



**Plexxus**

*Transforming Healthcare Support Services*

# **OHA : Leading Innovations in Supply Chain Integration**

June 18, 2007

# Overview

---



- ⇒ Created as a not-for-profit corporation
  
- ⇒ Business model developed and agreed upon by members
  - ◆ shared service
  - ◆ phased implementation
  
- ⇒ Funded through Members and Ministry of Finance OntarioBuys program
  
- ⇒ Became operational on April 1, 2006

# Phased Implementation

---



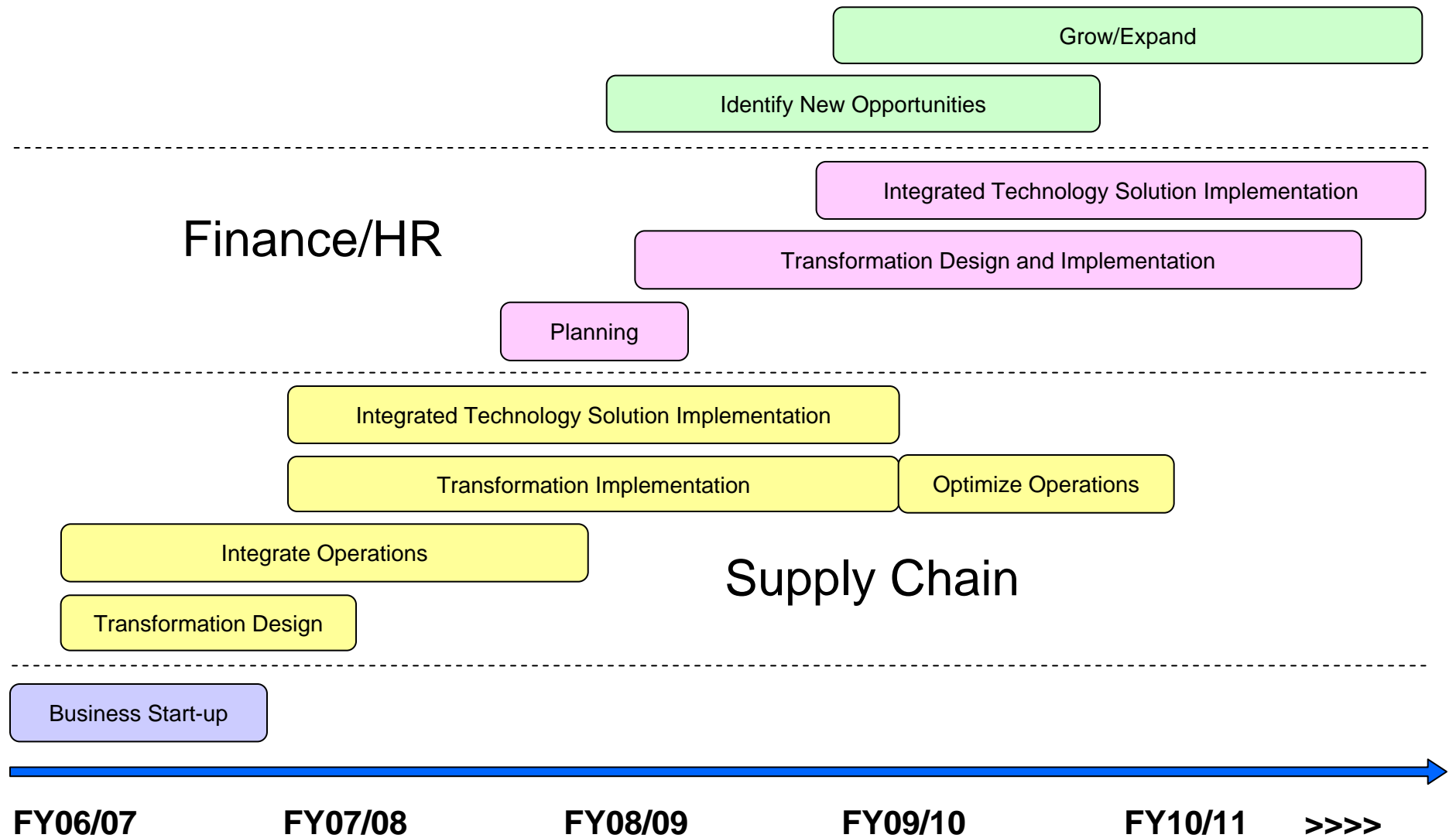
## ⇒ Phase 1 (April 2006)

- ◆ Supply chain services (strategic sourcing, contract management, logistics)
- ◆ Long term commitment from Members
  - 10 year agreement
  - initial purchase price improvement savings (PPIS) retained for future transformation
- ◆ Plexxus manages in-scope member staff at all hospitals
- ◆ Selection and roll-out of integrated technology solution for supply chain (purchasing, A/P, logistics)
- ◆ Planning for Phase 2

## ⇒ Phase 2 (April 2008)

- ◆ Provide Finance and Accounting Services, Payroll and HR Services
- ◆ Implementation of full integrated technology solution

# Plexxus Evolution



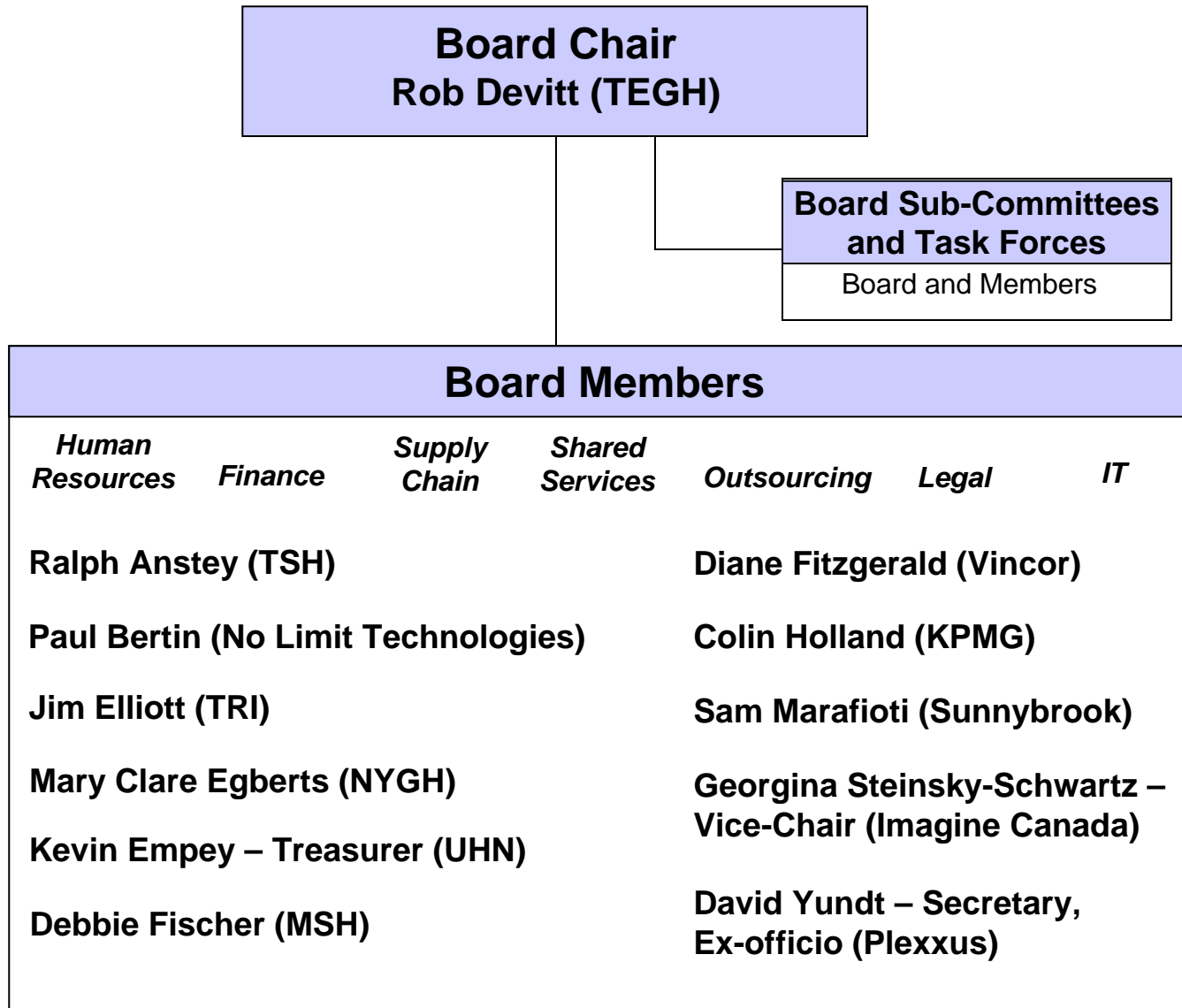
# Members

---



Bloorview Kids Rehab  
Lakeridge Health Corporation  
Mount Sinai Hospital  
North York General Hospital  
Rouge Valley Health System  
The Scarborough Hospital  
St. Joseph's Health Centre  
Sunnybrook Health Sciences Centre  
Toronto Rehabilitation Institute  
Toronto East General Hospital  
University Health Network  
Women's College Hospital

# Governance Model



# Mission

---



Plexxus relentlessly seeks out opportunities to provide leading edge business support solutions to Ontario's healthcare sector that increase funds available for investment in direct patient care.

# Values

---



- ⇒ We will be accountable
- ⇒ We will focus on results and deliver value
- ⇒ We will rigorously evaluate our performance
- ⇒ We will be transparent
- ⇒ We will inspire our people
- ⇒ We will find innovative solutions for our customers
- ⇒ We will act with integrity and respect
- ⇒ We will be flexible and responsive

# Priorities

---



- ⇒ Achieve economies of scale through the standardization and integration of processes and through group purchasing
- ⇒ Invest in leading Information Technology infrastructure
- ⇒ Reduce the operating costs for all participants
- ⇒ Implement leading practices and achieve continuous improvement through standardization and performance measurement
- ⇒ Deliver timely and relevant information to allow for better decision-making

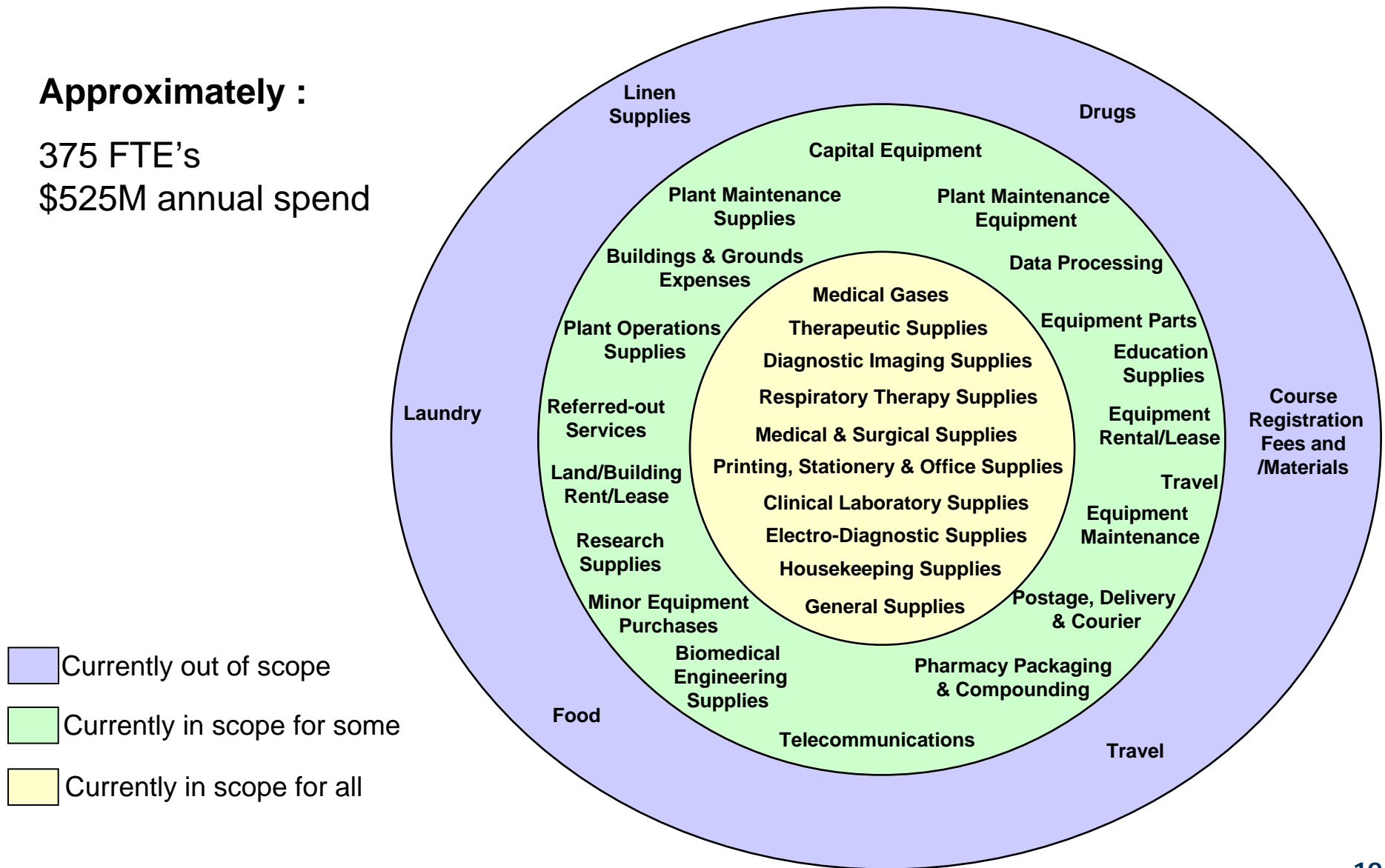
# Scope of Supply Chain



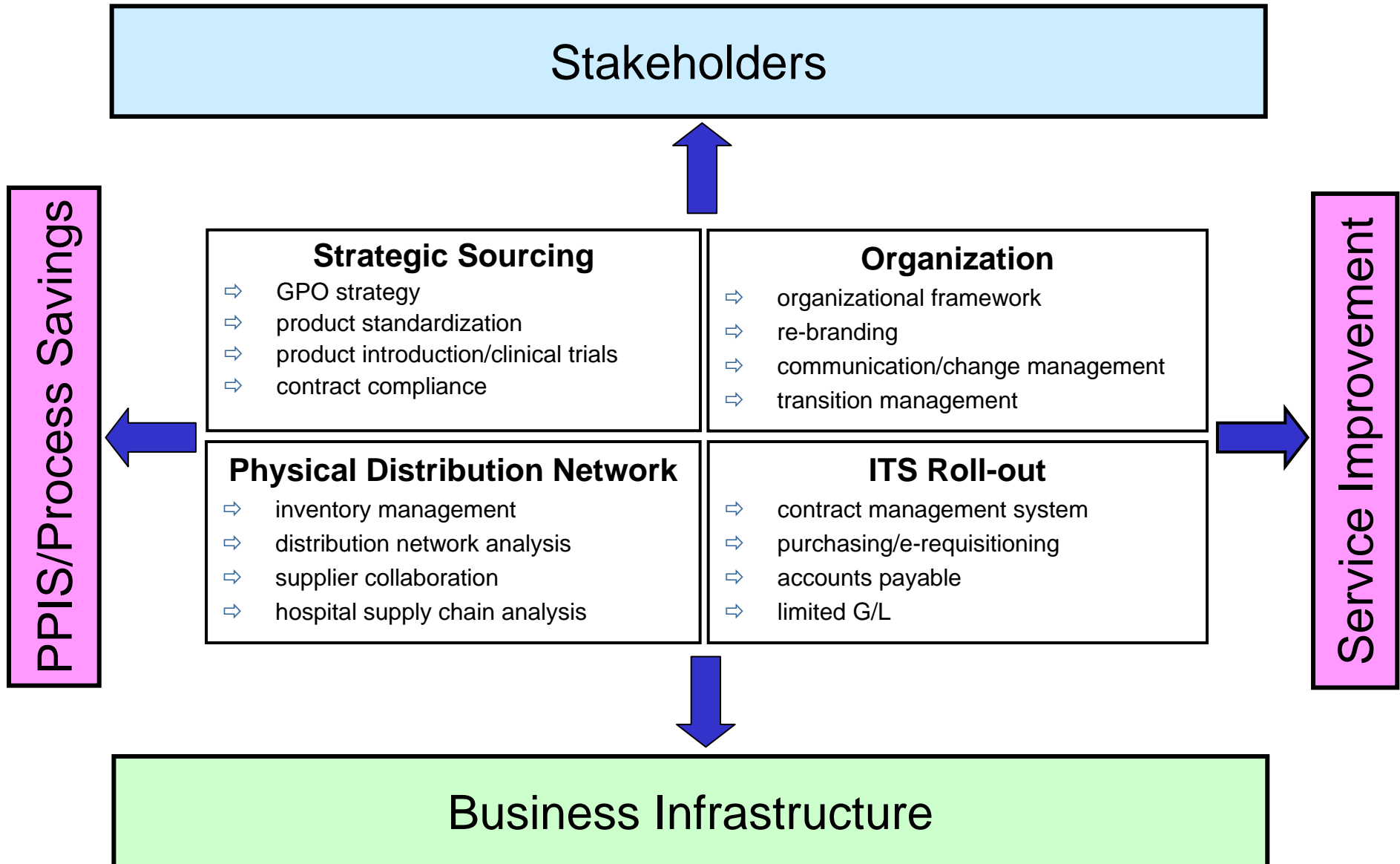
**Approximately :**

375 FTE's

\$525M annual spend



# Supply Chain Transformation



# Strategic Sourcing

---



- ⇒ Created a team from across the member hospitals to identify opportunities for consolidated purchasing
  
- ⇒ Evaluated the current GPO models to assess the relative strengths and weaknesses of their business models compared to, or in combination with, a Plexxus operated model
  - ◆ benefits to Plexxus in utilizing a GPO to support its strategic sourcing strategy
    - selected HealthPRO
  - ◆ need to develop a high degree of strategy sourcing expertise in order to manage the majority of its in-scope managed spend
  
- ⇒ Long term goal of standardization
  - ◆ importance of involving clinicians in any standardization activities and in developing our overall standardization strategy

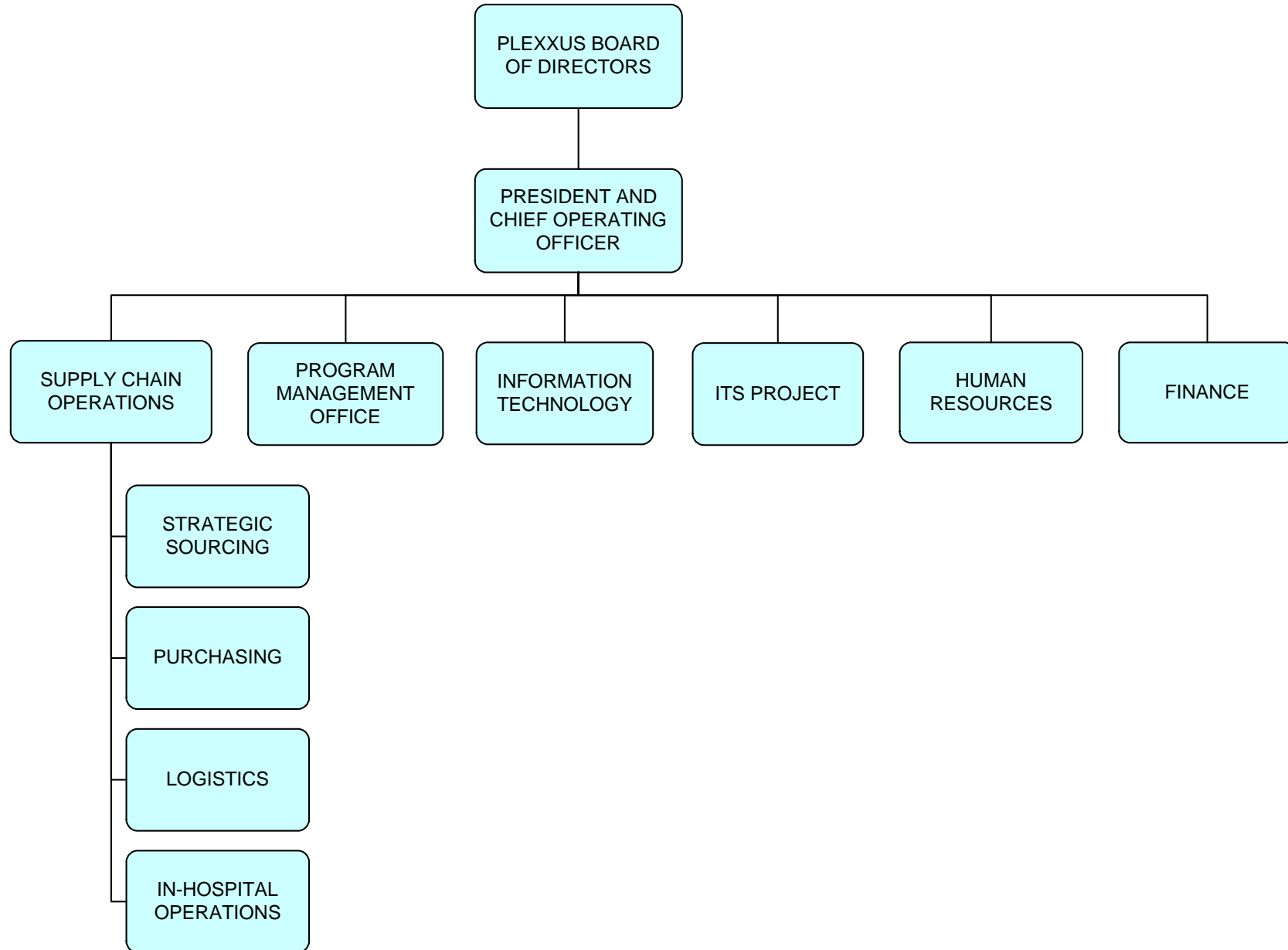
# Physical Distribution Network

---

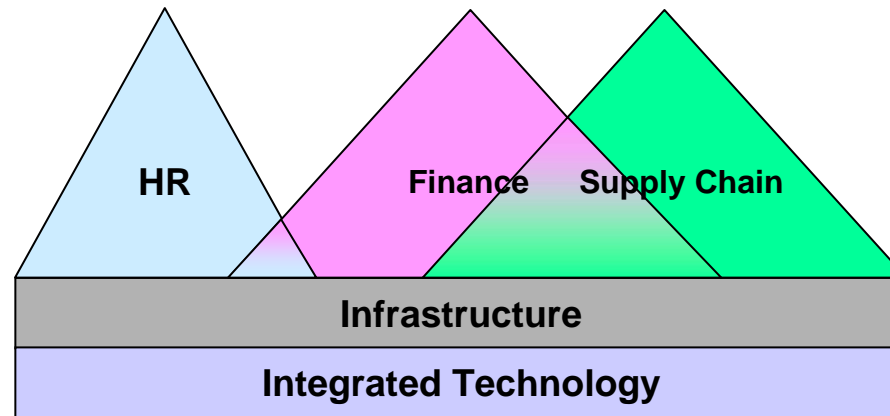


- ⇒ Evaluated various alternatives
  - ◆ greatest value in a central distribution model
  
- ⇒ Expanding current facility
  - ◆ expect to be operational in 2008
  
- ⇒ Facility will serve as central warehouse for all Member hospital sites
  - ◆ distribution model will be site dependent
  
- ⇒ Work with suppliers to identify opportunities to leverage facility
  - ◆ improve supply chain efficiency and service

# Organization Structure



# Overview of Integrated System Functionality



## Architecture

- ⇒ web-based self-service portal
- ⇒ interface to legacy systems

### Human Resources

- ⇒ employee administration
- ⇒ organization management
- ⇒ performance management
- ⇒ compensation management
- ⇒ benefits management
- ⇒ time and attendance
- ⇒ payroll

### General Ledger Accounting

- ⇒ journal entry processing
- ⇒ bank and account reconciliation
- ⇒ web based management and financial reporting
- ⇒ Ministry of Health submissions

### Accounts Receivable

- ⇒ billing
- ⇒ receipts
- ⇒ reconciliation
- ⇒ delinquent accounts management
- ⇒ general A/R management

### Purchasing

- ⇒ process requisitions
- ⇒ purchase order management
- ⇒ RFI/RFQ/RFP
- ⇒ contract management
- ⇒ catalogue management
- ⇒ supplier management
- ⇒ product returns/recalls
- ⇒ planning and forecasting
- ⇒ contract compliance management

### Accounts Payable

- ⇒ invoice processing
- ⇒ payment processing
- ⇒ A/P reporting

### Logistics

- ⇒ inventory management
- ⇒ warehouse management
- ⇒ shipment management
- ⇒ receiving
- ⇒ product returns/recalls
- ⇒ cart management
- ⇒ planning and forecasting

# Integrated Technology Solution

---



- ⇒ Implemented Ariba contract management system across all member hospitals
- ⇒ RFP underway to select full Integrated Technology Solution