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MED**ONE**3**ONE**

ISSUE NO. **27**

your direction, your solution

Equipment Acquisition Made Simple

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Med One To One consists of editorials, a message from our owners, testimonials, information regarding our financing solutions, employee spotlights and more. Six issues are published every year and with each comes the most recent and exciting news of Med One Capital.

If you are reading this edition of *Med One to One* you are a part of our team. Med One Capital owes our success to our valued customers and supporters. Please feel free to send suggestions, insights, or comments to editor@medonecapital.com.

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LETTER FROM THE EDITOR

Prevention Dimensions and the Salt Lake Bees: Troy Tait

Prevention Dimensions
is one of many programs
that are making a difference
in our community.

On May 24th, over 12,000 fourth through sixth graders came to experience a day at the ballpark with the Salt Lake Bees (the LA Angels Triple A affiliate). The kids yelled, clapped and cheered; needless to say, the park was overflowing with energy and enthusiasm. However, this was much more than just a day at the ball game for the students. The game began with an opening ceremony in which Gov. Gary Herbert officially declared the day as "Prevention Dimensions Day." Prevention Dimensions is the Utah State Office of Education's safe and drug-free school program. Attendance at the Bees game was a celebration of staying away from drugs, alcohol, violence and crime.

Med One Capital has had the opportunity to sponsor this specific Bee's game for the last seven years, and it's rewarding to attend these games and see the kids having such a great time while hearing a very important message. I've definitely found this to be an event worth sponsoring and a cause worth supporting.

The educational program leading up to this game is a specially designed curriculum

that focuses on educating kids about the dangers of substance abuse, violence, and similar issues. And the experience at the Bee's game is no different. Contests and programs are held prior to the game and during the breaks regarding the issues these students are facing on a daily basis. Booths are also set up around the concourse to provide additional information.

In addition to Prevention Dimensions Day celebrations, Utah's First Lady, Jeanette Herbert, announced a new initiative to strengthen family relationships. The initiative is called Utah Uplift Families, and its purpose is to help promote good parenting skills and give parents resources that will help them in that objective. "We know that the family is the cornerstone of our society," Jeanette Herbert said. "In order for us to have a strong viable state, we have to have strong, viable families."

As always, Med One Capital is proud to sponsor such an event. Prevention Dimensions is one of many programs that are making a difference in our community, and specifically in the lives of children in Utah.

LETTER FROM THE OWNERS

Larry Stevens



We have been very busy this year celebrating our twentieth year in business and contemplating the opportunities that lie ahead. We've been moved by the outpouring of congratulations and good will that have come from so many of our friends and associates, who have all been a vital part of shaping Med One and ultimately of our success.

If you were to categorize Med One with a broad brush, the industry with which we seem closest aligned is the equipment leasing industry. That designation is further validated by the fact that we have over \$400 million worth of patient care equipment on lease to over 1,800 acute care hospital customers across the United States and Canada.

Equipment leasing as a general business concept came into vogue in the 1950's. In the early going, customers looked upon leasing as a method to obtain 100% financing for their business equipment (at the time that was not generally offered by most bank lenders). Leasing was also a way to preserve cash flow by lowering monthly payments, because leasing companies would generally structure longer terms than banks



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were willing to offer (in those early days, 36 months was the maximum term that most traditional banks were willing to offer). At the inception of the leasing business, lessors tended to be very entrepreneurial and quite proficient in structuring and underwriting transactions that banks would not do.

Along the way, businesses began to realize the reality of the concept that “profits are earned through the use, not the ownership of assets.” As the leasing business matured, businesses began to discover more and more benefits associated with leasing equipment. Tax savings achieved through accelerated write offs; preservation of scarce working capital sources; and improving key balance sheet ratios through off balance sheet treatment were all part of the leasing advantage.

As the information age dawned and improved technology began to change the face of business across the globe, leasing became even more dynamic and important in the economy. Today, equipment leasing is a multi-billion dollar annual industry with over 30% of all equipment acquired by American businesses acquired through a lease. Eight of ten companies in the U.S. have leased at least a portion of their capital equipment.

The outgrowth of the success of leasing is that virtually every financial institution can now provide a lease. As a result, the equipment leasing business has become totally commoditized. Innovation and flexibility have almost completely disappeared. Lease offerings are now controlled by regulatory driven policies, procedures, and underwriting standards. Differentiation centers almost totally on price.

Prior to 1985 it was highly unlikely that any hospital would ever acquire equipment using any method other than cash. Leasing was virtually never a consideration. Profit margins were attractive, reimbursements totally favored and facilitated asset ownership, and patient care was a much more dominant consideration than financial considerations. In 1986, reimbursement policies changed. Capital budgets began to retract and funding became restricted and tightly controlled within most hospitals. Health care providers



Our mission is to “Make Medical Equipment Available.” Our motto is, “At Med One we do one thing really well...whatever it takes.” Our fundamental concept is to help our customers get the equipment they need without having to access their capital budget.

began to experience troublesome shortages of critical patient care equipment, particularly during periods of peak census.

In an effort to fill the vacuum, the hospital equipment rental business was spawned. Through rental, hospitals found that they could acquire the use of critical equipment, particularly during times of peak census without having to make a long-term commitment or access capital budgets. Rental, while seemingly more costly than traditional ownership options, was designed to fill a short-term need. When the aspects of convenience, ready access, opportunity cost, and enhanced patient care are factored in, rental is in reality a very cost effective method of obtaining the temporary use of important patient care equipment.

The interesting fact, however, is that although rental is offered to satisfy a temporary need for equipment, most

rented assets hardly ever move from one location to another. This means that many hospitals use rental as a longer-term method of acquiring some of their equipment.

It is this subtle tendency that allowed Med One to establish the fundamental principles upon which it was founded. Our mission is to “Make Medical Equipment Available.” Our motto is, “At Med One we do one thing really well...whatever it takes.” Our fundamental concept is to help our customers get the equipment they need without having to access their capital budget. While Med One does offer traditional lease options, our emphasis is primarily focused upon a wide array of options aimed at reducing the cost of rental.

Consider some of ways we have made equipment available to our customers during the past 20 years:

- ➡ *Traditional capital leases structured to allow the customer to acquire ownership*
- ➡ *Installment sales contracts, passing title of the equipment immediately to the customer*
- ➡ *Deferred payment options – providing financing for 6 months to 3 years before payment is made*
- ➡ *FASB qualifying operating leases structured for off balance sheet treatment*
- ➡ *Short-term renewable operating leases*
- ➡ *Use or ownership through an up charge on disposable items regularly used with the equipment*
- ➡ *Agreements to purchase disposable items with equipment provided at no additional charge*
- ➡ *Pay per use options with and without minimum use requirements*
- ➡ *Weekly, daily, or hourly charges for the use of equipment*
- ➡ *Leases with variable payments based on patient census levels*
- ➡ *Lease or rental agreements requiring no signed Agreements – Customer purchase order only*
- ➡ *Service or subscription agreements that include equipment and services*
- ➡ *Month to month rental with equity options included*
- ➡ *Month to month rental with no equity option*
- ➡ *Numerous other options*

For 20 years, Med One has adhered to its fundamental founding principles. We make equipment available particularly when there is no cash. We know that given the pressures on healthcare providers today, capital budgets will be generally restricted for many years to come. We will continue to structure programs and options that fit the specific needs of our customers. We will always strive to do whatever it takes to help our customers acquire the use of the most current and advanced patient care equipment available in the market place. Make no mistake, we are in the leasing business, but leasing as it has evolved does not hold a candle to our most successful, innovative and flexible programs. These are best viewed and evaluated against the limited rental options that are available in the market place.



THE TECHNOLOGY AND FINANCIAL BALANCING DILEMMA

Ibby Smith Stofer

Here at Med One we are very aware of the changing face of technology in many of the medical devices we finance for our customers. We are equally aware of the financial conflicts caused when existing technologies are upgraded early in their projected useful life cycle.

How does the newer technology justify the costs? "When we purchased or leased it, we were told that obsolescence was a thing of the past," moans the CFO. Yet today that same manufacturer has a new widget that suddenly has become the only clinical option.

As one of the largest medical equipment buyers we too play that song over and over. We know that the needs and requirements

of patient care are constantly changing. But will minor changes in design truly enhance patient care and clinician satisfaction enough to justify a replacement within three or five years?

Like many customers, we face the challenge of preference versus obsolescence on a frequent basis. As a financial services company we often take a leap of faith and offer off balance sheet transactions that leave us exposed to the changes in design and performance that customers elect as a technology upgrade. We, like many in the C-Suite, find the balance between a convenient feature or upgrade, and the costs of that feature or upgrade is a tightrope for everyone.

Many of you have asked yourselves what lies ahead in the areas of infusion and respiratory equipment. Do we really need to replace or upgrade now? We used to have the same pumps or ventilators for ten, twelve or more years. Now someone is telling us that we need new ones every three to five years. These are not easy questions to answer. During my extensive career in infusion the changes have been many. Infusion pumps evolved from a standalone instrument to an integrated system with software updates, communication protocols and more. Respiratory products, dispensing equipment and even beds have traveled along similar paths.

Each customer must answer for themselves these questions. Can you redeploy to other facilities or levels of care to limit your financial impact? Can these units continue to be used without the new features or updates without adversely impacting patient care and/or employee satisfaction? Will our financial budget allow us to move forward earlier than planned? Can we trade or sell the existing units and get a return that helps us move to the new technology?

Remember that your sales rep is offering this because they believe that it will be of value to you. They do not offer it to cause all of these questions and conflicts. They, like you, want the best care for your patients and of course, they do

Dilemma?



Quality and Patient Care require:

Increased Technology Investments

VS

Declining Revenues and Reimbursements

RENT? PURCHASE? LEASE? NEW? PRE-OWNED? UPGRADE?

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want a sale. I have known many sales people and as I recall, not one has ever not respected that you as the customer need to assess these and a host of other questions before you simply upgrade.

Do I think that medical equipment like pumps, ventilators, dispensing or beds are done with their development activity? Will we go back to utilizing equipment for decades before replacing? Will obsolescence continue to cause financial and clinical decisions to be a tug of war at times?

Unfortunately my crystal ball is cloudy and I can only offer my own thoughts. I think the needs and focus of our healthcare systems will necessitate continued development and enhancements. I think that useful life of most medical equipment has and will continue to settle in somewhere around five to seven years and lastly, I do believe we will have to balance needs and wants with financial responsibility even more than ever before. The changes to reimbursement, continued charity

We used to have the same pumps or ventilators for ten, twelve or more years. Now someone is telling us that we need new ones every three to five years.

care requirements, transparency expectations and the healthcare market changes have shrunk the access to funds to allow at will clinical preference and sales initiative.

Now that I am part of the Med One family, I see more clearly the role that they have played for many years to help facilities and vendors work in partnership to deal with these challenges. We enjoy the luxury of our rental and resale teams' abilities to offer displaced technology another useful life. We can be a bridge to the customer allowing your team the ability to choose when and how to upgrade with our custom financial options.

Acquisition Solutions

Each solution offered by Med One can be customized to best fit the needs of the customers.

We have twenty years of experience working in the health care industry. Our simple documentation, quick turn around time and customer service have no comparison within the industry.

CAPITAL LEASE.....

Customer commits to a fixed term of rental payments. At the end of the rental term, customer owns the equipment with a \$1.00 buyout. There is no option to return this equipment. Rather, the point of this program is simply to finance the equipment over several months when cash is not available for immediate purchase. Completing a capital lease through Med One is simply a matter of signing a simple agreement and issuing a purchase order. Both the signed document and the PO are then sent directly to Med One. This program is also known as a Rent to Own or a \$1.00 Buyout Lease.

RENTAL REWARDS.....

Simply issue a 1 month renewable purchase order to Med One, and the customer receives brand new equipment direct from the manufacturer. The customer can rent the equipment on a month to month basis or, if capital budget is allocated, purchase the equipment with 50% of the rental paid going towards the purchase price. There is no paperwork to sign, payments are made from the operating budget, and the customer may return the equipment at any time.

EQUIPMENT SERVICES.....

Our Equipment Services division includes full time OEM certified technicians who can meet the needs of a single department or the needs of your entire facility. We offer service repair options on a wide variety of equipment, including PM services. Additionally, we have patient ready refurbished equipment available for sale or rental that includes a warranty. **Available Equipment:** Infusion, Respiratory, Oximetry, Monitoring, Imaging, Sleep Study equipment and more.

OPERATING LEASE.....

Customer commits to make monthly payments based on an established term. When the term ends, the equipment can either be purchased based on its fair market value, rented for an additional 12 months, or returned to Med One Capital with no further obligation. Completing an operating lease through Med One is simply a matter of signing a simple agreement and issuing a purchase order. Both the signed document and the PO are then sent directly to Med One.

12 MONTH RENEWABLE OPTION.....

Typically, an operating lease deal is done on a term of 36 - 60 months. At times, a customer may have difficulty committing for an extended length of time. If so, we can present a short-term renewable option. The intent is to provide a 3 - 5 year lease payment structure in which the customer is only committed for 12 months at a time and can renew after each 12 month period until the total lease term is met. After any 12 month period, the standard end of term options are also available, so this option will always qualify under the FASB-13 guidelines.

EQUIPMENT RENTAL.....

Med One Equipment Rental is an authorized rental dealer for Alaris Systems and Sigma pumps. We carry equipment from leading manufacturers and our refurbished medical devices are patient-ready, include a full warranty, and are factory tested. **Equipment Available to Rent:** Modular Systems, Syringe Pumps, Infusion Pumps, Patient Monitoring Systems, Pulse Oximeters, Smart Pumps, SCD's, Ventilators, Bi-pap Machines and much more.



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GEEK REPORT

InControl / Nate Davis

In an effort to make ourselves more efficient in how we manage our growing number of pre-owned equipment, we recently re-wrote our Inventory Management System. We call this InControl. InControl allows the warehouse staff to check in equipment, locate which shelf it is on, and allows us to track the equipment through its lifecycle (cleaned, repaired, etc.) here at Med One Capital.

We recently added an InControl iPad application to the arsenal of tools we have. With a Bluetooth scanner and this mobile InControl app, we are able to update its location in

the warehouse, change its status, as well as take pictures of the piece of equipment right on the shelf. This allows us to better serve our customers by providing you with up to date information.

Just last month, we received over 1,000 pieces of equipment in one shipment. When these came in, we had a team

un-boxing and labeling them with barcodes. We had three stations set up using InControl to inspect, take pictures and adding them to the database. And then using Mobile InControl, they were put on the appropriate shelf, and are now organized with pictures and a status for each individual piece of equipment. Using these tools, we were able to get them all inspected in a few short days with 5 people. Our in-house tools allow us to be the best at "Making Medical Equipment Available."

 **INCONTROL** 



WHERE WE STAND

Company Numbers

MED ONE CAPITAL	APRIL 2011	2011 YTD	APRIL 2010	2010 YTD
NEW EQUIPMENT PURCHASED	\$9,409,337	\$60,339,397	\$22,059,470	\$76,563,298
NUMBER OF NEW LEASES	58		80	
TOTAL CUSTOMERS		2,456		2,078
TOTAL EQUIPMENT LEASED		\$392,185,952		\$358,788,275

MED ONE EQUIPMENT RENTAL	APRIL 2011	2011 YTD	APRIL 2010	2010 YTD
TOTAL RENTAL REVENUE	\$885,853	\$3,547,735	\$805,512	\$3,420,152

I grew up in two small towns in Southern California. The first, called Ojai, is about two hours North of LA, about 11 miles from the coast. Ten years later I ended up in a town called Lake Arrowhead (named after the natural arrowhead shape in the San Bernardino mountains



that points towards the original springs where Arrowhead water first started). It was here where I began wakeboarding and riding motorcycles. Jump

forward another 10 years and I'm here in Utah. Now, you might be thinking, "This guy kind of moves around a lot!" Well, you can blame that one on my parents; my dad was a pilot and had the ability to move around. My mom encouraged this silly behavior, and when they got bored of one home they'd up and move just for a change of scenery. They have moved 3 more times since! It was here in Utah where I picked up golf and running, which are hobbies my body can keep with (unlike motocross and wakeboarding).



EMPLOYEE SPOTLIGHT

Mike Krog

It was also here in Utah that I picked up a wife and three kids! I met Angie at a wedding where we said three or four pleasantries to each other and parted. Then a couple of months later, we both were invited to Lake Powell on vacation and surprisingly enough, on a vacation where I often didn't have a shirt on, she still fell for me! At the time I was working on my degree at the University of Utah (Go Utes!). I soon graduated with a BA in Marketing and a minor in Spanish. Now I have a great time with my wife and three kids. We often go to Cabelas right near our home, wander around there for hours looking at the stuffed zoo they have on display and we don't buy a thing! It's a good time!



Presently, I am a Director of Key Accounts at Med One and I have to say that I'm loving every minute of it! I couldn't ask for a better company to work for as well as vendors and customers to work with. What a great industry! There's cutting edge technology, quality products, and quality people, all with the goal of helping those that need medical care. I have to say that meeting the people we work with and implementing effective financing solutions is a passion of mine. Almost everyone I meet is good to talk to, has

great ideas and feedback as well as an appreciation for how we can help them sell more equipment. It's exciting to see how our financing solutions often match up so well with the needs of our vendors and customers. I have been with Med One for nearly 7 years now and look forward to another 7 and beyond.



A CLEANER, SAFER HOSPITAL ROOM

Robb Stevens



The spread of infection is clearly a constant concern at hospitals and a constant threat to patients.

One of the great ironies of hospitals, which are intended to help restore sick or injured people to good health, is the prevalence of Hospital Acquired Infections (HAI). The Centers for Disease Control have reported that in American hospitals alone, there are an estimated 1.7 million hospital infections every year with over 90,000 deaths associated with those infections. The spread of infection is clearly a constant concern at hospitals and a constant threat to patients. Even with the various methods that are undoubtedly employed at each facility to help keep it in check, the problem persists. However, new and more effective solutions are coming.

As Med One works closely with health-care facilities and equipment vendors alike, we at times have the opportunity to see cutting-edge technologies introduced to the market. One example of this is a company called Aeroclave, which has pioneered a powerful and innovative method of decontamination. The technol-

ogy has application in many industries including biodefense, EMS, transportation, retail, life sciences and healthcare. Med One has been working with Aeroclave since the end of 2010 to help create opportunities and budget friendly acquisition solutions specifically for healthcare facilities.

Aeroclave's hospital application is built in the form of a stainless steel box (about the size of a large refrigerator), which can be wheeled from room to room. The unit is called the "Room Decontamination System" (RDS). The sterilization technology basically utilizes a proprietary energized Hydrogen Peroxide process to sterilize a room and everything in it. The RDS unit is self-contained with a wireless



computer for easy operation and mobility of the system. It takes 30 – 60 minutes to "clean" a single room, then the unit is easily moved (it's even motorized) onto the next room. This technology has demonstrated in test after test the ability to totally eliminate (at least temporarily) the harmful bacteria and other microorganisms that turn into Hospital Acquired Infections.

Med One has financed two RDS units that will be utilized by two specialized cleaning companies partnering with Aeroclave as service providers. These service providers will now be able to demonstrate

this powerful new method of sterilization for various hospital and life-sciences customers alike.

Technology that promotes a cleaner, safer, and more sterile environment will likewise lead to improved patient care by reducing the spread of infectious diseases.

From Med One's perspective, the ability for any hospital to employ technology that promotes a cleaner, safer, and more sterile environment will likewise lead to improved patient care by reducing the spread of infectious diseases. Technology that accomplishes this seems to be well worth the investment for any healthcare institution!



10 WAYS TO STAY FOCUSED



It is human nature to lose focus from time to time. You may forget to complete an important task or just lack focus when you need it the most. Below is a simple list to help you stay focused. Whether at home or work, a consistent focus can be a huge benefit when accomplishing your goals.

1. Make A Plan of Action. What are the steps you will take to get you from where you are to where you want to be?

2. Break It Down. An important objective warrants daily attention. Every goal can be broken down into manageable tasks.

3. Write Your Objectives Down. When you write your goals down, they appear not

only on paper, but they become indelibly written upon your consciousness.

4. Prioritize Constantly. To figure out which task you should be working on, prioritize constantly. Some tasks are more important than others.

5. Set Reminders. Everyone forgets, so when you need to remember something make sure to use simple reminders.

6. Take More Breaks. Breaks allow us to re-group our thoughts and focus on the next task at hand. They also keep us fresh so that we don't end up burning out.

7. Measure Your Progress. You can't change what you don't measure. Create

mechanisms that will allow you to see your progress.

8. Maintain A Support System. Surround yourself with people who will encourage and challenge you.

9. Focus On Only A Few Goals At A Time. You can achieve anything you desire, but not EVERYTHING you desire.

10. Celebrate Your Milestones. As you achieve one goal, you can see better and believe more easily in the accomplishment of others.

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