services revenue and profit.
- Competitive advantage is lost.

Contingencies:

- Resell Cedars prototype.
- Turn HealthView opportunities over to CSO's.

2. Dependency: HealthView "Rules of Engagement" are implemented and followed ("CSO/HealthView strategy").

Impact:

- CSO loyalty is reduced (perceived as competition).
- Reduced revenue + profit + market share.
- Confusion among account teams.
- Customer dissatisfaction (EU's and CSO's).

Contingencies:

- Sell HealthView in targeted (non-controversial) accounts only.
- Defer to CSO's via only selling HealthView "Through and With" them.

3. Dependency: HealthView Marketing Plan is developed and implemented.

Impact:

- Identical to F.1. and F.2. above.
- Rollout is delayed.
- Leaves window open for competitors.
- Confusion among account teams, etc..

Contingencies:

- Execute locally (without any Master plan).

G. SME

1. Dependency: Due to the trend toward "Organized Systems of Care," it is important that Healthcare be treated as a single market and not viewed as a target for "walling off" the low-end for separate management via an SME effort.

Impact:

- Redundant and overlapping Sales/Marketing plans.
- Confusion among Digital Account Managers and customers.
- Inefficient approach to the Healthcare market.

Contingencies:

- Identify specific "Organized Systems of Care" for exception account management.

FY93 HEALTHCARE PLAN - CSO RELATED RISKS

- SI strategy/implementation will "strain" CSO relationships.
- Product transitions to ALPHA will take 12-18 months and needs to be managed carefully as to not have a negative impact on CSO's revenue stream.
- U.S. field organization, other than a more focused Healthcare group, will make it very difficult to execute E/U - CSO strategies in a consistent manner.
- Channels role in 1993 has not yet been formalized. Based upon organizational design of Channels, could have negative impact on CSO relationships.
- Healthcare IBU needs to influence PCU's in creating more Healthcare technology (Hardware + Software + Services) that can be designed into CSO's solutions.
- As CSO's bring their next generation products to market (EMR, Bedside, etc..), many are striving for openness. Openness gets manifested in Third Party databases (Oracle/Sybase), PC-based front ends, etc.. These all tie the CSO less and less to Digital.
- New pricing policies and potential impact on CSO margins?
- Recommendations under discussion that would organizationally split the Healthcare market into large enterprise and SME focused efforts versus a single plan that would address the entire market in a consistent and coordinated manner.

XI. APPENDIX

This appendix contains several sections of important background information used in the development and implementation of the U.S. Healthcare Business Plan.

- A. CORE COMPETENCIES/COMPETITIVE ASSESSMENT
- B. VISION BACK-UP NOTES
- C. INSTALLED BASE SELLING MEMO
- D. DEDICATED ACCOUNT MANAGERS
- E. STRATEGIC ACCOUNTS
- F. HEALTHVIEW RULES OF ENGAGEMENT
- G. U.S. HEALTHCARE TRAINING PLAN

A. CORE COMPETENCIES/COMPETITIVE
ASSESSMENTS

A. CORE COMPETENCIES/COMPETITIVE ASSESSMENT

CURRENT STRENGTHS

Internal

- o Product set and Services.
- o Healthcare seen as #2.
- o We are using TQM and others (aids).
- o Strong portfolio of CSO's.
- o Salesforce excited about selling in Healthcare.
- o Corporate values (AIDS Program, Valuing Differences, etc..).
- o We use what we sell.
- o Image of being successful in Healthcare.
- o Early recruitment of CSO's.
- o "Foot in the Door" of many OSC.

External

- o Shift from Admin to Patient/Clinical (our strength).
- o Large customer base.
- o Corporate Leaders Forum and other "Leader" programs in Healthcare.
- o Government regulators pressure to reduce costs.
- o Financial strength of the Company.

A. CORE COMPETENCIES/COMPETITIVE ASSESSMENT

CURRENT WEAKNESSES

Internal

- o Lack of ability to deliver complex System Integration.
- o Salesforce - not perceived as Healthcare "literate."
- o Salesforce - not perceived as true Sales people.
- o Constant reorganization.
- o Not leveraging our success.
- o Stovepipes (metrics, etc..).
- o React Mode - Catch-Up.....me too.
- o UNIX vs. VAX infighting (visible to marketplace).
- o Mixed focus from field, Marketing and product - too broad.
- o Internal politics - bureaucracy that impedes progress.
- o Healthcare seen as "Cash Cow."
- o Limited utilization of CSO's worldwide.
- o No game plan regarding strategic relationships (with CSO's and customers).
- o Poor communications of solutions worldwide and U.S.
- o Too much focus on technology.
- o Have some holes in CSO strategies.
- o CSO - Salesforce too reliant.
- o Salesforce Goal Sheets drive immediate opportunities; not long term big hits.
- o Not going after big customers (50% of beds).
- o Risk adverse vs. risk taker.

A. CORE COMPETENCIES/COMPETITIVE ASSESSMENT

CURRENT WEAKNESSES (Cont'd.)

External

- o Perceived as "hardware vendor."
- o Quality is perceived as needing improvement (delivery).
- o Lack of market awareness or "pull."
- o Competition ability to move faster than us.
- o Rapid movement of the marketplace to Open Systems - trying to control, but we can't.
- o Competition is doing more than us.
- o Inability of the industry to develop "standards", so we go after "point solutions."
- o CSO-perception that we are just a vendor.

B. VISION BACK-UP NOTES

B. VISION BACK-UP NOTES

Following are the visionary statements generated during a 9/91 U.S. Healthcare Plan brainstorming session. From these inputs, the condensed "Vision" statement included in Section III, herein, was generated.

FY96 VISION

Really Making Inroads to Solving Crisis in Healthcare.

Communication

Enthusiasm

Everyone Giving 100%

Camaraderie

Effectiveness

Results

Drive

Successful Sales People

Digital Is #1 in Healthcare

Common Goals - Clearly Defined

No Channel Conflicts

Success in S.I. Business

Digital Was #1 in Healthcare

"Leadership Role"

"Best in Class"

- Products

- CSO's

B. VISION - BACK-UP NOTES

FY96 VISION

Digital is now the worldwide Healthcare leader.

The organization is a worldwide team:

Mutually supporting each other to lead the world in delivering.

Every effort integrates and supports the common goal of improving the delivery of quality care.

Our leadership is as a result of our ability to visualize, plan and execute a simple, elegant strategy developed in September, 1991.

Digital, in partnership with leaders in Healthcare, are the leaders in providing the technology used to bring cost effective and high quality care to the population worldwide.

Digital has set the standards as the leader for I.S. used by clinicians to integrate all clinical information into patient care information systems which has resulted in improved Healthcare through access to patient information.

Digital - the #1 Vendor of information systems technology worldwide - far exceeding all other vendors (IB who? DG, H/P).

Digital = Wellness

Knowledge of the Business

Concern for the Quality and Improvement of Health

Knowledge Is Credibility

DEC as Change Agent

Understand and React to Business Needs

Collaboration and Working Together

Getting information into the hands of people who need it (inside and outside).

B. VISION - BACK-UP NOTES

FY96 VISION (Cont'd)

Big "Tote Board" adding up Healthcare sales as they were being booked in the field.

Teams of people answering calls from the field (open environment - using CIT, databases to get information > all automated using DEC products (slide shows/overheads on-line).

People were excited - working together/communication toward common goals.

Clear, concise messages for Sales to articulate to their customers.

Customers were excited and enthusiastic about the products and solutions DEC had available and ones in the pipeline.

An organization that:

Provides solutions that increases quality of care with Healthcare delivery systems.

Allows for access to OSC for all.

Has programs/solutions that help reduce the cost of Healthcare.

Provides programs for all segments within Healthcare (nursing, home, HHC, substance).

Offers TQM/CQI programs/assistance for all Healthcare segments.

Has specific emphasis on the top Healthcare problems: AIDS, infant mortality.....

B. VISION - BACK-UP NOTES

FY96 VISION (Cont'd)

Intimately involved in all aspects of Healthcare (solutions, regulatory.....).

That is known as the leader #1.

Digital was #1 in the industry and accepted as the premiere supplier of solutions to Healthcare.

Digital was acknowledged as having the most complete set of leading edge products which fit the needs of Healthcare customers.

Digital was acknowledged as having the industry knowledge and most capable Sales/Support/Marketing people in the industry.

There was a significant market demand for Digital products and services by our customers (both CSO and EU's).

Digital understood both current and future business needs of Healthcare customers and reacted with appropriate solutions.

Digital's Healthcare Business Unit is staffed with successful Sales people who are part of a career path program.

Healthcare Business Unit members are pursuing their M/HAS.

The Healthcare Salesforce is truly dedicated and they are considered by our customers as being their Healthcare Industry Consultants.

Digital has established itself as a true information technology partner.

B. VISION - BACK-UP NOTES

FY96 VISION (Cont'd)

Internal (Digital) environment:

Pride, Enthusiasm

"We Are the Best" Headset

High Energy/Activity Level

"Cans" vs. "Cannots"

Politics at a Minimum

Outward vs. Inward Focus

The Marketplace:

Digital is perceived as the preferred business/technology partner by both Healthcare institutions and solutions providers.

Digital caused the change in Healthcare industry view/process regarding quality of care on a worldwide basis.

The competition is trying to react/catch up to Digital.

C. **INSTALLED BASED MEMO**

INTEROFFICE MEMORANDUM

Date: 03-Dec-1991 03:23pm PST
From: Gary Pattengill @IVO
PATTENGILL.GARY AT NEWPRTA1 at
Dept: US Healthcare Sales
Tel No: 535-4167

DOHENY at TUS

TO: See Below

Subject: INSTALLED BASE SELLING - HEALTHCARE

****THIS MEMO IS FROM GARY PATTENGILL AND VINCE DIMENNA****

As we discussed at NORAM in Salt Lake City earlier this month, Digital is positioned as the #2 vendor in Healthcare. From an installed CPU basis, we are neck and neck with IBM (25.3% vs. 25% Market Share). This obviously also means that we have a sizable installed base in our Healthcare accounts which should be aggressively attacked for incremental business.

Such installed base selling sometimes can present some challenges as it relates to our CSO's. In many cases, the systems initially sold were through our CSO's. However, our CSO's may/may not have stayed close to the customer after the initial sale. Secondly, some systems may be running multiple applications (Some from CSO's, some home grown)! Thirdly, the installed base is being targeted by 3rd party add-on companies, used computer brokers, and third-party maintenance providers. All of these entities are very aggressive about going after the business. On the other hand, CSO's may or may not have incentive programs for their people to pursue Installed Base opportunities.

Given all of the above and mindful of our commitment to respect the business model of our CSO's, the guidelines below should be followed as we pursue add-on/upgrade opportunities in the Healthcare installed base:

1. In all situations where a CSO was responsible for selling the initial system or their application was the driving force behind the initial sale, the CSO should be made aware of the opportunity as early as possible. This can be facilitated through the CSO's Account Manager. The CSO then has the responsibility to follow up and close the sale. If the CSO is not being responsive, this should be elevated up through the CSO H/C organization to Vince DiMenna before any alternate course of action is initiated. Vince is located in Costa Mesa DTN 533-3580. Vince and his CSO Account Teams are working closely with our CSO's to ensure that they have in place aggressive and focused Installed Base programs.

Note:

- a. In all situations where a CSO's application

is involved, the E/U Account Team should not be quoting configurations prior to getting the CSO involved. If for some reason this cannot be avoided, be sure to point out that the CSO has to verify configuration/performance questions. If a customer requests a quote from the Account Team, they are legally obligated to respond. In these cases, systems should be quoted at list price or DBA (if appropriate). No additional concessions/allowances should be quoted. Remember, we do not compete with our CSO's.

- b. Please remember, our CSO's need to be involved due to the licensing of their application on a new CPU.
2. In situations where an E/U Account Manager knows that a CSO's application is running but is not sure of the history of the prior transactions, play it safe. Contact the CSO Account Manager and talk through the situation. In most cases this con call should produce an agreed upon plan of action.
3. Situations not involving our CSO's applications should aggressively be pursued by our E/U Account Teams.

In summary, we want all H/C installed base opportunities aggressively pursued by Digital and its CSO's. We want to maximize our revenue opportunity while ensuring we avoid Channel conflict.

If there are any questions regarding the above, please contact:

Gary Pattengill
Vince DiMenna

DTN 535-4167
DTN 533-3580

Good Selling,

Gary and Vince

Distribution:

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ON YOUNG @HWO
ROBERT YEAGER @CSO

D. DEDICATED ACCOUNT MANAGERS

U.S. HEALTHCARE
DEDICATED ACCOUNT MANAGERS

<u>NAME</u>	<u>TYPE</u>	<u>LOCATION</u>	<u>MAJOR ACCOUNT</u>
LEWIS HOLMES	EU	ALABAMA	SHR
CHERYL HUNTER	SME	ARIZONA	UA MC
DARLENE MORGAN	CSO	ARIZONA	SUNQUEST
JEENA DORAN	CSO	ARIZONA	SUNQUEST
MALCOLM BOSWELL	EU	ARIZONA	
RICK BLUMBERG	EU	ARIZONA	
BOB GOMBERG	EU	CALIFORNIA	
BOB HIMEL	EU	CALIFORNIA	KAISER
BOB PISCIOTTA	EU	CALIFORNIA	EISENHOWER MC
CARL ROBERSON	EU	CALIFORNIA	SHARP HC
CAROL HOUGHTON	EU	CALIFORNIA	HEALTHNET
CLAUDIA GOLAND	SME	CALIFORNIA	FOUNDATION HEALTH
CRAIG MARTIN	EU	CALIFORNIA	NME
DAN GARCIA	SME	CALIFORNIA	
DAVE COX	EU	CALIFORNIA	SCRIPPS/CCN
DON REINER	EU	CALIFORNIA	NME
ELAINE KAZERMAN	EU	CALIFORNIA	PACIFICARE
ELAINE PAGE	EU	CALIFORNIA	NICHOLS
GARY GORDEN	EU	CALIFORNIA	SET MANAGER
JEFF WALLIS	EU / CSO	CALIFORNIA	STANFORD/SMS
JOHN WOLFE	EU	CALIFORNIA	HEALTHNET
LEE DODSON	EU	CALIFORNIA	CITY OF HOPE
LINDA CRAWFORD	EU	CALIFORNIA	ANAHEIM HOSP.
MARY BELINSKY	EU	CALIFORNIA	
RICK BLAKE	EU	CALIFORNIA	CATHOLIC HC

U.S. HEALTHCARE

DEDICATED ACCOUNT MANAGERS

<u>NAME</u>	<u>TYPE</u>	<u>LOCATION</u>	<u>MAJOR ACCOUNT</u>
LANCE ROBERTS	EU	CALIFORNIA	
JANESTA DOWNEY	SME	CALIFORNIA	
PEGGY LAHUT	EU	CALIFORNIA	CHILDRENS HOSP.
PHYLLIS MOSS	CSO	CALIFORNIA	GAPS
RENEE COBB	EU	CALIFORNIA	
SANDRA UDERO	EU	CALIFORNIA	CEDARS
SHAR KAN	EU	CALIFORNIA	COTTAGE HOSP.
TERRY OHLRICH	EU	CALIFORNIA	PACIFICARE
VICKI GRANO	EU	CALIFORNIA	MAXICARE
DOUG ANDERSON	EU	COLORADO	
STU CARSON	EU	CONNECTICUT	YALE/HARTFORD HOSP.
LILA NAU	SME	FLORIDA	
BARBARA HOLT	SME	FLORIDA	
GULSHAN BAHL	SME	FLORIDA	
RAUL JACOMINO	EU	FLORIDA	JACKSON MEMORIAL
LINDY BENTON	EU	FLORIDA	SHRINERS
SALLY ROSS	EU	FLORIDA	
DONNA CRIM	SME	GEORGIA	
TERRI SMITH	SME	GEORGIA	
JIM MCGEE	SME	GEORGIA	
JAN MCKINNEY	SME	GEORGIA	
CARL KNIGHT	SME	GEORGIA	
CAROL MORRIS	CSO	GEORGIA	AMEX
JOANN REIWOLD	CSO	GEORGIA	GERBER ALLEY
LARRY PEPPER	CSO	GEORGIA	HBO

U.S. HEALTHCARE
DEDICATED ACCOUNT MANAGERS

<u>NAME</u>	<u>TYPE</u>	<u>LOCATION</u>	<u>MAJOR ACCOUNT</u>
LINDA CALVO	EU	GEORGIA	EMORY
MARK GUSTAVSON	CSO	GEORGIA	GERBER ALLEY
JEFF SCHRADER	SME	ILLINOIS	
DAVE BAYLESS	EU	ILLINOIS	
PAT MATHIEU	EU	ILLINOIS	LUTHERAN GEN'L HC
ROY CLARK	EU	ILLINOIS	
TERRI DAVIS	EU	ILLINOIS	
STEPHEN HANNAH	EU	KENTUCKY	HUMANA
AL ETIENNE	SME	LOUISIANA	
RAY DEMARCO	SME	MAINE	
JOHN RUETHE	EU	MAINE	AROOSTOOK MC
DICK KRIETZER	EU	MARYLAND	JOHNS HOPKINS
ERIC GRIEVES	EU	MARYLAND	BAY STATE
CLARK QUIGLEY	EU	MASSACHUSETTS	
CAROLYN ADAM	EU	MASSACHUSETTS	HCHP
DOREEN COLLINS	CSO	MASSACHUSETTS	HBO
GARY HALLORAN	EU	MASSACHUSETTS	N.E. MED CTR
JOANNE BEEPOT	EU	MASSACHUSETTS	BOSTON CITY HOSP
JOE FLANNERY	EU	MASSACHUSETTS	SET MANAGER
JOHN O'DONNELL	EU	MASSACHUSETTS	UMASS/FALLON
PAUL WAUGAMAN	CSO	MASSACHUSETTS	IDX
PHILIP REIMANN	EU	MASSACHUSETTS	MEDITECH
TONY GRISE	EU	MASSACHUSETTS	
SUSAN HILL	SME	MASSACHUSETTS	
KAREN GUENTHER	EU	MICHIGAN	

U.S. HEALTHCARE
DEDICATED ACCOUNT MANAGERS

<u>NAME</u>	<u>TYPE</u>	<u>LOCATION</u>	<u>MAJOR ACCOUNT</u>
PAT GILMORE	EU	MICHIGAN	
JOE BUSSELL	EU	MICHIGAN	HENRY FORD
HANS VANBAAL	EU	MICHIGAN	
KEN COOPER	EU	MICHIGAN	MERCY H. SVCS.
ROGER CROWN	EU	MICHIGAN	McLAREN
DAVE METZ	EU	MINNESOTA	GROUP HEALTH
DIANE WEBER	EU	MINNESOTA	
KURT SCHROEDER	EU	MINNESOTA	MAYO CLINIC
LARRY CROWE	CSO	MISSOURI	CERNER
NIKKI MERCER	EU	MISSOURI	SSM
REBECCA DOBBS	CSO	MISSOURI	CERNER
JOHN STURM	EU	MISSOURI	WASH. U
MARK MANCUSO	EU	NEBRASKA	
WAYNE GALUSHA	EU	NEVADA	SIERRA HEALTH
ANNETTE LEMIEUX	EU	NEW HAMPSHIRE	
FERN LAVOIE	CSO	NEW HAMPSHIRE	IDX
MIKE BLITZER	SME	NEW JERSEY	MONMOUTH MC
TIM STUDY	EU	NEW MEXICO	LOVELACE MC
EILEEN JUSTINO	SME	NEW YORK CITY	
MICHELLE BAUMGARTNER	SME	NEW YORK CITY	LONG ISLAND
LINDA RICHARDSON	SME	NEW YORK CITY	WESTCHESTER COUNTY
BOB MANCUSO	EU	NEW YORK CITY	CATHOLIC MC
JEAN SHAW	EU	NEW YORK CITY	HSS
LAUREN MILLARD	EU	NEW YORK CITY	SET MANAGER
STU PRINCE	CSO	NEW YORK CITY	KEANE DATA

U. S. HEALTHCARE
DEDICATED ACCOUNT MANAGERS

<u>NAME</u>	<u>TYPE</u>	<u>LOCATION</u>	<u>MAJOR ACCOUNT</u>
MILT PRIMER	EU	NEW YORK CITY	NYU MC/BETH ISRAEL
PHIL SPAGNOLA	EU	NEW YORK CITY	HEALTH & HOSP CORPS.
DEBRA HARDESTY	EU	NEW YORK UPSTATE	
HERB DUNMORE	EU	NEW YORK UPSTATE	BASSETT HOSP.
JANE BUTLER	EU	NEW YORK UPSTATE	
SANDY LASKIN	EU	NEW YORK UPSTATE	
SUEANN SALTARELLI	EU	NEW YORK UPSTATE	WNYHSC
SUE ANN RADOMSKI	EU	NEW YORK UPSTATE	
JIM GIBBONS	EU	NEW YORK UPSTATE	WNYHSC
DAVE DOWNER	EU	NORTH CAROLINA	DUKE U.
DIANE BATTLE-DAUGHERTY	CSO	NORTH CAROLINA	AMEX
JIM MCCAULEY	CSO	NORTH CAROLINA	AMEX
LINDA BROWN	EU	NORTH CAROLINA	
MARY LOU FOLEY	EU	NORTH CAROLINA	
BARBARA LILLSTRANG	EU	NORTH CAROLINA	
MIKE POLLOCK	EU	NORTH CAROLINA	
CAROL IRVIN-CAIN	EU	NORTH CAROLINA	
SANDY BICKETT	EU	NORTH CAROLINA	SUN HEALTH
DAVE BRUNO	EU	OHIO	
JOHN MARIANI	EU	OHIO	
LAURIE BARBER	EU	OHIO	
MARK DENNIS	EU	OHIO	U. S. HEALTH
PENNY EVANS	CSO	OHIO	DISCORP
TIM CHRISTY	EU	OHIO	SISTERS OF CHARITY/MERCY

U.S. HEALTHCARE

DEDICATED ACCOUNT MANAGERS

<u>NAME</u>	<u>TYPE</u>	<u>LOCATION</u>	<u>MAJOR ACCOUNT</u>
JOHN DAVIS	SME	OHIO	
KRISTY BOURK	EU	OKLAHOMA	OKLAHOMA HC
TED PRINCE	SME	OKLAHOMA	
CRAYTON BERNER	EU	OREGON	
MARK BINEGAR	EU	OREGON	KAISER
JIM RAAB	EU	PENNSYLVANIA	
JOHN WADSWORTH	EU	PENNSYLVANIA	
LETTIE MITCHELL	EU	PENNSYLVANIA	
PETER BROWN	EU	PENNSYLVANIA	
MIKE VENN	CSO	PENNSYLVANIA	SMS
JEAN LANGONE SMITH	CSO	PENNSYLVANIA	SMS
JIM GRIFFIN	CSO	PENNSYLVANIA	SMS
KEVIN MCMILLAN	CSO	PENNSYLVANIA	SMS
JIM GAUDETTE	EU	RHODE ISLAND	KENT CO HOSP.
FRANK WELDON	EU	SOUTH CAROLINA	
BARBARA BARBEE	EU	TENNESSEE	HCA/HEALTH TRUST
CHANGIS HAKIM	EU	TENNESSEE	SET MANAGER
NEIL GOULD	SME	TENNESSEE	
DAN MCCLEAN	EU	TENNESSEE	
MARVEL MITCHELL	EU	TENNESSEE	BAPTIST HOSP/U.TENN
ROXANNE SHICK	EU	TENNESSEE	QUORUM
BRYON GARVEY	EU	TEXAS	
PAUL HENDERSON	SME	TEXAS	
DAN BRYAN	CSO	TEXAS	EDS
DAVE LUBINSKI	EU	TEXAS	ZALE LIPSKY

U.S. HEALTHCARE

DEDICATED ACCOUNT MANAGERS

<u>NAME</u>	<u>TYPE</u>	<u>LOCATION</u>	<u>MAJOR ACCOUNT</u>
CRISTIN HARTMAN	EU	TEXAS	IRVING HC/PRESBY H.
ELIO RONCHINI	EU	TEXAS	SISTERS OF CHARITY
FRANK YOUNT	EU	TEXAS	NAT'L HEALTH LABS
KIM JARRELL	EU	TEXAS	
LOUISE MCGUFF	CSO	TEXAS	ANTRIM
KATHERINE HEE	CSO	VERMONT	IDX
MADDIE LEVINE	EU	VERMONT	
PEGGY HAWKES	SME	VIRGINIA	
PAUL NIMITZ	SME	VIRGINIA	
SUE REXTER	EU	VIRGINIA	MED COLLEGE OF VA
JOANN BROMBERG	EU	WASHINGTON	CHILDRENS/GRP HLTH
BOB DYER	EU	WASHINGTON DC	
PAT QUIGLEY	EU	WASHINGTON DC	
STEVE ARMSTRONG	EU	WASHINGTON DC	MEDATLANTIC HC
PAM ROLING	EU	WISCONSIN	

E. STRATEGIC ACCOUNTS

U.S. HEALTHCARE PLAN

STRATEGIC ACCOUNTS

<u>ACCOUNT</u>	<u>AMID #</u>	<u>TYPE</u>	<u>LOCATION</u>	<u>FY92 BUDGET/ FORECAST</u>
AM EXPRESS	AU6979900	CSO	CHARLOTTE	5.6M
ANTRIM	AU1219293	CSO	DALLAS	7.1M
CERNER	AU2410688	CSO	KANSAS CITY	23.1M
COMPUTERS UNLTD		CSO		
CONTINENTAL HC SYS	AU1496199	CSO	KANSAS CITY	
DISCORP		CSO	COLUMBUS	2.6M
EDS	AU5356613	CSO	DALLAS	3.2M
EMTEK		CSO		
GERBER ALLEY	AU6647035	CSO	ATLANTA	14.4M
GE	AU1367960	CSO	MILWAUKEE	--
HBO	AU9158325	CSO	ATLANTA	4.2M
HEALTH SYS INTEGR		CSO		
ICI	AU7338693	CSO	LOS ANGELES	
IDX	AU0666681	CSO	BURLINGTON	23.3M
INTERSYSTEMS	AU8851353	CSO	BOSTON	
KEANE		CSO		
KSH SYSTEMS		CSO		
LIOCS		CSO		
MCS, INC.		CSO		
MEDITECH		CSO		
RUBICON	AU1549677	CSO	DALLAS	.5M?

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U.S. HEALTHCARE PLAN

STRATEGIC ACCOUNTS

<u>ACCOUNT</u>	<u>AMID #</u>	<u>TYPE</u>	<u>LOCATION</u>	<u>FY92 BUDGET/ FORECAST</u>
SIEMENS	AU4995533	CSO	OAKLAND	
SMS	AU7381806	CSO	PHILADELPHIA	29.5M
SUNQUEST	AU8183981	CSO	TUCSON	7.7M
UBITREX/BOOZ ALLEN		CSO		
SDK	AU9523510	CSO	BOSTON	
AMI*		OSC	DALLAS	
BAPTIST MEM HC*		OSC	MEMPHIS	
CATHOLIC HC WEST*		OSC	SAN FRANCISCO	
CATHOLIC HEALTH CORP*		OSC	OMAHA	
DETROIT MED CTR		OSC	DETROIT	275K
DOC*		OSC	ST. LOUIS	
E. MERCY HEALTH		OSC	RADNOR, PA	
EPIC HC*		OSC	DALLAS	
HCA*	AP0668656	OSC	NASHVILLE	
HC CORP SSJ*		OSC	ST LOUIS	
HEALTH TRUST*		OSC	NASHVILLE	
HENRY FORD HEALTH	AU6863905	OSC	DETROIT	1.2M
HOSPITAL MGMT*		OSC	BRENTWOOD, TN	
HUMANA*	AU9944143	OSC	LOUISVILLE	
INCARNATE WORLD*		OSC	SAN ANTONIO	
MERCY HEALTH*		OSC	CINCINNATI	

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MERCY HEALTH SVCS*	AU1271595	OSC	FARMINGTON HILLS	650K
NME*	AU3866661	OSC	SANTA MONICA	3.4M
NY HEALTH & HOSP*	AU4961261	OSC	NYC	2.0M
QUORUM HEALTH*		OSC	NASHVILLE	
SISTERS OF CHARITY*		OSC	CINCINNATI	
SISTERS OF CHARITY*		OSC	HOUSTON	
SISTERS OF MERCY*		OSC	ST. LOUIS	
SSM HC*		OSC	ST LOUIS	
WNYHSC		OSC	BUFFALO	1.0M
HEALTH & HOSP	AU6633189	OSC	PORTLAND	2.0M
ALLIED CLINICAL	AU7027576	HOSP		
ANAHEIM MEM.	AU6170804	HOSP	ANAHEIM	
ARUP	AU7513135	HOSP	SALT LAKE	
BAPTIST HOSP	AU6995966	HOSP	OKLAHOMA CITY	1.0M
BAPTIST HOSP, INC.	AU5835003	HOSP	LOUISVILLE	.5M
BAPTIST MEM	AU7049125	HOSP	MEMPHIS	.6M
BASSETT HOSPITAL		HOSP	COOPERSTOWN	
BAXTER/CAREMARK	AU5146311	HOSP		5.8M
BAYLOR MC	AU1039331	HOSP	DALLAS	.9M
BETH ISRAEL	AU5255364	HOSP	NYC	.7M
BISHOP CLARKSON	AU3531607	HOSP	OMAHA?	.8M

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BON SECURS HOSP	AU8423658	HOSP	DETROIT	650K
BRYAN MEM. HOSP.	AU2919954	HOSP	OMAHA	.7M
CANDLER HOSP.	AU7557236	HOSP	SAVANNAH	--
CCA	AU3327277	HOSP	BOSTON	1.7M
CEDARS SINAI	AU5307785	HOSP	LOS ANGELES	.8M
CHILDRENS-PITTS	AU4304145	HOSP	PITTSBURGH	.9M
CHILDRENS-SEATTLE	AU2564325?	HOSP	SEATTLE	
CLEVELAND CLINIC	AU7730458	HOSP	CLEVELAND	--
COLUMBIA PRES		HOSP	NYC	
DUKE U. MC	AU2092122	HOSP		
EISENHOWER MC	AU8140845	HOSP	PALM SPRINGS	.7M
ELLIOTT HOSP	AU3991085	HOSP	BURLINGTON?	.4M
EMORY U. MC	AU9231083	HOSP	ATLANTA	
EVANS & SUTHERLAND	AU5263035	HOSP	SALT LAKE	1.9M
FOX CHASE	AU4367329	HOSP		
GA HIGHER ED	AU9230183	HOSP	ATLANTA	
GARDEN CITY HOSP	AU2784002	HOSP	DETROIT	
HARVARD MC/AFFIL	AU1963263	HOSP	BOSTON	9.3M
HEALTH SYS. INTEG.	AU9484505	HOSP		1.1M
HITCHCOCK CLINIC	AU1251209	HOSP	BURLINGTON	.8M
HOLMES REG. MED.		HOSP	MELBOURNE	1.0M

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INDIANA U. MC	AU6046700	HOSP	INDIANAPOLIS	
INST. CANCER RES.	AU4367329	HOSP	PHILADELPHIA	.6M
INTERMOUNTAIN HC	AU2955503	HOSP	SALT LAKE	
JOHNS HOPKINS MC	AU5348113	HOSP	BALTIMORE	
LE BONHHOSPR	AU5274276	HOSP	MEMPHIS	.1M
LOVELACE	AU9401950	HOSP	ALBUQUERQUE	
LOVELACE MC	AU5769000	HOSP	ALBUQUERQUE	
M.I. BASSETT	AU0672820	HOSP	SYRACUSE	.3M
MARIN GENERAL	AU8858851	HOSP	MARIN COUNTY	
MAYO CLINIC	AU6471700	HOSP	ROCHESTER	2.1M
MC OF DEL	AU1212226	HOSP	DELAWARE	
McLAREN REG. MC		HOSP	FLINT	1.0M
MEM. HOSP-CANCER	AU6828409	HOSP	NYC	.5M
MERCY CATHOLIC MC	AU7293796	HOSP	PHILADELPHIA	
METHODIST HOSP	AU4172719	HOSP	HOUSTON	
METHODIST HOSP. IND.	AU2952090	HOSP	INDIANAPOLIS	.4M
MONMOUTH MC	AU1694685	HOSP	NEW JERSEY	
MONTEFIORE HOSP ASSOC	AU4997545	HOSP	PITTSBURGH	
MONTEFIORE MC	AU1581026	HOSP	NYC	1.6M
MOSES CONE	AU7036071	HOSP		
MT. SINAI HOSP.	AU8302266	HOSP	NYC	.4M

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MULTICARE MC		HOSP	TACOMA	
NAPLES COMM. HOSP.	AU8472818	HOSP	TAMPA	.3M
NEW YORK SOCIETY	AU3937364	HOSP	NYC	.7M
NORTH SHORE U. HOSP	AU2364490	HOSP	LONG ISLAND	1.5M
OHIO STATE HOSP	AU1964634	HOSP	COLUMBUS	
OKLAHOMA HC	AU1956734	HOSP	OKLAHOMA CITY	3.0M
OREGON HEALTH SC	AU6997515	HOSP	PORTLAND	1.5M
ORLANDO REG. MED.		HOSP	ORLANDO	.5M
PSICOR, INC.	AU8741743	HOSP	SAN DIEGO	.4M
PSP	AU6895765	HOSP	OAKLAND	1.1M
REGENSTREIF INST.	AU1532178	HOSP		
ROCHESTER HOSP.	AU3078385	HOSP	ROCHESTER	.9M
RUSH PRES HOSP	AU8610245	HOSP	CHICAGO ?	
SCRIPPS HOSP.	AU1185241	HOSP	SAN DIEGO	2.3M
SHARP HC	AU7612069	HOSP	SAN DIEGO	3.5M
SHARP MEMORIAL	AU3365579	HOSP	SAN DIEGO	
SHR		HOSP	BIRMINGHAM	
SHRINERS	AU4963263*	HOSP	TAMPA	
SLOAN-KETTERING	AU6828409	HOSP	NYC	
SOUTH COMM HOSP	AU5438822	HOSP	OKLAHOMA CITY	
ST. JOSEPH MC	AU8796406	HOSP	SACRAMENTO	

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STANFORD MC	AU9214214	HOSP	PALO ALTO	
SUNY	AP0020040	HOSP	NEW YORK	3.5M
SWEDISH MC		HOSP	SEATTLE	
U ARIZ MC	AU8059419	HOSP	TUCSON	
U CHGO MC		HOSP	CHICAGO	
U TENN MC		HOSP	MEMPHIS	
U. MD. MC/TRAUMA	AU3256088	HOSP	LANDOVER	
U. MICH. MC	AU3133571	HOSP	ANN ARBOR	750K
U. PITTS. MC	AU4514360	HOSP	PITTSBURGH	
U. TEXAS	AU200273	HOSP	HOUSTON	
UAB MC		HOSP	BIRMINGHAM	
UCAL MED CTRS	AU3985512	HOSP	CALIFORNIA	
VENICE HOSPITAL		HOSP	VENICE, FLA.	1.0M
VIRGINIA MASON MC		HOSP	SEATTLE	
W. JERSEY HOSP	AU9057115	HOSP	NEW JERSEY	
WASH U./MALLINCRODT	AU8552207	HOSP	ST. LOUIS	
WASH. DENTAL SVC	AU5732446	HOSP	SEATTLE	1.1M
YALE NEW HAVEN		HOSP	NEW HAVEN	
ZALE LIPSKY HOSPITAL		HOSP	DALLAS	
CARONDELET HEALTH	AU2817624	HOSP?		
HIGHER ED. TENN	AU3387891	HOSP?	MEMPHIS?	8.5M

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LOURDES HEALTH	AU7797781	HOSP?	LOUISVILLE	.9M
MEDTRONIC	AU6261481	HOSP?		
UHS, INC.	AU1260242	HOSP?		
BAY STATE HC	AU7135802	MC	BOSTON	
BLUE CHOICE - NY		MC	NEW YORK	
BLUE CROSS	AS0558863	MC	CHICAGO	2.6M
BOC GROUP	AU4636503	MC	LAS VEGAS	
CALIFORNIA CARE		MC	CALIFORNIA	
CIGNA - CALIF.		MC	CALIFORNIA	
CIGNA/INTRACORP	AU9053964	MC	HARTFORD	5.4M
COMMUNITY CARE NW	AU7550872	MC	SAN DIEGO	1.1M
COVENTRY	AU0678849	MC	FT. WORTH	
FHP		MC	CALIFORNIA (OC)	
FOUNDATION HEALTH	AU5205437	MC	SACRAMENTO	.2M
GROUP HEALTH ASSOC.	AU7790425	MC	WASHINGTON	--
GROUP HEALTH NW	AU8198520	MC	SEATTLE	
GROUP HEALTH, INC.	AU1363873	MC	MINNEAPOLIS	3.4M
HARVARD HEALTH	AU1963263	MC	BOSTON	?
HEALTH ALLIANCE		MC	MICHIGAN	
HEALTHNET	AU8612971	MC	WOODLAND HILLS	2.9M
HIP NY	AU7444198	MC	NYC	

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HMO OF ILLINOIS		MC	ILLINOIS	
HMO OF PENNSYLVANIA		MC	PENNSYLVANIA	
HUMANA	AU9944143	MC	LOUISVILLE	.3M
KAISER	AU3052619	MC	OAKLAND	8.0M
MAXICARE	AU6248186	MC	LOS ANGELES	1.4M
MD IPA - MD		MC	MARYLAND	
MEDCENTERS - MN		MC	MINNESOTA	
MEDICA		MC	MINNESOTA	
METLIFE		MC	WESTPORT	
PACIFICARE	A81989234	MC	LOS ANGELES	3.0M
PARTNERS NAT'L		MC	DALLAS	
PREFERRED HC		MC	HARTFORD	
SANUS/NY LIFE-TEXAS		MC	TEXAS	
SELECTCARE	AU1260242	MC	DETROIT	500K
SIERRA HEALTH	AU0868807	MC	LAS VEGAS	
U.S. HC		MC	NEW JERSEY	
UNITED HC		MC	MINNEAPOLIS	
BMA	AU9222334	LAB	KANSAS CITY	1.3M
MCANDREWS (NHL)	AU2919956	LAB	FT WORTH	3.1M
METPATH	AU1307735	LAB	NEW JERSEY	1.8M
NICHOLS INSTITUTE	AU8818440	LAB	MISSION VIEJO	1.8M
UNIV. STANDARD		LAB	SPRINGFIELD, MI	650K

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F. **HEALTHVIEW RULES OF ENGAGEMENT**

INTEROFFICE MEMORANDUM

Doc. No: 008176
Date: 13-Nov-1991 09:18am PDT
From: Gary Pattengill @IVO
PATTENGILL.GARY
Dept: US Healthcare Sales
Tel No: 535-4167

TO: See Below

Subject: HEALTHVIEW - STRATEGY AND RULES OF ENGAGEMENT

Introduction

HealthView has the potential to address many of the needs of the Healthcare marketplace. In fact, the interest in HealthView is challenging us to be ready with, not only, the comprehensive set of NAS-based services which make up HealthView, but also with a complete marketing, sales, support, training and delivery strategy. The information in this memo will outline the marketing and sales issues and will present some "rules of engagement" to be followed on any potential HealthView opportunities.

What is it?

HealthView is based on a set of NAS components and services which can be used to design and deliver a custom integration of disparate hospital departmental solutions. HealthView can provide access to multiple patient databases and/or provide the required information to an end-user - accessible locally at the hospital or remotely for physicians.

HealthView is not a product!
HealthView is not a packaged application!
HealthView is not a packaged solution!

We need to be very careful in our references to HealthView, both from our End User and CSO customers points-of-view. End User customers need to understand that each installation will be custom to their requirements and priced accordingly. CSO's need to understand that we are not competing with them in the provision of departmental solutions, and we will work cooperatively with them on integration projects.

HealthView is a significant entree into the high-growth/high-profit area of Healthcare Systems Integration. It capitalizes on Digital's Integration Framework and its solution cycle.

Where Should you look for HealthView opportunities:

HealthView opportunities will primarily be found in the 900 larger (>300 bed) hospitals which have (or are installing) multiple departmental

solutions, and where there is a recognized need for easy access to the patient information contained in their departmental solution databases.

A strength of HealthView is it's ability to integrate departmental solutions which are on disparate (DEC and non-DEC) platforms. Search out these hospitals and make them aware of HealthView's capabilities.

What is our HealthView Sales and Marketing strategy?

HealthView will be targeted for sale to larger hospitals in which we have uncovered a need to integrate multiple, disparate departmental solutions. We will display it at Trade Shows, CLF's, and local seminars.

We are developing a sales plan which calls for millions of dollars in Systems Integration business for Digital over the next three years. The selling and delivery of HealthView involves a "Solution Cycle" consisting of:

- o Definition Studies resulting in a firm specification of customer requirements;
- o Implementation Projects including customization, installation, and training for the solution;
- o Support Services for the solution such as operational support services, customer training, and maintenance.

Each of these steps require selling efforts and an opportunity to further our relationship with the customer.

HealthView will be sold directly by Digital's approximately 100 End User Healthcare Account Managers. Pre-sales support for HealthView will be provided by members of the U.S. Healthcare Resource Center with assistance from local Sales Support, as available. During our ramp-up phase, all potential HealthView opportunities must be reviewed with the Resource Center before presenting HealthView to the customer. Contact Gene Boyer @CWO, DTN 533-7840 (Resource Center East) or Dick Chen @CWO, DTN 533-3328 (Resource Center West) to arrange this support.

One approach to selling HealthView is to consider involving local consultants to leverage your sales efforts into the targeted larger hospitals. We have found that consultants are very enthusiastic about HealthView because of it's obvious fit with a current business problem (accessibility of patient information) faced by their clients and by the consulting revenue potential represented by such an SI opportunity.

Interest in HealthView is quickly spreading U.S.-wide, so it is possible that you will be contacted by the local office of one of the consultants who has heard about HealthView elsewhere. Should that happen, ask for help from the Resource Center to qualify the lead, arrange for support resources, etc.

As a grouping of Systems Integration Services, we see HealthView as complementary to our strategy of looking to our CSO's for departmental Healthcare solutions. However, you should be aware that several of our

CSO's (such as Cerner, SMS and IDX) are also offering integration services and patient medical record applications that are perceived as very similar to HealthView. We are sensitive to this issue and are currently working out teaming arrangements and rules of engagement, in order to demonstrate support of these CSO's. The specifics of these arrangements will be provided to you as soon as they have been finalized. In the meantime, prior to presenting HealthView, you should determine the status of any current or planned CSO activity with the customer and share your HealthView plans with the CSO Account Manager; as well as with the Resource Center. This is especially important in any account with current or proposed installations by Cerner, SMS or IDX.

What is our Training Strategy?

An overview of HealthView, along with demos, was presented at the October, 1991 NORAM training. Resource Center and HealthView Practice personnel will be our initial HealthView "experts"; and they will pass along their knowledge to interested account selling teams, as they are engaged in specific opportunities.

Formal sales and technical HealthView training courses are currently under development and will be offered during Q2 and Q3. A one and one half day training course is scheduled for December 2-3 in Alpharetta, Georgia and for December 5-6 in Dallas, Texas. Enrollment information is being forwarded to you via Mednet. Check with the Resource Center for dates and locations of future training.

What is our Support and Delivery Strategy?

As mentioned previously, pre-sales support for Healthview sales will initially come from the U.S. Healthcare Resource Center (Boyer and Chen). A member of the Resource Center should be involved early in all HealthView opportunities, in order to evaluate the customer's situation, set proper customer expectations, help with pricing and to help coordinate the involvement of local Sales Support personnel. Over time, sufficient HealthView expertise will be gained by dedicated local Healthcare Sales Support, such that the Resource Center may not need to be involved as much on future sales.

The Delivery (pricing, customization, installation, and maintenance) of HealthView is one of our biggest challenges, but it is one we are committed to resolving. To respond to your account, we need to quickly ramp-up U.S.-wide with the resources required to deliver the complete HealthView PDIM model.

A Digital Services HealthView "Practice" is being implemented, which will work with local Account Teams to source these resources at any U.S. location. This will be done through a combination of Resource Center, HealthView Practice and local technical resources; plus, outside contract workers, where required. In addition, for those significantly large, complex systems integration opportunities, formal Program Manager assignments will be made. Questions regarding the HealthView Practice can be referred to Ladd Bodem @LAS, DTN 568-2610. The Healthcare SI Program Manager contact is John Groh @KYO, DTN 323-4362.

Rules of Engagement - Summary:

In order to ensure a successful implementation of our overall HealthView plan, the following guidelines should be followed:

1. Before presenting HealthView, discuss the customer's installation and requirements with a member of the Resource Center (Chen or Boyer). If contacted by a Consultant, get the Resource Center involved.
2. Determine the status of installed or proposed Digital CSOs in the customer environment. If there is CSO activity in the account, intended to integrate the CSO applications or add additional CSO applications; get the CSO Account Manager involved in the account activity. Jointly determine how Digital and the CSO should work together to win the account. This is especially true where Cerner, SMS and IDX are involved.

Note: All Resource Center members and CSO Account Managers will be aware of win-win procedures to follow in such cases.

3. Schedule a Resource Center member to visit the customer for evaluation, demo, etc.
4. In conjunction with a Resource Center member, contact your local Digital Services organization to initiate discussion on pricing of the HealthView-specific components and services and to begin planning for sourcing of resources for customization/installation.
5. The Account Manager will have responsibility for overall proposal preparation, pricing (including the HealthView-specific items) and profitability.

If you've gotten this far, you must be committed to the Healthcare market. Glad to have you with us. Now go sell HealthView!!

Regards,

Gary

G. U.S. HEALTHCARE TRAINING PLAN

G. U.S. HEALTHCARE TRAINING PLAN

1. Healthcare Industry and Application Literacy

a. Industry Knowledge

The need here is to raise the level of understanding regarding the Healthcare industry overall:

- (1) How the U.S. Healthcare industry works.
- (2) What are the major components (Provider, Insurer, etc..).
- (3) What are its issues (technologically and sociologically).
- (4) What are the trends.
- (5) How does U.S. Healthcare compare to other worldwide approaches.
- (6) What are the major, influential industry organizations/associations.
- (7) Etc.

(Note: This knowledge would round out a person's overall understanding of the customer's business and help establish and maintain credibility during the various stages of account relationship development.)

b. Application Knowledge

This need addresses an understanding of the specific business problems faced by our customers and the ways in which Digital can help solve them:

- (1) Individual departmental applications (obviously, also requires an understanding of the overall work/information flow process within specific departments).
- (2) Inter-department applications (What information needs to flow between individual departments and why. How is it done today and how can Digital help.).
- (3) External information flow applications (What activities, external to the customer's present business problems, could we help solve. E.g., remote physician/clinic access, EDI, etc..).
- (4) General Management/Administration applications (Management decision tools, mail, Desktop integration, Desktop Services, FABS, etc..).
- (5) Etc..

(Note: This knowledge is critical for the Sales/Sales Support person to effectively establish themselves as a credible "Consultant" to the customer. Without this knowledge, we will be relegated to the status of a vendor trying to sell something versus the preferred status of a partner working to solve business problems.)

c. CSO Applications

This segment links directly to the departmental applications described in Section B. above. Areas of training required include:

- (1) Which CSO's cover the various departmental application areas (Application Map).
- (2) Relative comparison of CSO offerings.
- (3) Competitive offerings.

- (4) CSO's commitment to Digital (for multi-platform CSO's).
- (5) How to work with CSO's in the field.
- (6) Etc..

(Note: We need to capitalize more on the major CSO's desire to train us on these application areas and their specific offerings. We need to be aware, however, of the ongoing problem with travel expenses and time out of the field when multiple trips would be required to cover the major CSO events.

Also, we should consider making the CSO application guide into more of a training tool by including more information on departmental application areas. Some part of the application training requirement (I.B.) could be addressed in this manner.)

2. SYSTEMS INTEGRATION

a. Systems Integration - General

There are several facets to this fairly complicated, but critical, training area:

- (1) How to identify an SI opportunity.
- (2) How to evaluate an SI opportunity (including risk assessment).
- (3) Digital's process for pursuing SI.
- (4) How to source SI resources (Program Management/Delivery).
- (5) Role of the Healthcare Practice vs. local resources.

- (6) Role of the Resource Center.
- (7) How/when to review an SI program.
- (8) Role of Third Parties (CSO's, etc..) in our SI strategy.
- (9) How to sell such a "value-priced" solution.

(Note: Several SI courses are already in existence, such as "Program Roadmap" and the 3-day "SI Business Workshop." With some fine-tuning from a Healthcare perspective, these should be used in our Healthcare Training plan. In General, we should give a Healthcare flavor to existing courses versus new development.)

b. Systems Integration - Specific Healthcare Platforms

In several application areas, such as HealthView, Imaging and EDI; Digital will be offering integration "platforms" which will be the basis of SI solutions proposals. Healthcare Sales/Sales Support people will need to be trained thoroughly on the following:

- (1) What is it (HealthView, Imaging, EDI Platforms).
- (2) How, when, where is it to be sold.
- (3) What is our strategy relative to CSO's and/or other Third Parties
- (4) What is our selling model (Rules of Engagement).
- (5) What is our packaging and pricing model.
- (6) What is our strategy regarding the use of consultants to sell/deliver such solutions.
- (7) Where are our reference accounts and how to use them.

c. Systems Integration - Custom Solutions

- (1) How to recognize an EIC opportunity.
- (2) How to get EIC resources involved.
- (3) How the EIC relates to the Healthcare Practice.
- (4) Etc.

3. CROSS-INDUSTRY SOLUTIONS/TECHNOLOGIES
(FABS, NAS, OFFICE, ETC..)

There will be other application and technology training that we will want to offer to Healthcare Sales/Sales Support people. For some groups, such as FABS and NAS who have made a commitment to focus on the Healthcare industry; we can leverage their resources to provide Sales tools, seminars, customer sessions, etc.. The issue here will be to maintain this focus and ensure communication to the field regarding availability, schedules, contracts, etc..

For other technology areas of interest to Healthcare (CIT, etc.), we will need to secure that group's commitment to work with Healthcare to provide the required tools and training.

(Note: NAS and FABS already have several courses developed which should be tailored to Healthcare and offered to our people.)

4. SERVICES (NON-SI)

The list of Services offered from Digital is extensive. We should select a few that are very relevant to our Healthcare customers and develop a training component covering just those few.

- a. What are our focused services for Healthcare.
- b. How do we sell these services.

- c. What resources are available to help sell/delivery.

5. U.S. HEALTHCARE BUSINESS PLAN

There are several elements of the overall U.S. Healthcare Plan which need to be understood by all Healthcare people. Such as:

- a. Vision and Mission.

- b. Marketing Plan:

- (1) Which market segments are we focusing on.
- (2) What is our solutions strategy for each market segment.
- (3) Who are the Marketing resources.
- (4) What Marketing programs are planned.
- (5) What is our Marketing plan for the low-end (SME).

- c. Sales/Services Plan:

- (1) Dedicated salesforce strategy.
- (2) U.S. Healthcare organization.
- (3) Strategic accounts (Top 150).
- (4) Support resources available.
- (5) Major objectives/strategies/tactics.
- (6) '93 and '94 Financial goals.
- (7) SI strategy.

SAMPLE

U. S. HEALTHCARE TRAINING MATRIX

<u>Training Need</u>	<u>Training Method/Description</u>	<u>Status TBD/Available</u>	<u>How To Enroll</u>
I.A. Industry Knowledge	Industry Ref. Kit/SPI HC 101	Available TBD	Contact IBU Avail Q? FY93
I.B. Application Knowledge	HC 202 (?)	TBD	Avail Q? FY93
I.C. CSO Applications	Sub-Set of HC 202 (?) CSO Seminars	TBD	Avail Q? FY
	- Cerner	7/93	Contact B. Dobbs
	- Sunquest	?	Contact D. Morgan
	- IDX	?	Contact P. Waugaman
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—	—	—	—
II.A. SI - General	SI Bus. W/S (3-Days)	Available	Contact <u>?</u>
II.B. SI - HealthView			
- Sales	Seminar (1-Day)	Available	Contact <u>?</u>
- Tech.	Seminar (?)	TBD	

With such a matrix, a Healthcare person will be able to select SPT's, seminars, videos, etc.. that fit their particular training need.