



Supplier Meeting

May 24, 2006

Agenda



- ⇒ Introduction
- ⇒ Overview
- ⇒ Organizational Model
- ⇒ Key Business Priorities for FY06/07
- ⇒ OntarioBuys Perspective – Dan Wright
- ⇒ Questions
- ⇒ Networking

Overview



- ⇒ Created as a not-for-profit corporation

- ⇒ Business model developed and agreed upon by members
 - ◆ shared service
 - ◆ phased implementation
 - Phase 1 – Supply Chain
 - Phase 2 – Finance, A/P and HR/Payroll

- ⇒ Funded through Members and Ministry of Finance OntarioBuys program

- ⇒ Became operational on April 1, 2006
 - ◆ agreements signed by hospitals March 31, 2006
 - ◆ completed acquisition of Hospital Logistics Inc. (HLI) and Shared Healthcare Supply Services (SHSS)

Overview



⇒ Key Objective – Provide Value to Our Members

- ◆ Provide transferred services at service levels equal to or better than existing levels
- ◆ Provide services at reduced costs on a cost-recovery basis

⇒ Key Operating Principles

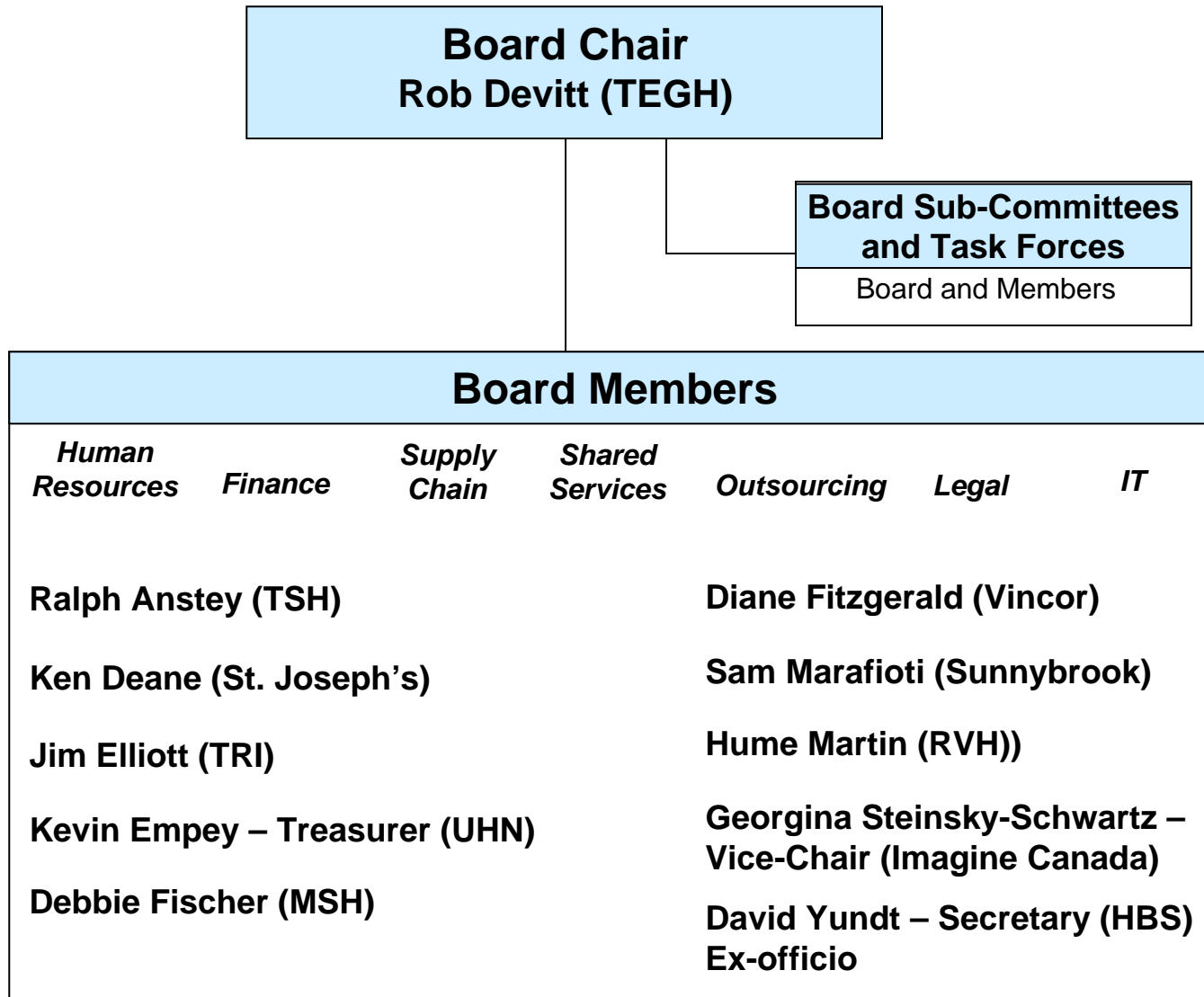
- ◆ provide outstanding service
- ◆ evaluate performance and ensure accountability
- ◆ collaborate with key stakeholders to achieve results
- ◆ deliver value
- ◆ manage risk
- ◆ inspire our people

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

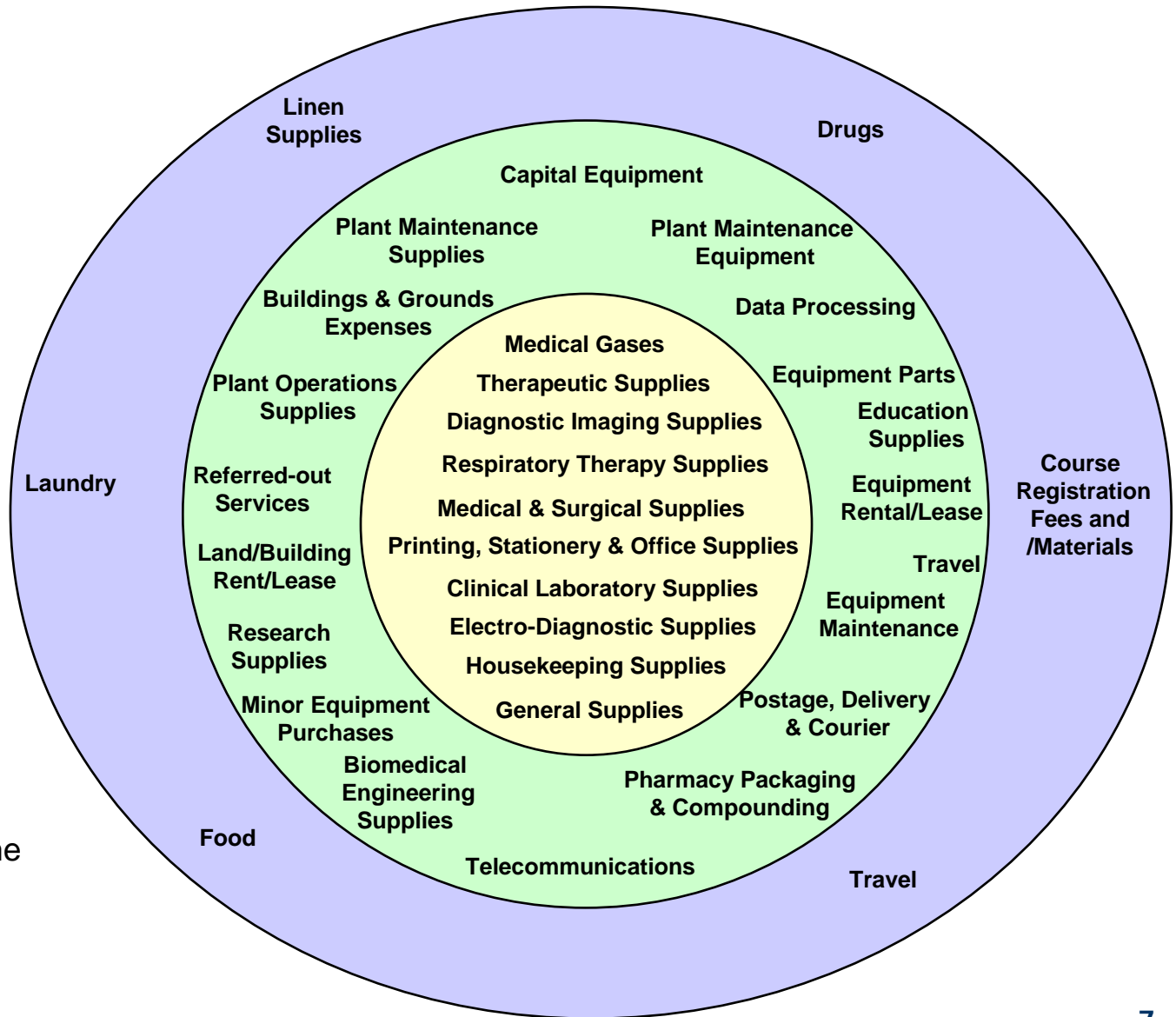
Board of Directors



Scope of Supply Chain

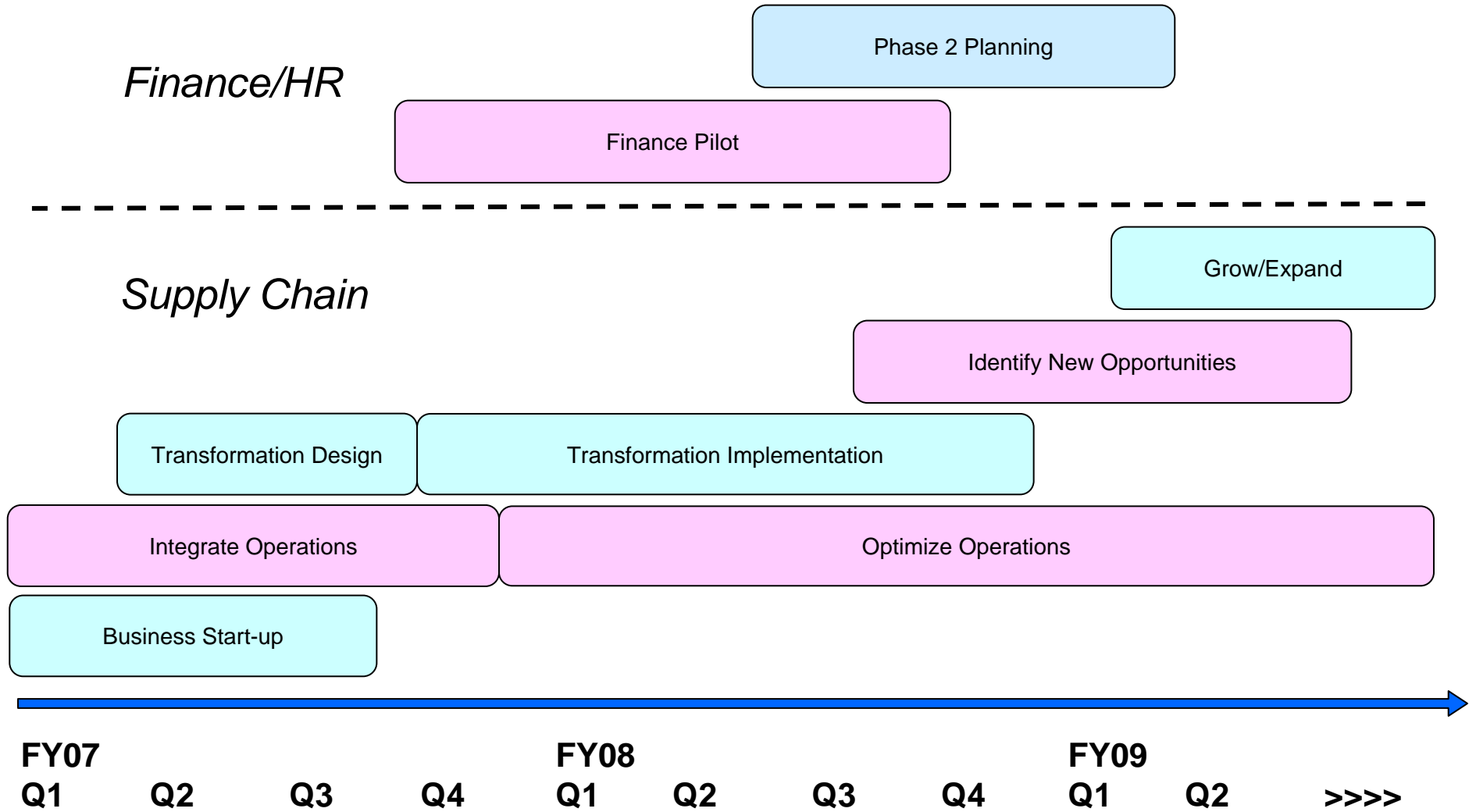


Approximately :
 275 FTE's
 \$500M annual spend

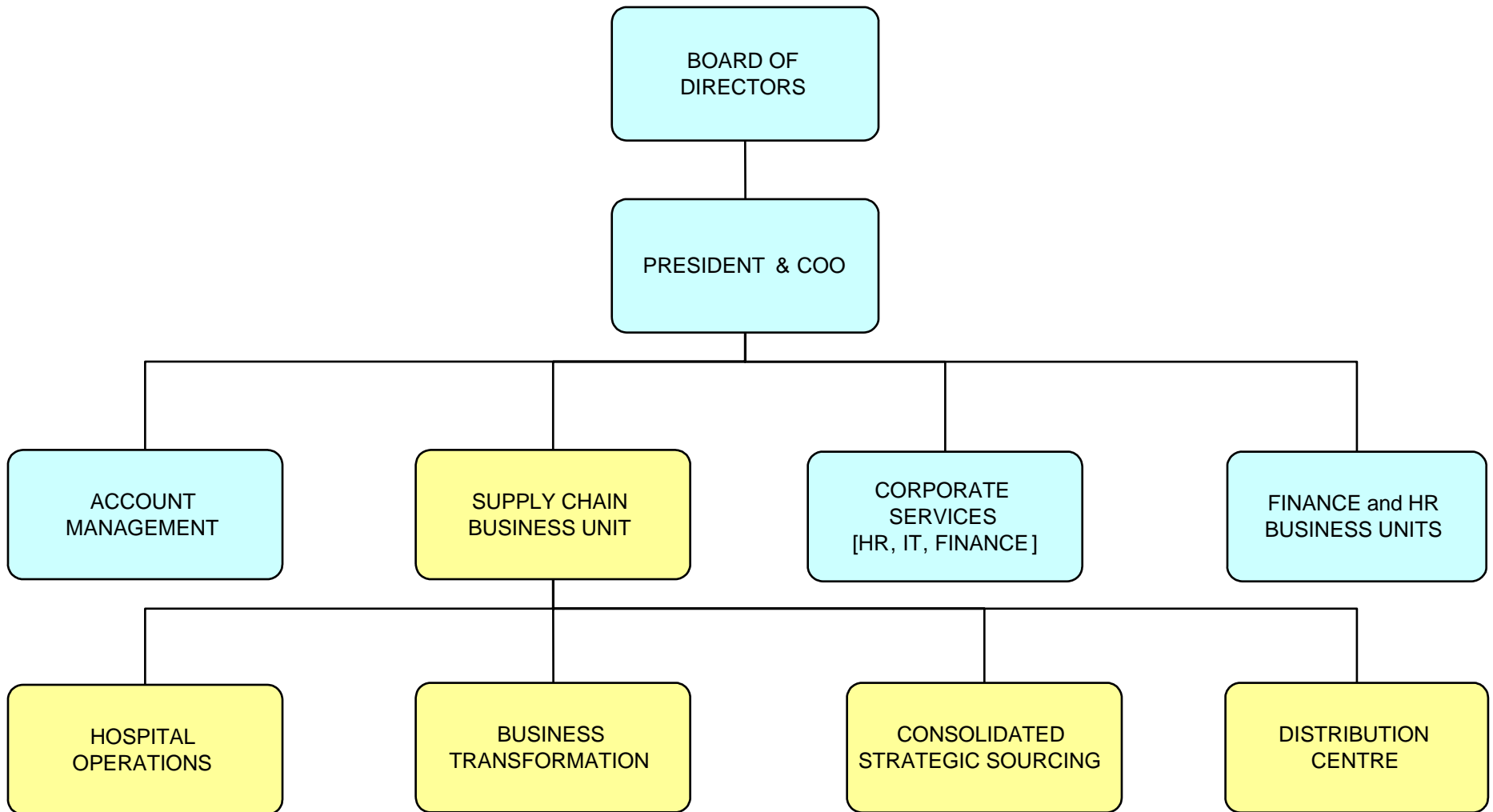


- Currently out of scope
- Currently in scope for some
- Currently in scope for all

HBS Evolution – Phase 1



Organizational Model



Business Priorities for FY06/07



- ⇒ Start-up
- ⇒ Meet Expected Service Levels
- ⇒ Achieve Financial Objectives
- ⇒ Establish and Strengthen Organization

Business Priorities for FY06/07



⇒ Hospital Operations

- ◆ focus on service delivery to customers
- ◆ implement continuous service and process improvement initiatives
- ◆ support business transformation and consolidated strategic sourcing initiatives through integrated teams
- ◆ Role of suppliers :
 - support operational and clinical needs of customers
 - work through hospital site management for day to day operations
 - support process and service improvement initiatives as required

⇒ Business Transformation

- ◆ develop future supply chain model
- ◆ develop future information technology infrastructure
- ◆ implement Ariba contract management system
- ◆ implement Finance pilot
- ◆ Role of suppliers :
 - collaborate with HBS in design of future supply chain model
 - support implementation of key transformation initiatives

Business Priorities for FY06/07



⇒ Consolidated Strategic Sourcing

- ◆ develop future strategic sourcing strategy, policies and processes
 - complete formal evaluation of GPO models (quantitative, qualitative)
- ◆ identify and negotiate contracts across all Members
- ◆ develop standardization strategy, including new product introduction
- ◆ track and manage savings (initially retained by HBS to fund transformation)
- ◆ Role of suppliers :
 - collaborate with HBS in design of future strategic sourcing strategy
 - support HBS business model, including retention of Purchase Price Improvement Savings (PPIS)
 - identify and support opportunities for PPIS
 - support standardization strategy while respecting clinical and research needs of customers

⇒ Distribution Centre

- ◆ HLI will continue to operate as separate entity to allow inventory ownership model
- ◆ provide distribution services to hospital sites
- ◆ provide distribution channel for manufacturers to sites
- ◆ Role of suppliers :
 - work through HLI for day to day operations (where applicable)
 - utilize distribution centre infrastructure where appropriate

Summary



⇒ Bring value to Members

⇒ Transformation

⇒ Collaboration