EXACTECH USES COGNITIVE COMPUTING TO SCREEN GLOBAL SUPPLY CHAIN

DDIQ Brings Improved Due Diligence Reporting to Heavily Regulated Healthcare Environment

<table>
<thead>
<tr>
<th>CLIENT</th>
<th>Exactech, Inc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>INDUSTRY</td>
<td>Healthcare</td>
</tr>
<tr>
<td>BUSINESS NEED ADDRESSED</td>
<td>Secured best practices around the risk assessment and compliance of healthcare consultants, suppliers, distributors, third-party vendors and personnel that represent Exactech across the globe</td>
</tr>
<tr>
<td>SOLUTION</td>
<td>DDIQ, the most comprehensive due diligence tool available for compliance</td>
</tr>
<tr>
<td>BUSINESS IMPACT</td>
<td>Mitigate anti-bribery, abuse in global programs in which Exactech operates</td>
</tr>
</tbody>
</table>

CHALLENGE: EXATECH IS SUBJECT TO VARIOUS LAWS, INCLUDING THE FCPA AND UK BRIBERY ACT; GLOBAL PUBLIC COMPANY SEeks TO CONDUCT RISK ASSESSMENTS OF VARIOUS COMPANIES AND PERSONNEL IT WORKS WITH TO ENSURE COMPLIANCE

Exactech develops and markets orthopedic implant devices, related surgical instruments and biologic materials and services to hospitals, physicians, surgeons and clinics across the globe. Among its core products are hip and knee replacement systems and shoulder and spinal implants. While the company manufactures many of its products in its Gainesville, Florida headquarters, it operates nine other global offices and reaches 35 markets via a large network of independent distributors in Europe, Latin America, Asia and the Pacific.

Due to the nature of its business, which operates in a highly regulated environment, Exactech is subject to extensive federal and state laws that prohibit anti-bribery, anti-corruption, and abuse. These laws include The Foreign Corrupt Practices Act of 1977 (“FCPA”) in the U.S. and the UK Bribery Act in the United Kingdom among many others. As such, medical device manufacturers and suppliers are

"OUR INDUSTRY IS HIGHLY REGULATED IN TERMS OF HOW YOU INTERACT WITH HEALTHCARE PROFESSIONALS - WE'VE IMPLEMENTED POLICIES AND PROCEDURES TO ADHERE TO THESE GUIDELINES IN SPECIFIC REGIONS. ONE OF THE BIG PLACES WHERE DDIQ COMES IN IS MAKING SURE WE KNOW THE RELATIONSHIP THAT WE HAVE WITH OUR DISTRIBUTORS, SUB DISTRIBUTORS, COMPANIES AND PERSONNEL WE ARE WORKING WITH ON A GLOBAL BASIS."

JESSICA VERMILLION, GLOBAL COMPLIANCE PROGRAM MANAGER, EXACTECH
subject to regular inquiries, investigations and audits by the federal and state agencies that oversee these laws. A violation of these laws could result in large fines, lawsuits, reputational damage, and even jail time. Exactech is also subject to many of the local regulations in the foreign countries in which it operates.

In addition to supplying medical products, Exactech has a need to train surgeons on the safe and effective use of its products all over the world. The company uses other healthcare professionals to administer this training to healthcare professionals and surgeons that will be using Exactech’s products. According to Jessica Vermillion, Exactech’s Global Compliance Program Manager, “It’s important for Exactech to make sure the people we are engaging within these relationships have no found issues in their medical career. As part of our step to screen them and as part of our compliance training they need to understand the various laws that affect us as we onboard them as a distributor. We have approximately 125 healthcare consultants worldwide that we work with. On the distributor side we screen approximately 85 and hundreds of sub-distributors—some of these are larger than our own company. Researching all of this background information would be extremely time-consuming and costly for us to conduct manually.”

SOLUTION: RED FLAGS ON INDIVIDUALS AND ENTITIES SCREENED WITH DDIQ

Exactech turned to DDIQ, a due diligence tool with a search engine that uses cognitive computing to scour thousands of international structured and unstructured data sources in search of possible red flags on a specific subject. This helps the Exactech gain faster insight into risks associated with companies, individuals and other affiliates, all presented in a profile designed to help its compliance team rapidly review.

"Trying to search a name, and find news items specific to that individual, particularly in Asian or Roman characters, isn’t something you can find just using a Google search," says Vermillion. "DDIQ has returned stuff that we consider to be on the deep web that we wouldn’t have been aware of otherwise. Due diligence is such a massive, ambiguous thing and it can be hard for companies to know what to look for."

"THESE DUE DILIGENCE SCREENINGS ARE VERY IMPORTANT TO US AND COULD CAUSE A LOT OF RISK AND EXPOSURE TO THE COMPANY IF WE DON'T HAVE ACCURATE INFORMATION. WE'VE BEEN VERY SATISFIED WITH THE LEVEL OF INFORMATION WE HAVE GOTTEN BACK FROM DDIQ - IT'S A 100 PERCENT IMPROVEMENT FROM WHERE WE WERE. BASED ON DDIQ'S REPORTS WE FEEL CONFIDENT IN OUR DUE DILIGENCE PROCESS."

JESSICA VERMILLION, GLOBAL COMPLIANCE PROGRAM MANAGER, EXACTECH

Vermillion added, “With our previous vendor, we were finding information that the other company didn’t find or at least wasn’t showing up in the reports. The biggest struggle I faced was the frustration in that the amount of time I was spending in getting the technology to work for us to secure better, more robust information.”
IMPACT: HIGH LEVEL OF CONFIDENCE IN WHAT DDIQ IS RETURNING TO HELP COMPLIANCE FURTHER INVESTIGATE POSSIBLE ISSUES

Exactech has a high level of confidence in what DDIQ is returning. If anything looks like a flag compliance officers will go to the individual or entity directly to further investigate if any actions were taken from a legal perspective. According to Vermillion, “DDIQ was immediately the right fit for us.”

“These screenings are very important to us and could cause a lot of risk and exposure to the company if we don’t have accurate information. We’ve been very satisfied with the level of information we have gotten back from DDIQ—it’s a 100 percent improvement from where we were. Based on DDIQ’s reports we feel confident in our due diligence process,” says Vermillion.

"TRYING TO SEARCH A NAME, AND FIND A NEWS ITEMS SPECIFIC TO THAT INDIVIDUAL, PARTICULARLY IN ASIAN OR ROMAN CHARACTERS, ISN'T SOMETHING YOU CAN FIND JUST USING A GOOGLE SEARCH"

JESSICA VERMILLION, GLOBAL COMPLIANCE PROGRAM MANAGER, EXACTECH

ABOUT DDIQ

DDIQ is an automated risk analytics product that learns about its search subject by going to thousands of sources to identify, evaluate and rate risk. DDIQ’s ability to understand and process natural language while leveraging the power of machine learning, allows it to employ the same cognitive processes to discount content as a due diligence researcher. The result is a system that can enable research in the fraction of the time that many processes require today, while providing an auditable track record of the research.

ABOUT OUTSIDEIQ

OutsideIQ is the leader in investigative cognitive computing. OutsideIQ brings together some of the world’s foremost experts on search with the best data scientists, big data professionals and software engineers to solve the complex problems of search for due diligence. Leveraging a proprietary approach to research that combine automated data discovery with the data interpretation abilities that emulate a human researcher, OutsideIQ is changing the way companies vet their customers and handle their complex compliance requirements. OutsideIQ is based out of Toronto (Canada) with offices in New York (US) and London (UK).