A Success Story:
Strong Partnership between a SDVOSB and a Fortune 25 Company

Presenters: Will Sands, LtCol USMCR; VP, Sales & Operations, Capture, LLC
Jeff Ledbetter, OptiFreight Mountain West Sales Consultant
Capture, LLC Profile
Service-Disabled Veteran-Owned Small Business

- Trusted SDVOSB partner of the VA and Department of Defense for more than 10 years
- Business model built around customer service
- 2015 Heroes at Work Award winner for promoting employment opportunities for Veterans
- Specializes in providing commercial and government entities with quality services and products through:
  - Internal management
  - Strategic alliances
  - Meticulous oversight

“As a business, Capture’s mission is to take care of the customer – along with that we will also do everything in our power to take care of our troops.”

— Robert H. Barrow
President, Capture, LLC
LtCol USMC (Ret)
Cardinal Health Profile
• Generation IV VA Medical/Surgical prime vendor contract
  - Started in April 2010
  - 60 month agreement with 20 month options
    - Contract extended via bridge agreement through Spring 2016
  - Cardinal Health awarded 16 VISNs, Alaska, Hawaii and CMOPs
    - VISNs 3-7, 9-12, 15-20, and 22
    - Other Government Agencies (OGAs) can participate at the discretion of the VA and PV
• Benefits
  - One-stop-shop for end users on prime vendor eligible items
  - Next day delivery on core items
  - Fill rate requirement of 95% on core items
  - Minimum of 1 turn per month for core items
Cardinal Health supports Veterans

- Approximately $52.8M expended with approximately 75 Veteran and SDVOSB partners in FY15
- Active Veteran ERG group focused on hiring and ongoing support of veterans
- 4.5% of the Cardinal Health U.S. workforce are Veterans, with 329 new hires in FY15
- $13.6M expended with VOSB and SDVOSB in tier2 by Cardinal Health large business partners
- Approximately 20 diverse Dealer Management relationships
- Effectively mentored and matriculated 4 VOSB/SDVOSB under DoD, SBA guidelines
- Received the Vendor Excellence Award in 2011 from the Defense Logistics Agency, Department of Defense
- 2015 Secretary of Defense Employer Support Freedom Award winner.
Why Freight Management?

1. Supports MyVA Integrated Plan (MIP)
2. Saves money
3. Offers important visibility to freight spend
4. Freight Management is Industry Best Practice
OptiFreight Logistics

MyVA

MyVA Enterprise Contracts

Can conduct national rollout

MyVA: Focus on high-impact initiatives

Save > $20MM per year on VHA inbound shipping

MyVA: Adopt data-driven practices

Dashboard and reports to provide business intelligence from tactical to operational to strategic levels

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Office: 813.944.3201 • www.capturellc.com
Saves Money

* Saves 35% on inbound open market freight spend

- Hospital Supplies, Lab Shipments, Prosthetics
- Overnight to Ground Shipments

Can be expanded to significantly impact the VA’s annual $500MM total freight spend

- $20MM Annual Potential Savings for the VHA

- No Cost
The 2016 Discretionary budget request reflects an increase of $5.2 billion (7.5% over 2015)

The 2017 Discretionary budget is $3.3 billion (5.5%) above 2016

With constant increase in discretionary spend, we will target a potential $500 MM of freight cost in the discretionary spend
## Program Comparison (Current Resources)

<table>
<thead>
<tr>
<th>Feature</th>
<th>Self Managed</th>
<th>Capture OptiFreight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deeply Discounted Freight Rates</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Vendor Management</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Multi Level Freight Spend Analysis</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Mode Optimization Analysis</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Fee and Accessorial Charge Management</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Dimensional Weight Management</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Non-Prime Vendor Ordering Analysis</td>
<td>No</td>
<td>Yes</td>
</tr>
</tbody>
</table>

*We provide true analysis and management for savings without adding any of the costs necessary to replicate in a self managed program*
Program Savings Dashboard

Dashboard - Small Parcel
Actual Commercial Hospital Customer Report from 10/01/2014 to 10/01/2015

<table>
<thead>
<tr>
<th>Month</th>
<th>Package Count</th>
<th>Freight Amount</th>
<th>Customer Cost</th>
<th>Savings</th>
<th>Cost Per Pack</th>
<th>Savings Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 2014</td>
<td>1535</td>
<td>$57,685</td>
<td>$34,392</td>
<td>$23,293</td>
<td>$22.41</td>
<td>40.4%</td>
</tr>
<tr>
<td>November 2014</td>
<td>1652</td>
<td>$59,231</td>
<td>$35,785</td>
<td>$23,447</td>
<td>$21.66</td>
<td>39.6%</td>
</tr>
<tr>
<td>December 2014</td>
<td>1603</td>
<td>$59,043</td>
<td>$36,150</td>
<td>$22,893</td>
<td>$22.55</td>
<td>38.8%</td>
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<tr>
<td>January 2015</td>
<td>1102</td>
<td>$41,195</td>
<td>$25,227</td>
<td>$15,968</td>
<td>$22.89</td>
<td>38.8%</td>
</tr>
<tr>
<td>February 2015</td>
<td>1466</td>
<td>$52,439</td>
<td>$31,745</td>
<td>$20,695</td>
<td>$21.62</td>
<td>39.5%</td>
</tr>
<tr>
<td>March 2015</td>
<td>1859</td>
<td>$63,827</td>
<td>$38,902</td>
<td>$24,925</td>
<td>$20.93</td>
<td>39.1%</td>
</tr>
<tr>
<td>April 2015</td>
<td>1391</td>
<td>$46,608</td>
<td>$29,180</td>
<td>$17,628</td>
<td>$21.13</td>
<td>37.7%</td>
</tr>
<tr>
<td>May 2015</td>
<td>1966</td>
<td>$65,486</td>
<td>$42,232</td>
<td>$23,255</td>
<td>$21.59</td>
<td>35.5%</td>
</tr>
<tr>
<td>June 2015</td>
<td>1475</td>
<td>$53,310</td>
<td>$32,285</td>
<td>$21,025</td>
<td>$21.89</td>
<td>39.4%</td>
</tr>
<tr>
<td>July 2015</td>
<td>1374</td>
<td>$45,646</td>
<td>$27,502</td>
<td>$18,146</td>
<td>$20.02</td>
<td>40.0%</td>
</tr>
<tr>
<td>August 2015</td>
<td>1679</td>
<td>$52,400</td>
<td>$31,963</td>
<td>$20,437</td>
<td>$19.04</td>
<td>39.0%</td>
</tr>
<tr>
<td>September 2015</td>
<td>1250</td>
<td>$43,254</td>
<td>$24,279</td>
<td>$18,975</td>
<td>$18.62</td>
<td>43.9%</td>
</tr>
<tr>
<td>Total</td>
<td>13374</td>
<td>$840,327</td>
<td>$393,640</td>
<td>$250,687</td>
<td>$212.24</td>
<td>39.2%</td>
</tr>
</tbody>
</table>

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In partnership with CardinalHealth

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### Mode Optimization Visibility

<table>
<thead>
<tr>
<th>Service Class</th>
<th>Package Count</th>
<th>Freight Amount</th>
<th>Customer Cost</th>
<th>Savings</th>
<th>% of Pkg Mix</th>
<th>Cost Mix</th>
<th>Cost Per Pack</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ground</td>
<td>10839</td>
<td>$131,015</td>
<td>$108,673</td>
<td>$22,342</td>
<td>59.0%</td>
<td>27.9%</td>
<td>$10.03</td>
</tr>
<tr>
<td>Express Saver</td>
<td>1146</td>
<td>$32,770</td>
<td>$19,177</td>
<td>$13,593</td>
<td>6.2%</td>
<td>4.9%</td>
<td>$16.73</td>
</tr>
<tr>
<td>Two Day</td>
<td>2914</td>
<td>$128,949</td>
<td>$76,451</td>
<td>$52,498</td>
<td>15.9%</td>
<td>19.6%</td>
<td>$26.24</td>
</tr>
<tr>
<td>Standard Overnight</td>
<td>953</td>
<td>$93,577</td>
<td>$44,793</td>
<td>$48,784</td>
<td>5.2%</td>
<td>11.5%</td>
<td>$47.00</td>
</tr>
<tr>
<td>Priority Overnight</td>
<td>2091</td>
<td>$216,806</td>
<td>$103,980</td>
<td>$112,826</td>
<td>11.4%</td>
<td>26.7%</td>
<td>$49.73</td>
</tr>
<tr>
<td>First Overnight</td>
<td>411</td>
<td>$36,525</td>
<td>$35,869</td>
<td>$656</td>
<td>2.2%</td>
<td>9.2%</td>
<td>$67.27</td>
</tr>
<tr>
<td>Home Delivery</td>
<td>10</td>
<td>$302</td>
<td>$299</td>
<td>$3</td>
<td>0.1%</td>
<td>0.1%</td>
<td>$29.91</td>
</tr>
<tr>
<td>Two Day A.M.</td>
<td>10</td>
<td>$584</td>
<td>$399</td>
<td>$184</td>
<td>0.1%</td>
<td>0.1%</td>
<td>$39.93</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>18374</strong></td>
<td><strong>$640,528</strong></td>
<td><strong>$389,641</strong></td>
<td><strong>$250,886</strong></td>
<td></td>
<td></td>
<td><strong>$21.21</strong></td>
</tr>
</tbody>
</table>

#### Service Mix First Three Months
- Ground: 59%
- Express Saver: 5%
- Two Day: 15.5%
- Standard Overnight: 6.5%
- First Overnight: 12.4%
- Priority Overnight: 0.9%

**Cost per pack:** $22.41

#### Service Mix Last Three Months
- Ground: 60.9%
- Express Saver: 5%
- Two Day: 16.5%
- Standard Overnight: 5.1%
- First Overnight: 2.6%
- Priority Overnight: 9.7%

**Cost per pack:** $19.28
Benchmarking and **actionable insights** into your freight spend, giving you **control**.

- **Program participation**
  - Freight history
  - Vendors Compliance

- **Service mix**
  - Top overnight shippers

- **Add on costs**
  - Accessorial fees
  - Top vendor fees
Industry Best Practice

Over 10 years of experience with 3,500+ customers and growing.

Technology & Infrastructure investment of $32MM. Enterprise-class reporting and dashboards.

Reach 13,000+ national, regional, and local vendors and growing.
The Team
to manage cost savings initiatives and drive program usage

- We do the work
- Continual monitoring
- Multi-level customer support
- Dedicated account support
- Community and Veteran Hiring & Outreach

*Over 500,000 labor hours per year are dedicated to smarter, better, more cost-effective freight management*
Operational Involvement & Joint Marketing Visits
Operational Involvement

1. Capture has hired an Army Veteran to work onsite at OptiFreight.
2. Responsible for Billing, Analytics, Customer Care and main POC for VA facilities.
3. Creates internal reports to improve program
4. The number of Veterans hired will increase as the program grows.
Joint Marketing Visits

VISN 01
- Lisa Newell
- David Evangelista
- George O’gorman
- Walter Irwin
- Vinne Scalamogna
- Martin Wiseman
- Thomas Abell
- Sterling Hawkins
- Sherron Boyd
- Kirk Maxfield
- Yvaughn Shuler
- Mike Olmstead
- Danny Bagley
- Carla Brees
- Kevin Donohoo
- Tedde Hamilton
- David Whitmer
- George Gipson

Memphis – Chris Poindexter
Memphis – Chris Lee
Lexington – Bruce Moffett
Detroit – James Semerad
Dayton – Mark Murdock
Dayton – Lessile Geiger
VISED 17 – Jack DuFon
Jackson – Joe Vaughn
Albuquerque – Helen Topalovich
Albuquerque – Charles Militti
VISED 22 – Yolanda Brown
Los Angeles – Gail Prude
Loma Linda – Joseph Catrucco
Northern Indiana – James Queener
Indianapolis – Robin McKee
Oklahoma City – Adam Arquello
Dallas – James Meeks
Dallas – James Walters
Future Partnership
Direction
• Capture LLC commits to a 35% savings on VA inbound freight charges that ship through the program.

• **VISN 5** awarded contract for freight management on July 6, 2015.
  
  • **BPA**: VA245-15-A-0061

• Completed proof of concept trials in **VISN 8, 12, and 22**

<table>
<thead>
<tr>
<th>VA Facility</th>
<th># of Shipments</th>
<th>Carrier List Price</th>
<th>Customer Charge</th>
<th>Customer Savings</th>
<th>Average Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>VISN 5 – Baltimore VA Medical Center</td>
<td>30</td>
<td>$1,814</td>
<td>$1,074</td>
<td>$740</td>
<td>&gt; 35%</td>
</tr>
<tr>
<td>VISN 5 – Martinsburg VA Medical Center</td>
<td>19</td>
<td>$428</td>
<td>$260</td>
<td>$168</td>
<td>&gt; 35%</td>
</tr>
<tr>
<td>VISN 5 – Washington DC VA Medical Center</td>
<td>76</td>
<td>$5,283</td>
<td>$3,042</td>
<td>$2,241</td>
<td>&gt; 35%</td>
</tr>
<tr>
<td>VISN 8 – James A Haley Veterans Hospital</td>
<td>65</td>
<td>$5,691</td>
<td>$2,834</td>
<td>$2,857</td>
<td>&gt; 35%</td>
</tr>
<tr>
<td>VISN 12 – Clement J Zablocki VA Medical Center</td>
<td>323</td>
<td>$14,841</td>
<td>$8,880</td>
<td>$5,961</td>
<td>&gt; 35%</td>
</tr>
<tr>
<td>VISN 22 – VA Greater Los Angeles Healthcare System</td>
<td>195</td>
<td>$14,502</td>
<td>$7,015</td>
<td>$7,487</td>
<td>&gt; 35%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>708</strong></td>
<td><strong>$42,559</strong></td>
<td><strong>$23,105</strong></td>
<td><strong>$19,454</strong></td>
<td><strong>&gt; 35%</strong></td>
</tr>
</tbody>
</table>
Proven Success and Growth

- Annual savings from 3,500 commercial accounts = $200MM
- VHA Invoice Analysis
- 5 Completed Proof of Concept Trials
- One VISN Contract
- Overall savings rate = >35%
Testimonials

“I would assume that the third party shipping with WAWF billing will soon be a way of doing business... It saves us money and is not man-power intensive on our end to manage.” – Government Supply Chain Management Branch

“Most of the more difficult tasks were handled by the OptiFreight® team, reducing my involvement to that of coordination. Assembling a good transition team and keeping everyone up-to-date and on-task were the keys to success.” – Larry Dupre, Dartmouth-Hitchcock

“I’m getting the same products, delivered at the same time. But with OptiFreight® Logistics, it just costs less.” – Purchasing Director, Hospital in South Dakota

“I didn’t think we could have such control over our shipping costs. OptiFreight® Logistics is one of the best ways I’ve ever seen to manage healthcare costs. Sign up for it— you’re going to see the difference.” – Tim Howat, Materials Manager Lafayette Surgical Specialty Hospital Lafayette, LA

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How much does the program cost?
The program is a no cost opportunity for the VA.

We don’t pay freight, so why do we need it?
Freight is paid on open market items and this program targets those open market purchases where freight is charged.

How does this impact prime vendor contracts?
OptiFreight is focused on open market products and has no association with or impact on prime vendor contracts.

Doesn’t this interfere with DDS3?
This is an inbound freight program that does not interfere with, but rather compliments DDS3.

Are there any changes to our process?
There are minimal changes required. The Capture OptiFreight team takes care of the implementation, deployment, and training.
THANK YOU!