

On May 23, 2016, HealthcareSource® acquired Lean Human CapitalSM, bringing together the leader in talent management software for healthcare and the leader in healthcare talent management process and business intelligence. For more information, read the Frequently Asked Questions below.

Strategy and Business Integration

Q What does Lean Human Capital do?

A Lean Human Capital provides industry benchmarks, advisory services and education to talent management professionals seeking to build elite talent acquisition functions.

Q How does Lean Human Capital help organizations?

A Drawing on 25 years of experience in healthcare and other industries, the principals and consultants at Lean Human Capital help organizations radically transform their recruiting and staffing practices. Through a unique approach to analysis, process optimization, and continuous improvement methodologies, Lean Human Capital helps organizations rationalize their staffing supply chain, resulting in more proactive, efficient hiring strategies that dramatically reduce time-to-fill and vacancy rates, improve quality and customer satisfaction, and reduce cost and waste.

Q Why is Lean Human Capital being sold?

A Lean Human Capital's mission is to improve the way organizations select, hire, and retain their talent. In recent years, the healthcare market has become a key focus area given the increased demand for services and the growing talent shortages for many critical functions.

The best way for Lean Human Capital to achieve its mission is to partner with a clear industry leader who can provide access to a large client base and a deep pool of recruiting and hiring data to fuel further improvements to the Lean Human Capital benchmarks and best practices database. With access to a large group of developers and a leading talent management suite, Lean Human Capital can achieve its goal of building a robust business intelligence platform for its industry benchmarks and data. HealthcareSource is excited to invest in the continued growth and success of Lean Human Capital advisory services, educational offerings, and clients.

Q Why did HealthcareSource acquire Lean Human Capital?

A The healthcare market continues to grow more complex each year. Talent management professionals are challenged by expanding health networks, consolidation, new regulations and reimbursement policies, an unprecedented demand for services, and increased competition for talent — all while facing a growing talent shortage, particularly for critical roles. In short, it's a tough time to be a talent management professional in this space.

Based on the discussions we've had with clients, the best path forward isn't software technology **or** best practices; it's both. Clients need a comprehensive talent management solution that includes healthcare-specific software

automation as well as healthcare-specific best practices, benchmarks, and advisory services. With this acquisition, HealthcareSource can give clients insight into the best practices of other leading providers and access to the expertise and benchmarks of industry experts who have over 20 years of experience advising some of the most successful organizations in the world. Clients will also have the option to further grow their skillsets and expertise through the highly-regarded Recruiter Academy.

While this acquisition is immediately beneficial to existing HealthcareSource clients through more integrated advisory services, it also gives HealthcareSource executives and strategists access to the industry's best benchmark data and process models. Over time, Lean Human Capital approaches will inform future product directions, strategic investments, and the introduction of new services.

Q How will Lean Human Capital clients benefit from the acquisition?

- A** • HealthcareSource is the dominant player in the healthcare talent management space, and now the combined company has over 3,000 clients, including 50% of all U.S. hospitals.
- For Lean Human Capital clients, this represents a massive increase in the available data for benchmarking and best practices modeling, which will enable them to build a more robust business intelligence platform featuring more granular benchmarks, more targeted recommendations, and additional best practices over time.
- Clients who are interested in automating the benchmark comparisons and recommended best practices from Lean Human Capital will begin to see these models and approaches embedded directly in the HealthcareSource Quality Talent SuiteSM.
- HealthcareSource is a larger organization with exceptionally strong financials, providing more long-term stability and investment in a rapidly shifting market. For Lean Human Capital clients, this will mean more resources, more infrastructure, and greater levels of investment to further fuel the work of the Lean team.

Q How will HealthcareSource clients benefit from the acquisition?

- A** • In acquiring Lean Human Capital, HealthcareSource acquired the best healthcare talent management advisory services firm in the industry.
- HealthcareSource clients will have more seamless access to the Lean Human Capital services and The Recruiting AcademySM via streamlined sales and support processes.
- In future releases, clients will see general improvements to core functionality and strategic product investments, reflecting the industry best practices and expertise of the Lean team.
- Clients will also see, in future releases, the “productization” of Lean practices and benchmarks as an enabler of more data-driven decision making.

Q Will Lean Human Capital continue to offer advisory services and education to clients outside of the core healthcare market?

- A** Yes, Lean Human Capital will continue to offer services and education to clients outside the core healthcare market. Through an understanding of the challenges, issues, and solutions in adjacent and overlapping markets, Lean Human Capital can bring additional insight and experience to bear when advising healthcare talent management professionals.

Q Will Lean Human Capital continue to offer advisory services and education to clients who do not use or do not intend to use HealthcareSource product solutions?

- A** Yes, Lean Human Capital will continue to offer services and education to clients who are not currently using nor intend to use HealthcareSource products. One of the critical success factors in this transaction is to preserve

Lean Human Capital's neutrality and vendor agnostic expertise and recommendations. Lean Human Capital and David Szary have spent two decades building a reputation as independent industry experts who are passionate about helping clients rethink their talent management, talent acquisition, and recruiting practices. It's this expertise and passion that HealthcareSource is acquiring, and it's this expertise, passion, and set of unique perspectives that we hope to leverage in improving our own solutions and services offerings. This is why we have chosen to maintain the Lean Human Capital brand and to keep the group intact as a business unit within the larger HealthcareSource organization.

Q How will Lean Human Capital be integrated into HealthcareSource?

A HealthcareSource will run Lean Human Capital as a business unit, which will be called "Lean Human Capital by HealthcareSource."

David Szary, the founder and principal thought leader behind Lean Human Capital, will report directly to J.P. Fingado, CEO of HealthcareSource. The Lean Human Capital consulting teams will remain intact as a group and will continue to report to David Szary as HealthcareSource's new advisory services group.

Product Integration

Q Are there plans to discontinue any Lean Human Capital services?

A No, the goal is to increase the number of Lean Human Capital services over time. In the near-term, there will be no changes to existing services offerings, pricing, or approach.

Q What are the key strategic integration points between HealthcareSource and Lean Human Capital?

A There are four main integration points:

1. Lean Human Capital Advisory Services and The Recruiter Academy

Lean Human Capital Advisory Services will benefit from additional survey reach and access to a significantly larger pool of data to drive more granular benchmarks and best practices. The Recruiter Academy will benefit from access to greater numbers of clients and recruiters, which should lead to additional growth in The Recruiter Academy community.

2. HealthcareSource Implementation Services and Support

HealthcareSource implementation services will immediately benefit from the direct access to industry experts, benchmarks, and process models to better support client rollouts and on-going support needs.

3. Product

Over time, the combined organization will invest in tools and technologies to embed benchmarks and best practices into the Quality Talent Suite, enabling organizations to better align their workflows and processes against known industry best practices and benchmarks. For those clients who have contracted for advisory services, this technology augmentation will drive faster, more data-rich conversations resulting in new insights and new opportunities for process change.

For those clients who are using both the Quality Talent Suite and the Advisory Services, the biggest impact will be the overall alignment around shared best practices and a common process model — if clients agree with the best practices and workflows covered during their Recruiter Academy training or an Advisory Services engagement, they won't need to "figure out" how to implement these in their talent suite, they will already be there and integrated into the core functions of the solution.

4. Strategy

As a combined company, HealthcareSource and Lean Human Capital have access to a unique dataset of healthcare-specific talent data. On an annual basis, HealthcareSource processes over 10 million job applications, more than 380,000 performance reviews, and 41 million course completions. Over 25 years, Lean Human Capital has educated over 10,000 healthcare talent management professionals and collected benchmarks against more than 800 healthcare organizations. This robust dataset, coupled with the expertise of the extended team, will enable HealthcareSource to more effectively understand the needs of the overall market as well as particular buyers and users, resulting in more targeted and effective product and services solutions.

Q Apart from HealthcareSource product integrations, what are the other Lean Human Capital priorities?

A Lean Human Capital will continue to focus on the annual benchmark, supported now with the additional reach of HealthcareSource. Lean Human Capital will also continue to invest in its core business including continued growth and education of The Recruiter Academy community, development of industry best practices informed by client experiences, and on-going reinvestment in core advisory services tools and models.

Q Will the acquisition of Lean Human Capital affect the release schedule for HealthcareSource products?

A No, there are no expected impacts.

Company Operations

Q Who will lead the new Lean Human Capital business unit for HealthcareSource?

A David Szary will report directly to J.P. Fingado, CEO of HealthcareSource, and will continue to drive thought leadership and overall research and best practice definition. A new Advisory Services group will be created within the existing HealthcareSource services team. This group will be led by David Szary.

Q What will happen to the Lean Human Capital corporate brand?

A Upon the close of the acquisition, Lean Human Capital will be referred to as “Lean Human Capital by HealthcareSource.”

Q Will any Lean Human Capital leaders be added to the HealthcareSource executive team?

A David Szary will be joining the executive team at HealthcareSource, reporting directly to J.P. Fingado, CEO of HealthcareSource. Other senior leaders at Lean Human Capital, including David Sachs and Brian Brazda will have leadership roles in other parts of the organization.

Q Was there a reduction in force as a result of the Lean Human Capital acquisition?

A No, nor is one expected.

Q How many employees does HealthcareSource have worldwide now that the acquisition has closed?

A HealthcareSource reported 235 employees as of the close of this transaction.

Q Will Lean Human Capital's offices in Plymouth, Michigan, remain in operation?

A Yes, Lean Human Capital's offices will remain in Plymouth, Michigan.

Customer and Partner Support

Q Will existing Lean Human Capital customer agreements continue to be honored?

A HealthcareSource intends to honor the terms and conditions of existing Lean Human Capital contracts for all current clients. At this time, there is no change in Lean Human Capital's support policy or agreed-upon service levels to clients as a result of this transaction. Services and support will continue to be governed by the terms of the Lean Human Capital service agreements until the current contractual term has expired.

Q How will clients know if there is a change to their sales account team?

A We are committed to a smooth transition for clients. Clients will be notified if there are any changes to their account teams. Currently, we don't anticipate significant changes.

Q Whom should Lean Human Capital clients call for product support?

A Clients should continue using their existing channels.

Q How do we reach people at Lean Human Capital?

A Contact information for Lean Human Capital staff will not change in the foreseeable future. You can continue to reach LHC at info@leanhumancapital.com, 734-414-9822, or you can reach your contacts directly at the email addresses and phone numbers you currently use.

For more information on Lean Human Capital services for the U.S. healthcare industry, contact HealthcareSource at solutions@healthcaresource.com or visit the website www.healthcaresource.com



About HealthcareSource

With more than 3,000 healthcare clients, HealthcareSource is the leading provider of talent management solutions for the healthcare industry. The **HealthcareSource Quality Talent Suite**™ helps healthcare organizations build a **Patient-Centered Workforce**™ by selecting, aligning, continuously developing, and retaining highly-engaged people. The company's cloud-based platform of software, content, services and analytics includes applicant tracking, reference checking, behavioral and skills-based competency assessments, compensation analysis, performance and learning management, eLearning courseware, education and advisory services. A private company focused exclusively on the healthcare industry, HealthcareSource consistently earns high marks for client satisfaction and retention. HealthcareSource has been regularly ranked as a leader by KLAS Research for Talent Management, in addition to recognition in Healthcare Informatics 100, Modern Healthcare's "Healthcare's Hottest," Inc. 500|5000, Deloitte Technology Fast 500, and Becker's "150 Great Places to Work in Healthcare" list.



About Lean Human Capital

LHC delivers a radical approach to Analysis, Process Optimization, and Continuous Improvement for your recruitment organization. By rationalizing your staffing supply chain, we help you create a proactive, efficient hiring strategy that will dramatically reduce time to fill and cost of vacancy, improves quality and customer satisfaction, and reduces cost and waste. To achieve optimum results, our renowned Recruiter Academy Education & Development Solution provides your staff with "Best-in-Class" methodologies, tools and techniques required to deliver a lean, just-in-time recruitment solution and create a culture passionate about life long learning.