



GE Medical Systems

P r e s e n t s

***Creating Health Care
Efficiencies Via Asset
Management:***

***The Pre-Owned DI
Equipment Example***

Today's Objectives

To learn more about. . .

- ⊕ *The role of pre-owned diagnostic imaging equipment in improving financial efficiencies*
- ⊕ *Pre-owned equipment market size and growth*
- ⊕ *Who purchases pre-owned equipment and why*
- ⊕ *How pre-owned equipment is positioned in the worldwide marketplace*
- ⊕ *The variety of pre-owned equipment suppliers and their capabilities*
- ⊕ *Key features/benefits of GE's GoldSeal offering and what makes it unique*

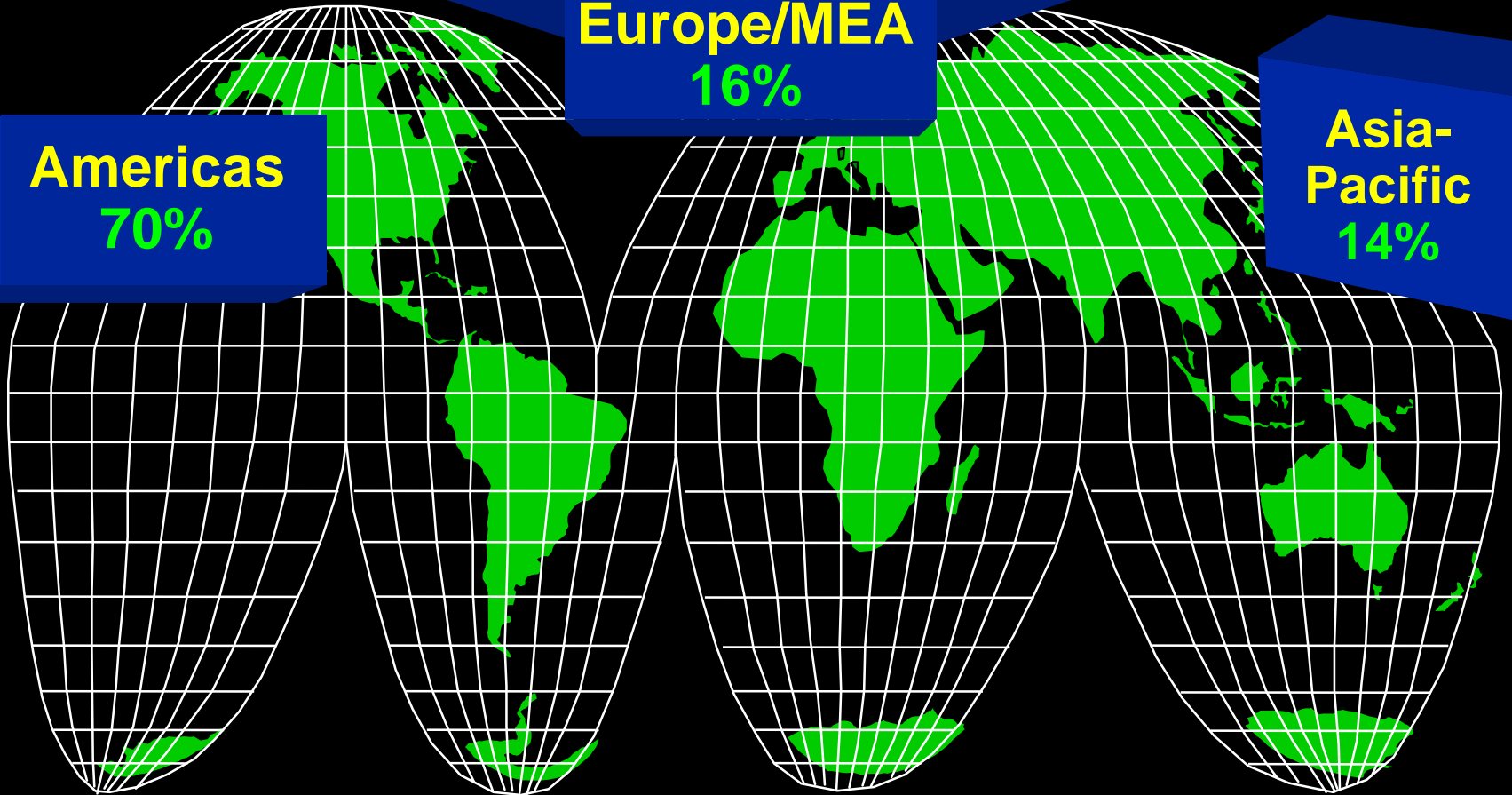
Global Pre-owned Market

Total global market in 2002 = \$1 billion
>10% year-to-year growth

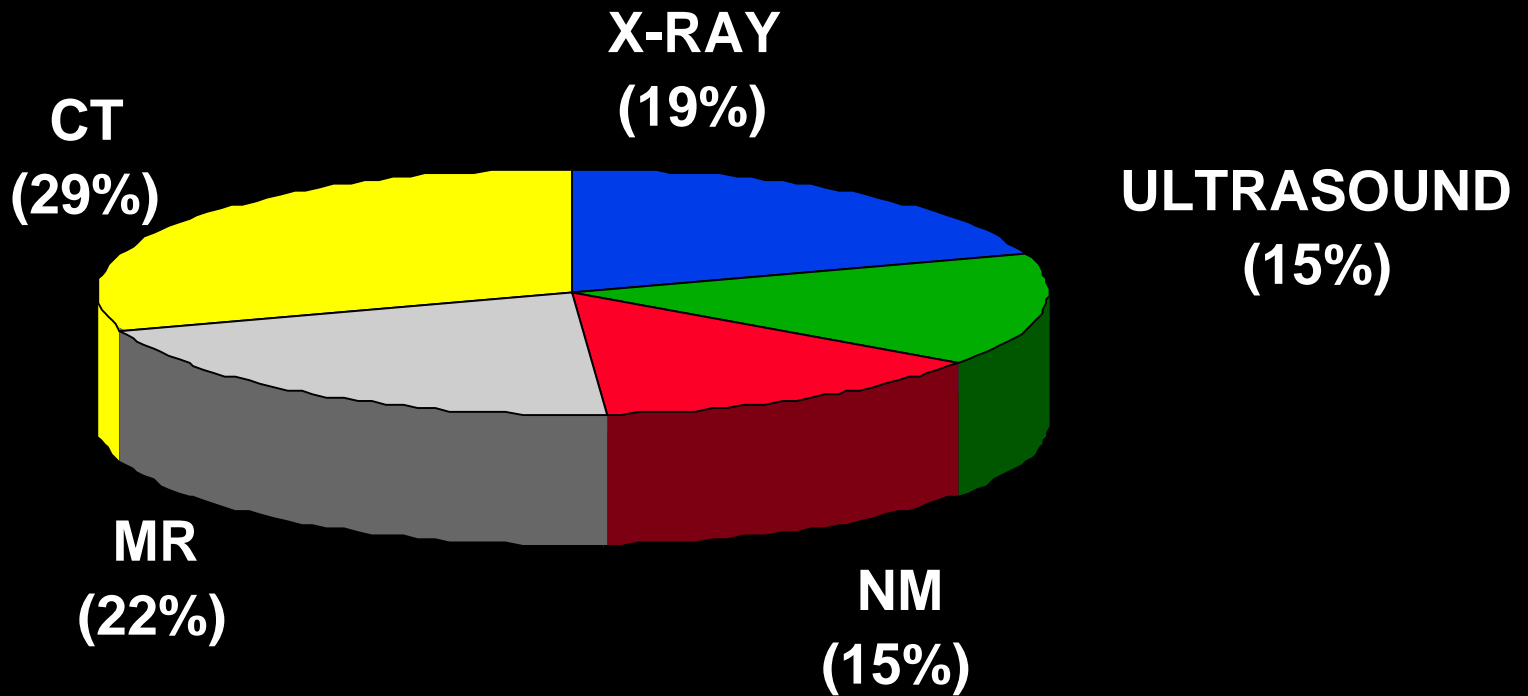
Europe/MEA
16%

Asia-Pacific
14%

Americas
70%



Global Pre-owned Market by Modality



Total Global Market in 2002 = \$1 billion!

Pre-owned Market Segmentation

Hospitals > 100 Beds
Hospitals < 100 Beds

Diagnostic Imaging Centers
Clinics and Offices

All are Purchasing Pre-owned

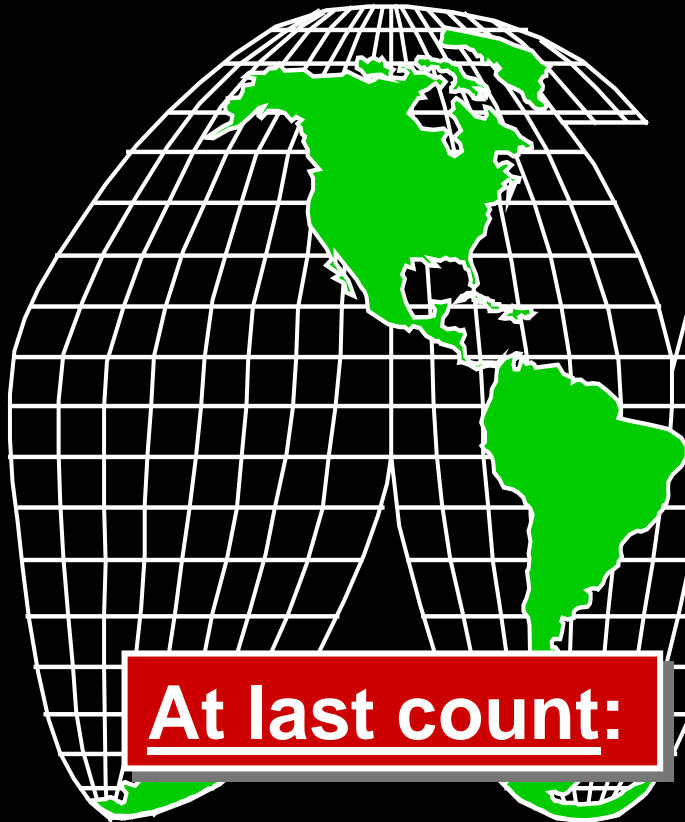
Pre-Owned Equipment Sales 5 - 7% of World Total

Market Trends

- ± **Rapid technology innovations are driving younger pre-owned products.**
- ± **Buyer's have higher quality expectations for fulfillment of their needs.**
- ± **Major OEM's are formalizing pre-owned equipment programs.**

Pre-Owned is Becoming More and More Considered and Accepted

Who Sells Pre-Owned Equipment?



At last count:

→ <i>Brokers</i>	1800
→ <i>Dealers</i>	600
→ <u><i>ISO's</i></u>	<u>100</u>
	2500 (+ OEM's)

Pre-owned Market Definitions

Two Approaches to Resale / Redistribution:

Value Adder: Inspects, services, tests, refurbishes and demonstrates that a device meets performance standards before reselling or redistributing to a customer.

“As Is” Dealer/Broker: For purpose of resale or redistribution, the operational condition of the device may be unknown.

Why do Customers Want Pre-owned Equipment?

- ◆ *Reduce Capital Equipment costs*
- ◆ *Meet Clinical Needs*
- ◆ *Provide Back-up Capability*
- ◆ *“Same Kind” Replacement Equipment - to Simplify Training*
- ◆ *Mid Life-Cycle Equipment for Long Service*
- ◆ *Upgraded Pre-Owned - Comparable to New*

Pre-Owned Plays Key Role in Today's Market

Key Buying Criteria

± **Service**

- **No sacrifice in uptime & reliability compared to new equipment**
- **Length of warranty (especially for small hospitals)**
- **Personnel able to work on everything (small hospitals)**
- **Fast response time (<2 hours) or remote diagnostics**

± **Company Reputation**

- Stability of company, limited customer risk
- Dealership history
- Remanufacturing process (cosmetic vs. performance)

± **Sales Relationship**

- Knowledge of products
- Trust
- Frequency of contact
- Knowledge of product availability

Key Buying Criteria (cont.)

± ***Price***

± ***Upgradeability***

± ***Application Support***

- Expect same level as new
- Continuing education on new technology

± ***Quality of Imaging***

- Equal to new

Selecting Criteria

- Age/Condition
- Service History
- Performance Criteria

Warranty

- “Same As New”
- All Modalities – 12 months
- Backed by GE Medical Systems
(not including glass or cryogenics)

De-Installation

- GE Trained Field Service
- Additional site inspection
- Utilize OEM shipping dollies
- Experienced shipping companies



Re-Installation

- Trained GE Field Engineers
- Field Upgrades Installed
- Performance Testing
- System Certification

Inspections

- De-Installation
- Distribution Center Re-Inspection
- Benchmark Testing
- Recommended Repairs

Refurbish at the Factory

- Factory Upgrades installed
- Worn Parts Replaced
- Cosmetic Reconditioning
- Operational Testing

Quality Processes Instill Confidence . . .

Quality in Concept and Processes

- **Factory-controlled refurbishing in an ISO9001 facility**
- **Dedicated restaging facilities with experienced GE Technicians**
- **Refurbished to original performance specs or better**
- **Cosmetic processing for the presentation expected**
- **6 Sigma Quality in every process**



Facility and Process Investments

The GoldSeal Selection Process...

What can become GoldSeal?



- ***GEHFS Leased Equipment***
- ***Trade-Ins and Upgrades***
 - ***Must Pass GE's Screening Process; Condition, Age, Clinical Acceptance***

Not Everything is Eligible!!

The GoldSeal Process...



After the equipment is selected we carefully de-install and ship to one of the GoldSeal Facilities in GE Packing Kits



The Equipment is Carefully Cleaned and Inspected



Then we begin the GE GoldSeal Refurbishing process governed by ISO and Six Sigma rigor

The GoldSeal Process...(cont.)



The process includes refinishing the product to a like new condition



GE provides full application and site planning support



The final product is then carefully packed and shipped to the customer site on the same GE Packing Kits used by the new modalities



GE then Re-installs it at the new site and backs it with a "same as new" 1-year warranty

Full Offerings To Meet Many Needs...

→ **Refurbished Pre-owned Equipment from all Modalities**

→ **Services to Extend the Useful Life of Existing Assets**



All Major Modalities are supported by GoldSeal



***Creating Health Care
Efficiencies Via Asset
Management***

***There is a Valid Role for
Pre-Owned Equipment
Worldwide***



± Concerns:

- **Benefits from pre-owned equipment are not available in all countries**
- **Import regulations differ among countries and can be complicated**

± Requests:

- **Recognize the role of pre-owned equipment in health care world-wide**
- **Promote uniform regulatory guidelines**



GE Medical Systems

Thank You!

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