

2009 HME/DME Market Research Report

Background

The following findings are based on the results of a survey conducted in July 2009 which focused on software activity during January-June 2009. The survey was conducted by the independent market research firm, Anservitz & Associates, Inc. founded in 1991. Some findings, used here to track trending, are from prior market research conducted 2006 through 2008. All trending data utilize responses from the identical survey questions.

The 2009 survey queried a representative sample of 1,000 providers of HME/DME. To guarantee respondents' anonymity, a mail survey was used. The total number of completed returned surveys was 382. This market research achieved a response rate of 39% with a .95 statistical level of confidence. This response rate exceeds the highest response rates traditionally reached in market research studies. This response rate, then, ensures both internal validity and the reliable extrapolation of the findings to HME/DME business management software-related users.

Summary of Findings

- HME/DME providers seem to be narrowing the *breadth* of their product lines to focus more on offering their most *profitable* products. This is a continuation of a trend first identified in the 2008 research.
- In 2009, 19% of providers are planning to change business management software.
- In 2009, more providers moved to Brightree than all other products combined. This continues the trend towards Brightree that was prevalent in the 2006-2008 surveys.
- In looking at brand considerations, the dominant leading brand is Brightree. Nearly six (6) times as many providers indicated that they will consider Brightree over the next most frequently-named brand.
- Today, Brightree software is used by twice as many providers as nearest competitive product.
- Brightree rates highest in user satisfaction.

Detailed Results

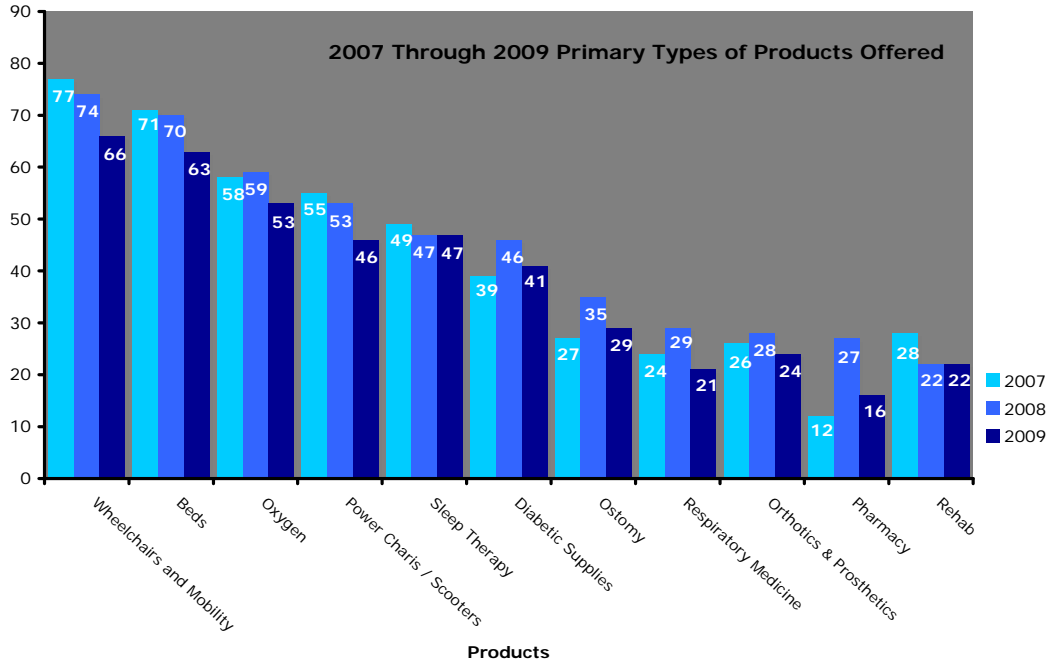
Question 1: Is your company a member of VGM (www.vgm.com)?

	2007	2008	2009
VGM members	41%	38%	43%
Not VGM members	55%	56%	57%
Did not answer question	4%	6%	0%
Total	100%	100%	100%

VGM membership has not changed by more than 5% from 2007 through 2009.

2009 HME/DME Market Research Report

Question 2: What are the primary types of product(s) or service(s) your company delivers? The following chart shows the percentage of providers offering these products across the same timeframe 2007 through 2009.



It is notable that:

- From 2008 to 2009, nine of 11 product categories (82%) declined. This may indicate that providers are retrenching and focusing on their most profitable product lines.
- From 2008 to 2009, the percentages for two (2) product categories, “rehab” and “sleep therapy,” are unchanged.
- From 2008 to 2009, the product category showing the greatest change is “pharmacy” which decreased from 27% to 16%.

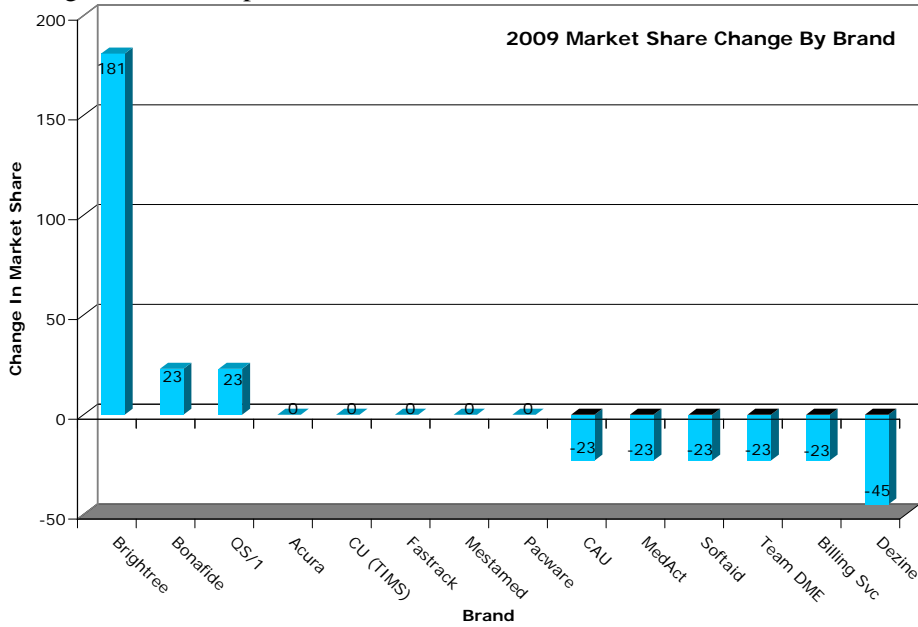
Question 3: From January 1 through June 30, 2009, did you change the HME/DME business management software your company uses?

	2007	2008	2009
Did <i>not</i> change HME/DME business management software	82%	89%	93%
<i>Changed</i> HME/DME business management software	18%	11%	7%
Total	100%	100%	100%

2009 HME/DME Market Research Report

(Question 3 continued)

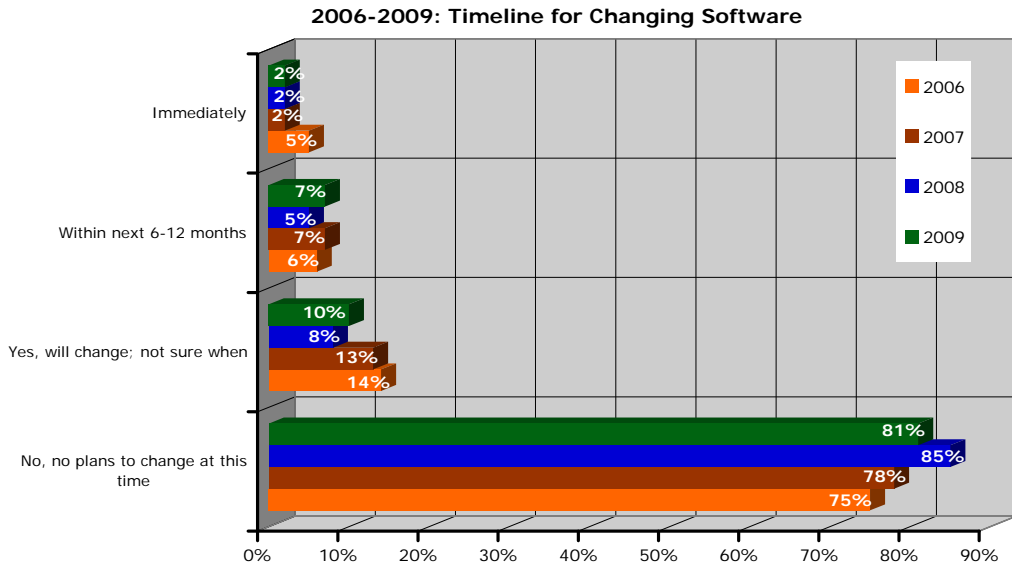
Based on the results of the “moved-from” and moved-to” software solution question, the following table shows net gains or losses per brand for the first half of 2009.



It is notable that:

- In 2009, more providers moved to Brightree than all other products combined.
- Besides Brightree, only 2 other software providers showed net gains.
- The majority of software providers are flat or losing market share.

Question 4: Are you considering implementing a new brand of HME/DME business management software? If so, when? This question was intended to probe further regarding the *timeframe of the move* of those planning to change software:

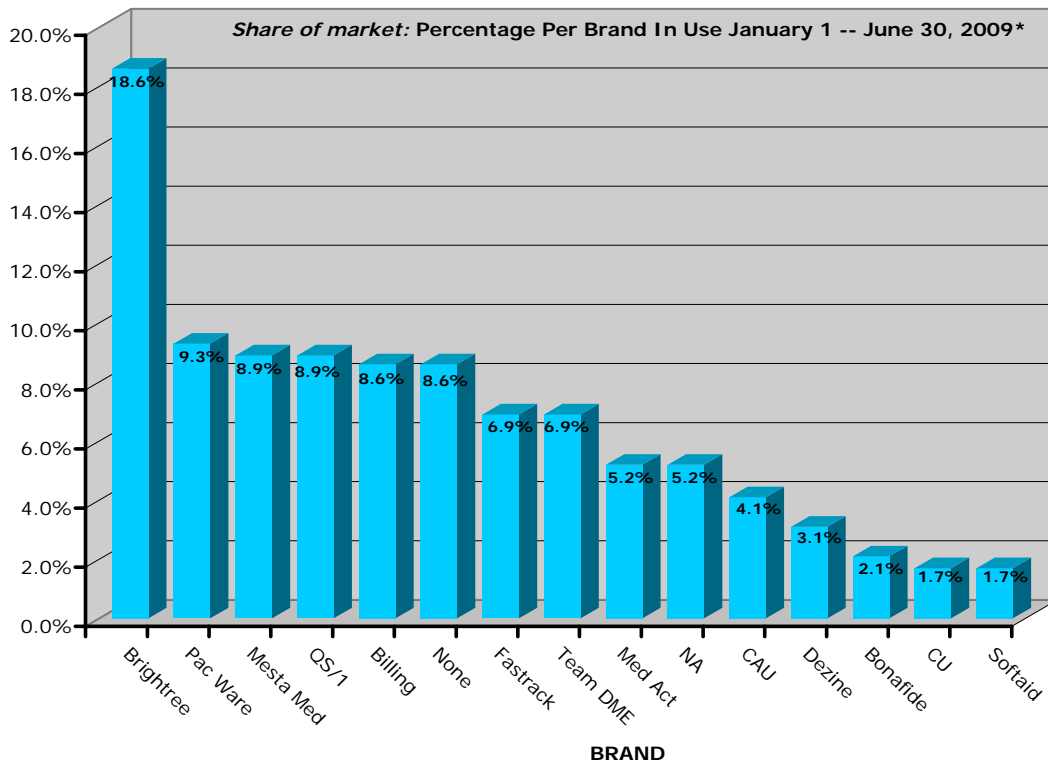


As of 2009, 19% of the total market is planning to change HME-DME software.

2009 HME/DME Market Research Report

Question 5: Check the box indicating the business management software you use now.

This question was intended to identify the brand or types of software systems currently in use. The following chart displays the market share for the leading business management software solutions.



* Totals to 99.8% due to rounding

It is notable that:

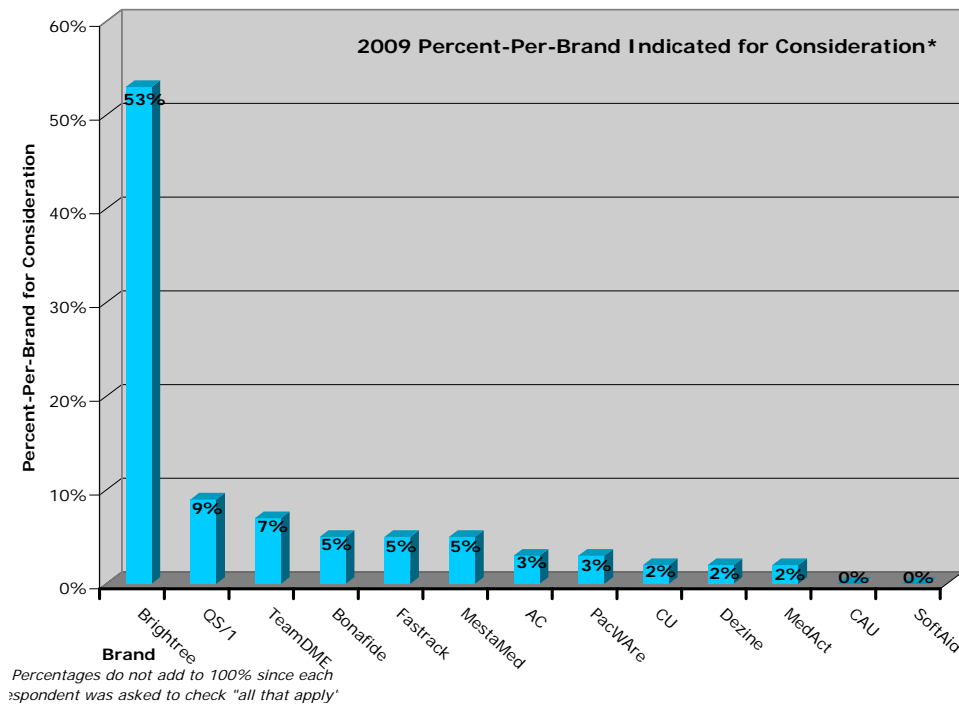
- Achieving first place in usage, Brighttree is used twice as often as its nearest competitor.
- PacWare, MestaMed, QS/1 and generic billing services rank closely with one another to form a second tier cluster in market share.

2009 HME/DME Market Research Report

Question 6: Using the following scale, please rate how satisfied you are with your *current* business management software? (Excellent, Good, Average, Fair, Poor) This question aimed to determine how satisfied users are with their present business management software. Based on this question, the top 12 rated software products are ranked on the following chart. Brightree rates highest in satisfaction.

Customer Satisfaction Ranking
1. Brightree
2. CAU
3. Team DME
4. QS/1
5. CU (tie)
5. MedAct (tie)
5. Softaid (tie)
8. MestaMed
9. PacWare
10. Fastrack
11. Bonafide
12. Dezine

Question 7: Which system(s) will you consider?" This question was asked of every respondent who had indicated that they were preparing to change brands: The following chart identifies the 2009 percent-per-brand that respondents indicated they would consider.



It's notable that:

- In looking at brand considerations, the dominant leading brand is Brightree.
- Nearly six (6) times as many providers indicated that they will consider Brightree over the next most-frequently-named brand.
- Nearly eight (8) times as many will consider Brightree over the third most-frequently-cited brand.