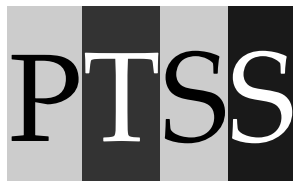


# **Market Research Plan**

## **Premier Technology & Software Solutions**



**Prepared By**

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*A Business Consulting Firm*

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## Aurora International Consulting

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Aurora International Consulting (AIC) is a small business development and market research service firm.

We provide consulting services to aspiring technology entrepreneurs and small high technology firms, especially Small Business Innovative Research (SBIR) award winners, build revenue generating, cost-efficient, and profitable companies.

In particular, our consulting services are designed to help our clients launch innovative products and/or services into the marketplace.

Our two primary services are:

**Market Assessment.** Using secondary research data, we help clients determine whether their product concept or product prototype is commercially viable in a designed marketplace.

**Business Concept Health Check-Up:** A thorough examination and analysis of the client's business development concept to help it grow into a competitive growth company.

### Who We Serve

Aspiring technology entrepreneurs (i.e., Researchers, Scientists, Technologists, etc.) involved in starting and running a new company.

Emerging small high technology firms

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# Premier Technology & Software Solutions' Market Research Report

## **COMPANY DESCRIPTION**

Premier Technology & Software Solution (PTSS) is an information system and software development firm specializing in the implementation of radio frequency identification (RFID) for hospitals. In particular, PTSS provides hospitals with service solutions relating to the utilization of RFID technology for tracking, controlling and managing assets (i.e., medical devices, equipment and supplies).

### **Company History & Present Situation**

Incorporated in 2005 as a small, independent research and development firm, PTSS quickly earned a reputation for its work as a software developer. The company, in fact, was able to gain both commercial and government contracts based on its ability to deliver affordable, workable solutions for its customers.

Through its contracting experiences, PTSS was able to identify business opportunities in providing technology solutions using RFID. Presently the company earns a majority of its revenues working for clients needing assistance with the development and implementation RFID technology.

### **Services**

PTSS's primary service focuses on providing hospitals with RFID asset tracking solutions. In particular, the service is designed to help clients fully deploy RFID tags and software to better locate, access, and manage portable medical equipment & devices.

Additionally, the service can be used to monitor the whereabouts of patients and healthcare personnel.

### **Market Segment & Market Size**

PTSS' primary service users are large urban hospitals with 500 beds, or more, that have a high usage rate of information technology and spend a significant amount of their budgets on information technology. With approximately 8,000 hospitals in the US, the company estimates that about 750 large urban hospitals are actual potential clients for PTSS's service offering.

### **Management Team**

The company is led by a group of seasoned professionals possessing a combined 60 years in the healthcare-information technology industry. In particular, Robert Dibble, the firm's President & Chief Executive Officer, has been directly involved in the healthcare-information technology arena for twenty four years; while the vice-president for finance and administration has twenty years of direct industry experience and the director of marketing has six-teen years of direct industry experience.

## MARKET OVERVIEW & ANALYSIS

### RFID Market Key Findings

Corporate funding and government support are among the major factors that are driving the global RFID industry. The item-level tagging market is forecasted to grow at a CAGR of over 55 percent during 2006 to 2016

According to IDTechEx, the global RFID market continues to grow rapidly, with record orders up to USD 0.5 billion each. In 2008, demand for RFID is on target for USD 5.3 billion globally, and IDTechEx predicts the market will reach USD 27 billion in 2018. Much of the growth is taking place in Europe, but the U.S. and China currently share the top slot as RFID spenders.

Starting from a base of more than \$3.6 billion in revenue in 2007, worldwide RFID markets are expected to reach \$8.4 billion in 2012, according to a study from ABI Research. The 2007 figure represents a 24% growth over 2006, and the curve to 2012 indicates a compound annual growth rate of 21%.

### RFID & Healthcare Industry

Research and Markets, a market research and analyst firm, estimated in a report that radio frequency identification in the U.S. hospital sector would be worth approximately \$8.8 billion by 2010. Hardware and software integration will be worth \$1.3 billion, wireless networks \$1.3 billion, enterprise-related software \$1.4 billion and hospital connectivity \$4.8 billion.

A study released by Chicago-based Fast Track Technologies Ltd, predicts the healthcare market for radio frequency identification technology will soar to \$8.8 billion by 2010. In another report by Spyglass Consulting, the number of hospitals using RFID tags to track assets will skyrocket from 10 percent in mid-2005 to 45 percent by the end of 2007. Such programs promise to cut not only costs, but also the time that clinicians and engineers spend searching for equipment, and the time patients spend waiting for it.

A 2006 IDTechEx report forecast RFID tags and services in the healthcare sector will grow from the \$90 million market to \$2.1 billion by 2016.

Healthcare RFID market increased 204% since 2005, according to study conducted by Spyglass Consulting Group. The study, "Trends in RFID 2008," found that 76% of larger health care organizations have invested in RFID-based applications. The study also found that RFID is being used to solve specific business problems but hospital administrators are reluctant to deploy the technology throughout the organization until the clinical, financial and operational efficacy of the tools are demonstrated enterprise-wide.

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## Hospital Information Technology Usage

According to the 2007 American Hospital Association Continued Progress Hospital Use of Information Technology report, the key findings were:

- Larger hospitals, those in urban areas, teaching hospitals, and hospitals with positive margins used more health IT. In addition, large and urban hospitals showed greater rates of growth in IT use than their smaller and rural counterparts.
- Hospital spending on health IT is high and increasing.
- The largest hospitals- those with 500 or more beds-74 percent reported moderate or high health IT use in 2006. In contrast, only 23 percent of hospitals with 50 or fewer beds were in the top two levels of IT use.
- Some hospitals are beginning to use radio frequency identification (RFID), a new technology for identifying and tracking items. This technology is at an early stage, with almost 10 percent of hospitals having fully or partially implemented it in both 2005 and 2006.

## Market Segment & Market Size

PTSS' primary service users are large urban hospitals with 500 beds, or more, that have a high usage rate of information technology and spend a significant amount of their budgets on information technology. With approximately 8,000 hospitals in the US, the company estimates that about 750 large urban hospitals are actual potential clients for PTSS's service offering.

## Market Drivers

Some of the significant factors that are driving the utilization of RFID in the healthcare sector are:

- ✓ Rapidly decreasing cost of RFID tags and readers;
- ✓ Increase in hardware interoperability facilitated by emerging RFID standards such as EPCglobal's Gen 2 spec.;
- ✓ Potential of RFID to reduce medical errors at the same time as clinical workflow and efficiency improve;
- ✓ FDA mandate on hospital drug bar coding and JHACO proposals to use bar coding for achieving patient safety goals; and

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## Market Barriers

The market barriers that confront the full implementation of RFID technology in the healthcare sector include: RFID tags are expensive compared to bar codes and implementation costs are still very high for providers; lack of proven, flexible standards: tag and reader

incompatibilities still exists between rival manufacturers; large amounts of data produced by RFID systems could overload healthcare data systems; and RFID signals can be blocked in certain environments (e.g., liquids, metals) making it less ubiquitous.

## Sales Generation

PTSS anticipates signing contracts with various healthcare group purchasing organizations (GPOs) as one way to generate sales.

A group purchasing organization (**GPO**) is an entity that helps health care providers-such as hospitals, nursing homes and home health agencies-realize savings and efficiencies by aggregating purchasing volume and using that leverage to negotiate discounts with manufacturers, distributors and other vendors. Hospitals and other health care providers use group purchasing to obtain the right products at the very best price. Hospitals and other health care providers are estimated to annually purchase more than \$270 billions of dollars worth of medical devices, office equipment, and hospital supplies. Overall, about 72 percent of purchases that hospitals make are done using GPO contracts.

Sample GPOs:

**Amerinet Inc.** - a leading health care group purchasing organization. Amerinet partners with more than 27,000 healthcare providers nationwide to reduce costs and improve quality. As a leading national group purchasing organization, Amerinet strategically partners with healthcare providers to reduce costs and improve quality. Through its Total Spend Management solutions and operational performance improvement programs, tools and services, Amerinet assists members in their efforts to reduce costs, improve efficiencies and create new revenue streams. Supported by a team of clinical, data and supply chain experts, Amerinet offers a comprehensive portfolio of product and service contracts to address members' specific needs.

**HealthTrust Purchasing Group-** a healthcare group purchasing organization. Established in May 1999, we are committed to superior patient care delivered through national contracts negotiated with market-leading suppliers for clinically recommended products and services at competitive prices. HealthTrust's membership has tripled since its inception in 1999 and we now support over 1,300 not-for-profit and for-profit acute care hospitals, including HCA, Triad, HMA, Community Health Systems and LifePoint Hospitals, as well as over 3,000 ambulatory surgery centers, alternate care sites and physician practices. Annual purchasing volume is more than \$13 billion with double-digit annual percentage growth expected.

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**Novation, LLC**- Based in Irving, Texas, Novation is the leading health care contracting services company, delivering unmatched savings and value to nearly 2,500 members of VHA Inc. and the University HealthSystem Consortium (UHC), two national health care alliances and nearly 9,000 members of Provista, LLC (formerly known as Healthcare Purchasing Partners International, LLC (HPPI)). Through its competitive bid process, Novation develops and manages contracts with more than 500 suppliers, both large and small. By combining scale and agility with clinical knowledge and product expertise, Novation offers the most extensive range of advanced contracting services, including: contract development, contract and supplier management, custom contracting, enhanced savings programs, online contract management and analytical tools, order management and online supplier connectivity. VHA, UHC and Provista members used Novation and alliance purchased services contracts to purchase \$31.6 billion in 2006.

## Competitors

The healthcare RFID solutions market is intensely competitive and is characterized by evolving technologies and industry standards, frequent new product introductions and dynamic customer requirements. PTSS expects continued and increased competition from current and future competitors, many of them have significantly greater financial, technical, marketing and other resources than PTSS.

PTSS direct and in-direct healthcare RFID competitors include:

Radiance	Agility HealthCare Solutions	PanGo Networks
Mobile Aspects	Lawson	Omniceil
Parco Wireless	Exavera Technologies	SideBand Systems
Blueleaf	Iscan	RF Technologies
Awarepoint	Infologix	AeroScout
Concourse Systems	Global General Technologies	

The competitive challenges PTSS face in the healthcare RFID solutions market include, but are not limited to, the following:

- Our competitors may develop, license or incorporate new or emerging technologies or devote greater resources to the development, promotion and sale of their products and services;
- Certain competitors have greater brand name reorganization;
- Some established or emerging companies may enter the healthcare RFID solutions market;

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- Current and potential competitors may make strategic acquisitions or establish cooperative relationships among themselves or with third parties, including larger, more established healthcare supply companies, thereby increasing their ability to develop and offer products and services to address the needs of our prospective customers; and
- Our competitors may secure products and services from suppliers on more favorable terms or secure exclusive arrangements with suppliers or buyers that may impede the sales of our services.

PTSS' future success will depend in part upon the company's ability to enhance its existing services and to develop, introduce and sell services that meet changing customer requirements.

## PROPOSED MARKETING STRATEGY

### Service Description

PTSS's primary service focuses on providing hospitals with RFID asset tracking solutions. In particular, the service is designed to help clients fully deploy RFID tags and software to better locate, access and manage portable medical equipment & devices. The service relies on active RFID applications, which can be tracked on an RFID network.

### Target Market Description & Profile

PTSS' primary service users are large urban hospitals with 500 beds, or more, that have a high usage rate information technology and spend a significant amount of their budgets on information technology.

Industry:	Healthcare (Hospitals)
Size:	500 or more beds
Location:	Metropolitan Urban Area
IT Spending Level	\$1 million to \$5 million
Type:	For Profit
Service Needs:	Asset tracking capabilities to reduce operational, inventory and labor costs.
Primary Client Contact:	Chief Information Officer (CIO)

### Service Pricing

To install a facility-wide RFID tracking system, the company charges range between \$200,000 to 500,000, which reflect industry standards.

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## Promotional Plan

The promotional strategy is based on service information and education campaign aimed at hospital chief information officers (CIOs) and senior administrators. In particular, the promotional effort will consist of the following:

Direct Mail	Service information mailed directly to targeted hospital CIOs and senior hospital administrators.
Exhibit Booth Display	An information booth, manned by a company representative, at the American Hospital Association (AHA) annual conference and the College of Healthcare Information Management Executives (CHIME) annual conferences/meetings.
Publication Advertisement	Placing product information ads in healthcare industry publications: <i>ADVANCE for Health Information Executives, CIO, Healthcare , eHealth SmartBrief, Informatics, Health Data Management, Health Management Technology, Hospitals and Health Networks, and Managed Healthcare Executive.</i>