
Omnicare
1600 RiverCenter II
100 East RiverCenter Boulevard
Covington, Ky. 41011

Coordinating RESOURCES

Executive Summary

- Omnicare is the largest independent Provider of professional pharmacy and related services for long term care initiatives such as nursing homes, retirement centers, and other institutional facilities.
- Omnicare services 635,000 nursing homes beds or 32% of the total nursing home beds in America.
- Omnicare operates in 43 states and services 8,800 skilled nursing facilities.
- Omnicare represents the fifth largest Contract Research Organization in the world.
- Omnicare's CRO's provides comprehensive clinical research services for the pharmaceutical, biotechnology and medical device industries in 23 countries worldwide.

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Charter Statement

- Johnson & Johnson provides pharmaceuticals to Omnicare that enhance patient quality of life within the long-term care marketplace.

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Situation Appraisal

Customer Business Situation

- Omnicare is the largest pharmacy provider in country servicing over 635,000 nursing home residents in 43 states.
- Omnicare drives pharmaceutical initiatives at six individual regional areas, by Regional Clinical Directors.
- Omnicare is currently facing dramatic state Medicaid reimbursements cuts throughout the country.
- Assisted living facilities accounted for roughly 20% of Omnicare's total population.
- Omnicare currently purchases 130 million dollars of Johnson & Johnson pharmaceuticals.

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Situation Appraisal

Customer Business Situation

- Prospective Payment System has produced pricing pressures, overall census weakness, decline in Medicare census, and market decline in acuity/utilization.
- Annualized revenues of over 2 Billion dollars. Strong balance sheet. Positive earnings and cash flow generator.
- Omnicare philosophy “Increase pharmaceutical use, decrease medical costs”
- Omnicare operates specific health-management programs under the “Review” program. (Alzheimer’s, Behavior Management, and Pain Management). Generated over 11,000 new prescriptions for antipsychotics.

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Situation Appraisal

Customer Business Situation

- Omnicare Senior Health Outcome offers corporations value added services for retirement population (GTE)
- Mergers and head reductions have trimmed operating units to 138 and employment to 1819.
- Value drivers for 2001:
 - Expand core distribution business -
 - Leverage core business through development of clinical and information services

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Customer's View of Our Industry

- Omnicare's goal is to optimize drug therapy for the elderly, making it appropriate, affordable and available regardless of setting. Further development and expansion of its clinical services is a significant element of Omnicare's value creation strategy.
- The contract research business allows omnicare to play a major role in creating value for both pharmaceutical companies and the geriatric population
- Omnicare believes that providing services today, is different than what it was five years ago, and that they will emerge as a stronger company than before.

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Customer's View of Our Industry

- Key Players
 - Joel Gemunder, President, Omnicare, Inc.
 - Tim Bien, Senior Vice President of Purchasing and Professional Services, Omnicare, Inc.
 - Gary Erwin, President, Senior Health Outcomes, Omnicare, Inc.
 - Dan Maloney, Vice President of Purchasing, Omnicare, Inc.
 - Mark Lehman, Director of Clinical Services, Omnicare, Inc.
 - Lise Welford, Associate Director of Clinical Services, Omnicare, Inc.

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Customer's View of Our Industry

- Purchase Trends 2000

Risperdal	75 M	54%
Duragesic	18.2M	53%
Levaquin	14.3M	63%
Procrit	13 M	90%
Ultram	4.7 M	47%

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SALES

	1999	2000
• 1st Quarter	11.8M	33.0M
• 2nd Quarter	12.6M	30.3M
• 3rd Quarter	15.2M	34.3M
• 4th Quarter	18.7M	34.3M
Total	58.3M	127.7M

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Customer's View of Our Competition

<i>How Customer Sees</i> (Scale from 1:Worst to 10:Best)	<i>Competition</i>	<i>J & J Pharmaceutical Companies</i>
Level of business relationship	6	8
Understanding of customer's business situation	7	8
Product fit to customer's needs	6	8
Positioning in customer's organization	8	10
Product/Service reputation	7	8
Prices	5	5
Helpfulness to customer	6	7
Total	45	52

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Customer's View of Our Industry

- Omnicare has had tremendous financial pressures based on operating under the Prospective Payment System and state Medicaid reimbursement cuts.
- Omnicare has been able to demonstrate an ability to drive market share on performance based initiatives.
- J&J is the largest supplier of pharmaceuticals to Omnicare, purchasing close to 120 million dollars in products.

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Customer's View of Our Industry

Team Evaluation of the Account (Scale from 1:Worst to 10:Best)	Score
Its sales trend (2 – 3 years out) (In their own market)	10
Its growth vs. our strengths	9
How coachable its people are	6
How much we enjoy working with the account	7
Showcase/referral source for us	10
Recent trends of others	8
How much it helps us (Give & take or all take, no give)	8
Total	58

Compare this team evaluation to that of the customer's view of us and our competition

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Situation Appraisal Summary

- Strengths
 - Omnicare is the largest pharmacy provider in the United States.
 - Omnicare purchases more pharmaceuticals from J&J than any other pharmaceutical company.
 - Omnicare can move market share through P.S.T. I. programs.
 - Omnicare has one the the industry's premier formularies with the "Geriatric Guidelines" produced annually.

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Situation Appraisal Summary

- Opportunities
 - Risperdal “Re-Ignition” Program
 - Propoxphene Initiative (Ultram)
 - Alzheimers Initiative (Reminyl)
 - PPI Initiative (Aciphex)
 - ESRD Program (Procrit)
 - Pain Management Program.

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Situation Appraisal Summary

- Trends
 - Prospective Payment System has state Medicaid reimbursement Cuts depleted stock value and made making a profit in the pharmacy provider arena difficult.
 - Demographics of an aging population with higher drug utilization position Omnicare well for the future.
 - Outsourcing of clinical research produces another revenue stream and positions Omnicare well for geriatric specific studies.
 - Reductions in headcount and merging of sites continue to save dollars. (18 month program saves 46 million dollars)

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Putting It All Together

- Charter Statement
 - Johnson & Johnson supplies high quality products and services and jointly created clinical business programs that aid Omnicare in meeting corporate goals and objectives.

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Putting It All Together

- Drive Risperdal market share to 62% by re-energizing Risperdal Initiative. Programs to include MRDD/Schizophrenia pilot program and re-ignition of Behavior Management program.
- Initiate and successfully launch Reminyl in AD market.
- Establish relationships with Omnicare's CRO and repository for prospective and retrospective studies.
- Synergize efforts in working toward state Medicaid reimbursement issues.

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Putting It All Together

- Three Best Goals
 - 1 Synergize efforts on disease-state management programs, particularly Risperdal, Reminyl, and Levaquin.
 - 2 Educational programs at “grass-roots” level.
 - 3 Improve relationships with Corporate and Regional sites.

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Putting It All Together

- Single Best Opportunity
 - Risperdal “Re-Ignition” program..

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