



REDWOOD ADVISORS

*Helping organizations maximize
value and impact*

**Strategy
case study:**



Context and approach

Context

- BioScrip had recently undergone significant executive turnover and transition with a new CEO, CFO, COO, and multiple other SVP-level executives within the prior 18 months
- Within the 9 months prior to RWA's role in the company, BioScrip terminated the majority of its contract with United Healthcare, its largest customer
- BioScrip had recently secured ~\$300 million of debt financing amid a stock price that had fallen below \$2 per share
- Given the significant amount of change and volatility, the team identified a need for a comprehensive, quantitative growth strategy effort to set-up the company for success for the next 3 years and beyond

Approach

RWA was brought in to:

- Create a clear, quantitative, 3-year growth strategy, built on a set of distinct, value-creating initiatives and enablers to focus and accelerate BioScrip's ability to attain its core company objectives
- Identify potential opportunities to differentiate over the long-term
- Identify key risks to BioScrip's success and how to best mitigate them
- Focus the company on a few key strategic priorities

Effort focused initially on strategic planning, but ultimately covered all three phases of value creation planning and execution

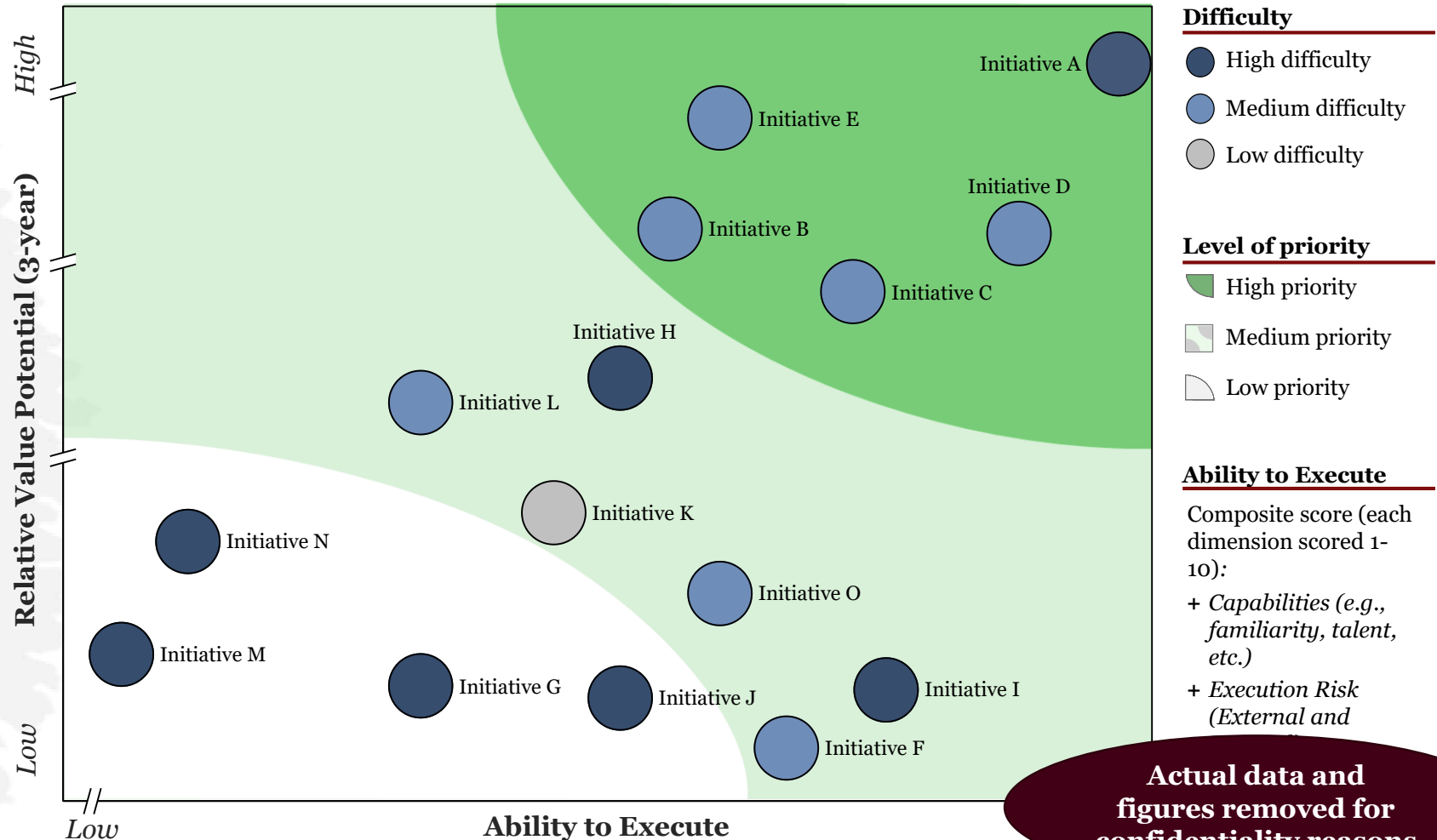
Focus of case study

Phase	Phase 1: Strategic Planning	Phase 2: Resourcing	Phase 3: Performance Mgmt.
Key goals	<ul style="list-style-type: none"> • Synthesize and articulate company strategy • Help articulate vision and goals to support strategy • Define universe of opportunities (both value initiatives and enablers) • Identify biggest value opportunities in enterprise value (EV) terms • Prioritize the top 3-5 value initiatives to pursue over the next 3-5 years • Identify key strategic risks 	<ul style="list-style-type: none"> • Identify specific resources needed to deliver on strategic plan from Phase 1: People, Processes, and Tools / Technology • Develop investment summary (“<i>how much do we need?</i>”) 	<ul style="list-style-type: none"> • Lay out KPIs and key milestones with targets (e.g., target dates) • Create performance mgmt. dashboards at the initiative- and portfolio-level • Set-up governance system (e.g., exec meetings, Board) to drive follow-through



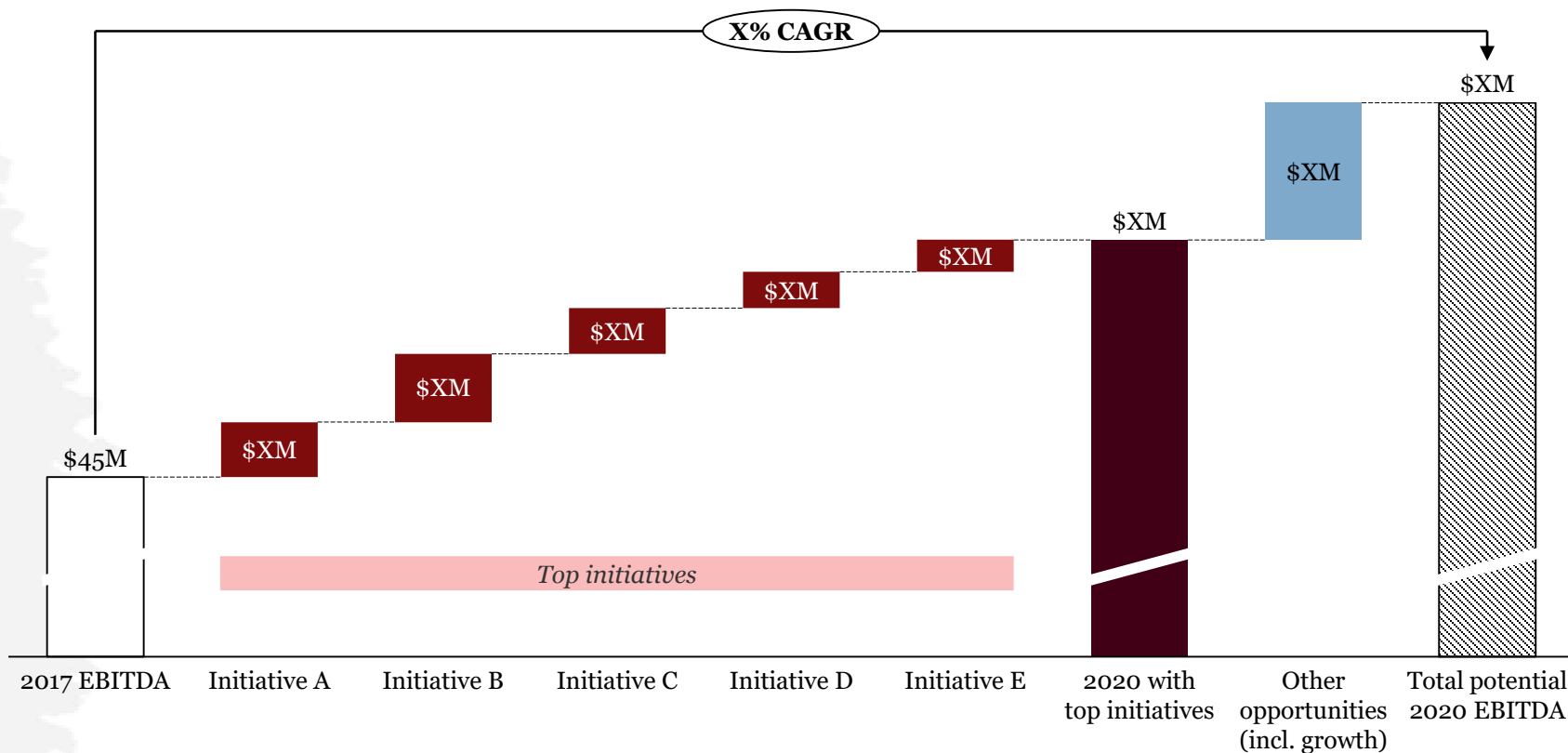
RWA helped identify and prioritize 15 value initiatives based on their size and an assessment of BioScrip's ability to execute

Initiative assessment by relative value potential (EV) and ability to execute



Capturing value from the top-priority initiatives helped lay-out a path to more than doubling EBITDA over 3 years

Est. growth by key initiative, 2017-2020 (\$Ms)



Actual data and figures removed for confidentiality reasons

Four major priorities emerged for BioScrip to focus on for the following three years as part of its “Vision 2020” plan

Key priority



Field Sales Effectiveness

High-level overview

Improve the effectiveness of BioScrip’s field force to increase revenue and patient volumes, improve mix of core therapies, and generate higher gross profit margins



Procurement

Win favorable contracting for drugs, supplies, and indirect spend (e.g., back-end office supplies), and deliver enhancements across the supply chain organization including formulary management to generate higher gross profit



Pricing Optimization

Expand and strengthen relationships with key hospitals and payors to win better pricing, improve margins, and re-direct patients to more cost-effective settings (e.g., home) with attractive outcomes



Revenue Cycle Management

Improve efficiency and quality across all RCM processes by outsourcing some staff, creating a more efficient model, and reducing bad debt expense to improve working capital and collections

These priorities shared publicly in BioScrip’s Q1 2018 earnings call

BioScrip made investments in resources across these priorities to set-up the business to deliver on its plan and objectives

Key priority

Example(s) of what changed



Field Sales Effectiveness

- Hired new Chief Commercial Officer
- Began to build out Sales Ops function



Procurement

- Significantly expanded and built-out procurement team
- Placed increased emphasis on formulary management



Pricing Optimization

- Engaged in new conversations with payors and partners to craft better win-win programs for all key stakeholders



Revenue Cycle Management

- Outsourced some staff to save substantial \$\$
- Launched “Voice of the Customer” effort to improve customer satisfaction and experience

BioScrip recently acquired by one of its largest competitors



At BioScrip's request, RWA created a customized performance mgmt. and governance system to drive progress going forward

Governance layer	Overview	Key objectives	Cadence	Lead
Initiative / Enabler Team Governance	Initiative- and enabler-level governance run by each owner and team	<ul style="list-style-type: none"> Drive progress against key milestones and KPIs Surface and address key roadblocks / challenges / opportunities 	<ul style="list-style-type: none"> Bi-weekly check-ins Quarterly strategy meeting 	<ul style="list-style-type: none"> Initiative/enabler leaders
Executive Team Governance	Portfolio-level governance by the executive team	<ul style="list-style-type: none"> Drive performance against key company and initiative goals (KPIs, milestones) Surface and address roadblocks / challenges / opportunities Prioritize and direct resources 	<ul style="list-style-type: none"> Monthly reviews Quarterly strategy meeting Annual strategy meeting 	<ul style="list-style-type: none"> Governance lead
Board Engagement	Board engagement on strategic plan and initiative / enabler performance	<ul style="list-style-type: none"> Provide updates on key enterprise goals (e.g., EBITDA) and initiative performance (e.g., savings) Get Board insight and advice Ensure Board alignment Get buy-in for resources Provide additional structure to Board meeting 	<ul style="list-style-type: none"> Quarterly Board update Annual Board update 	<ul style="list-style-type: none"> CEO

BioScrip has executed on this system each month since May, 2018



Testimonials



*“I don't think we've ever been in a better position as a company in the 10 years or 12 years or whatever period of time this thing's been public...I think it'll be important for investors to really understand just how granular this is, how specific this is, how much time we spent with the help of [the Redwood team] working on this that **we feel like we know what the hell we're doing.**”*

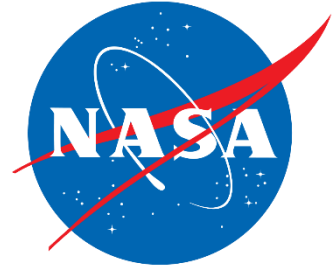
- Dan Greenleaf, CEO, BioScrip Infusion Services (NASDAQ: BIOS) in public earnings report and investor call



*“I had the pleasure of working with Redwood on my company's strategic plan. We trusted the Redwood team with one of the more important initiatives for the company, and it was truly transformative. Their knowledge and expertise in this space was amazing and they are truly a pleasure to work with. **Redwood's dedication to the project was as much as their personal investment in our success.... tremendous I could not ask for anything more.** They even followed up with us when they were done at no expense to the company. The Redwood Advisors team are true professionals.”*

- Kathryn Stalmack, SVP and Chief Legal Officer, BioScrip Infusion Services

Other clients we have worked with on Strategy projects



Where we can go from here



Reach out and connect

You can reach us at inquiries@rwadvisors.com or [visit our website](#) to schedule a meeting or phone call to discuss how we can help you.



Choose your preferred approach

We are a flexible, value-oriented firm, open to working with clients in a variety of ways:

- By project
- By deliverable
- By day



Work together

We look forward to working with you!



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