

Holland Bloorview
Kids Rehabilitation Hospital



MOUNT SINAI HOSPITAL
Joseph and Wolf Lebovic Health Complex
Bright Minds. Big Hearts. The Best Medicine.



University Health Network
Toronto General Hospital Toronto Western Hospital Princess Margaret Hospital



Plexxus

Transforming Healthcare Support Services

2010 - 2011 FISCAL YEAR ANNUAL REPORT

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Message from the Board Chair – Debbie Fischer



Plexxus has evolved from its early days as a mere concept to a successful example of hospital collaboration and integration. The need to be more efficient, demonstrate savings and share in technological investments has never been more crucial. It is through the collective leadership of our members and our commitment to common goals and actions that we can contribute to a more effective and sustainable health care system. Plexxus continues to take advantage of economies of scale, share leading practices, and will utilize a tier 1 information technology solution as levers to attain its strategic objectives.

A major focus for the Board over the past year has been on oversight related to the Integrated Technology Solution (ITS) implementation. We have taken deliberate steps to engage external experts to advise us on key aspects of the project in order to ensure that we have the most effective governance and cost alignment with projects of similar scale and scope. These inputs, as well as the tireless contributions from the member hospitals and staff bode well for the first hospital go-live in the fall of 2011.

Plexxus has also made strides in the past year in the area of performance indicators and transparency. Process improvements, customer satisfaction and supply chain efficiency indicators are now regularly reported through our balanced scorecard. Noticeable performance improvements have been made over the past year and these are indicative of the relentless focus the Board and Plexxus have placed on providing value to the hospitals.

I would like to thank Ralph Anstey, Jim Elliott and Bonnie Adamson who left the Board this year and to welcome three new members, Marilyn Emery (Women's College Hospital), John McKinley (Lakeridge Health) and Janet Dalicandro (independent).

I would also like to thank the Board of Directors, our committee members, and the Plexxus and hospital staff who work together to support our common objectives for Plexxus.

A handwritten signature in cursive script that reads "Debbie Fischer".

Debbie Fischer
Chair, Plexxus Board of Directors

Corporate Overview

Plexxus is a not-for-profit organization created by its Members to provide leading edge business support solutions. Our mandate is to provide supply chain management, information technology, transactional finance and human resources, and payroll services. Our focus is on maximizing non-clinical efficiencies and generating savings for reinvestment in patient care.

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

Plexxus currently provides a broad range of Supply Chain services including strategic sourcing, sourcing and contract management, purchasing, in hospital logistics and distribution.

Message from the President & CEO – David Yundt

As I reflect on our past year what best describes it for me is “What a difference a year makes”. FY11 has seen significant progress for Plexxus in a number of areas, and the efforts from our staff, along with strong support from our Member hospitals, is paying off.

There were a number of highlights:

- ◆ We continue to generate significant purchase price improvement savings (PPIS) and we will return \$8.8 million to our Member hospitals this year. Since Plexxus began operating in 2006 we have generated over \$50 million in PPIS. The story in our annual report from one of our Members, St. Joseph’s Health Centre, reinforces the impact these savings can have.
- ◆ Our service levels have improved in a number of areas, and we will continue to focus on improving service levels and achieving the targets set in our Balanced Scorecard. We successfully completed the Sourcing Improvement Project which focused on a number of concerns previously raised by our customers.
- ◆ The ITS project, a critical enabler in achieving our long term strategic objectives, is now well underway with the project team and resources from Plexxus, the hospitals and CGI fully ramped up.
- ◆ We continue to support the hospitals in meeting the challenges resulting from the BPS Procurement Directive that was introduced in the past year.
- ◆ We achieved our operating budget targets for the year and we continue to be very focused on effectively managing our costs.



Finally, we have continued to strengthen the Plexxus team, and I want to again acknowledge the effort and commitment of all of our employees in making FY11 a very successful year for us.



David Yundt
President & CEO, Plexxus

Mission, Vision, Values

Our 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.

Our Vision

Plexxus will be the leading shared service organization that makes a difference to healthcare in Ontario by delivering value to its Members and Customers.

Our Values

- ◆ Be accountable
- ◆ Focus on results and deliver value
- ◆ Inspire our people
- ◆ Rigorously evaluate our performance
- ◆ Be transparent
- ◆ Act with integrity and respect
- ◆ Find innovative solutions for our customers
- ◆ Be flexible and responsive

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Fiscal 2011 Highlights

PPIS Success Story – St. Joseph’s Health Centre

For St. Joseph’s Health Centre (SJHC), being one of the founding members of Plexxus has shown that teamwork pays off. By increasing buying power with eleven other GTA hospitals and standardizing back office functions, significant purchasing savings have been realized. Plexxus supplied the Health Centre with a cheque for over \$500,000, which was went towards improving staff workspaces, patient areas and supporting corporate initiatives.

Denise Rishworth, Director, Special Projects worked with various working groups and committees to identify the best place to spend these savings: focusing on sprucing up staff workspace and buying equipment that would help maximize the outcome for patients and their families.

For example, in the area of patient safety additional fall intervention products such as chair pads, sensors, alarms and foot stools with handles were purchased. To help with outbreak management and infection control, equipment including IV poles, thermometers and blood pressure cuffs that remain within outbreak rooms were bought. In other cases, the Health Centre spent the savings on rolling stock such as wheelchairs and IV poles that is shared among multiple patient rooms.

One of SJHC’s key objectives is Releasing Time to Care. This helps ensure clinicians have the right work flow to support them in maximizing the time they spend caring for patients rather than spending time searching for the right equipment. To help with this standardized supply room carts were purchased.

“Putting the right equipment in the right place minimizes time looking and searching for equipment. It is part of a well-organized ward and supports Releasing Time to Care for our clinicians to spend more time directly with patients,” said Rishworth.

Other areas where the savings were applied include upgrading our conference rooms with LCD screens, computers and furniture as well as improving the waiting rooms for patients and their families by providing new more accessible furniture.

“The funds gave us the opportunity to apply additional resources to support our corporate initiatives of patient safety, and infection control and to give clinicians the tools of the trade they need,” concluded Rishworth.

Working Behind the Scenes: Women and Babies Program

In the fall of 2010, the Women & Babies Program relocated from Women’s College Hospital (WCH) to the main campus of Sunnybrook Health Sciences Centre (SHSC). The program was relocated to Sunnybrook’s main Campus in order to create new collaborative opportunities for scientists and to enable better access to research infrastructure and resources for their research groups.

A cross functional Plexxus planning team was struck in February 2010 to support our key stakeholders in this move. Significant effort took place behind the scenes, ensuring our preparedness for a weekend move. There were many tasks involved such as :

- ◆ New Supply Carts had to be purchased configured and built
- ◆ Unique stock items to the Women & Babies Program were identified and set up for SHSC
- ◆ New stock items, identified by Clinicians, had to be added to the Plexxus Distribution Centre

Our on-site logistics resources at SHSC played a key role in ensuring that all goods were delivered to the right destination when needed, while our on-site logistics resources at WCH had to ensure that everything worked smoothly on the move weekend.

The relocation was a major undertaking for all stakeholders, our on-site logistics teams and the Plexxus Distribution Centre team. The result was a smooth and seamless transition which was completed on the weekend of September 10, 2010.

Did You Know...

In FY11 Plexxus

- ◆ Received over 150,000 Hospital purchase requisitions
- ◆ Issued over 180,000 Hospital purchase orders
- ◆ Received and delivered over 500,000 line items of products in our hospitals
- ◆ Shipped 1.2 million lines and \$80 million from its central distribution centre
- ◆ Maintained over 1,700 supply carts across our hospitals

Fiscal 2011 Highlights

Customer Survey Program

A key priority in FY11 was the need to create a channel for direct feedback from customers on the service provided by Plexxus. Within the Customer Survey program there are three customer groups canvassed for feedback:

Customer Survey

Targeted at in Hospital Management (at both the Program and Administrative level), this survey relates to the working relationship between hospital staff and Plexxus staff. It also assesses Plexxus procedures and services within Purchasing, Sourcing and Logistics. Plexxus staff are evaluated on their knowledge, effectiveness and professionalism within their roles. Plexxus procedures are based on their ease of use. These surveys take place once every 18 months.

Sourcing Transactional Survey

Our customers are invited to provide feedback about a completed transaction with Plexxus. The focus of this survey is to gauge the outcome, timeliness, service satisfaction, and process of day-to-day sourcing activity. These surveys take place at the completion of each sourcing transaction. This real time feedback allows us to recognize employees for a "job well done" or provide feedback for improvement as required.

Strategic Sourcing Initiative Feedback Survey

Our customers are essential and active participants in our strategic sourcing initiatives. In leading multiple hospitals through collaborative procurement, we must ensure this is also a positive customer experience. At the completion of a Strategic Sourcing Initiative, participants are asked to consider their interactions with Plexxus staff, communication throughout the project and their general understanding of Plexxus and our services. This feedback is invaluable to continuously improving our strategic sourcing processes.

Through the Customer Survey Program we are able to highlight positive feedback from our customers as well as highlight any areas of concern that need to be addressed. We are able to provide quantitative feedback, reporting both on our successes as well as on our areas for improvement.

Sourcing Improvement Project: Positive Results

In FY11 Plexxus launched the Sourcing Improvement Project as a key customer service initiative. This was in response to feedback received from our customers, who had expressed concern primarily around processes, communications and cycle time in the area of product and service sourcing.

The objectives of the project were to:

- ◆ Create a more customer focused organization
- ◆ Improve stakeholder communication
- ◆ Reduce cycle time on all sourcing initiatives
- ◆ Ensure timely renewal of contracts
- ◆ Address any significant in scope spend that was not currently under contract

The project focused on improved execution within five streams of work across the organization.

- ◆ Strategic Sourcing Initiatives
- ◆ Demand Driven Sourcing
- ◆ Contract Management
- ◆ Significant in-scope spend not under contract
- ◆ Building a customer-focused organization

A variety of success measures were put in place, and results surpassed our targets in almost every outcome. The project was completed in April 2011 and we are now focused on ensuring the improvements become part of sustainable business processes in the future.

Did You Know...

In FY11 Plexxus

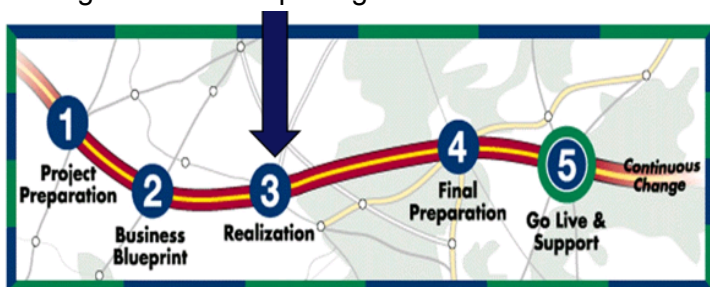
- ◆ Managed over 4,000 contracts for our hospital customers
- ◆ Tracked savings on 173,000 SKU's and 1,020 contracts in its PPIS database
- ◆ Has over 130 employees and 250 in-hospital managed employees
- ◆ Managed over \$500 million worth of total spend for its customers

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Integrated Technology Solution (ITS) Moving into the Realization Phase

The ITS project involves implementing an integrated SAP solution that will be used by Plexxus and its 12 hospital members. The scope of the initial deployment will include Supply Chain (Strategic Sourcing, Procurement, Logistics), Finance (General Accounting, Accounts Payable, Capital Projects and Assets Accounts, Funds and Grants Management), Master Data Management and Reporting.



Following the signing of a contract with CGI, our system integrator, in July 2010 and set up of a project office, the project was fully launched in August 2010. The first phase of the project, the Blueprint (Design) phase, was completed on time and on budget in January 2011. During this phase, Plexxus and the hospitals worked together to develop a cross functional perspective on the design of the solution.

We completed two quality assurance reviews of the project, one focused on the solution design itself and the other on risk, budget and strategic benefits. Based on the outcomes, the Board approved the final scope, and the corresponding budget and timeline for the project.

The Realization (Build) phase started on time in January, 2011. Work on detailed business processes as well as SAP system configuration in the January to March timeframe enabled a demonstration of the system to over 100 of our stakeholders in April. Also within FY11, data standards were established, and ongoing data and overall operational governance models were developed.

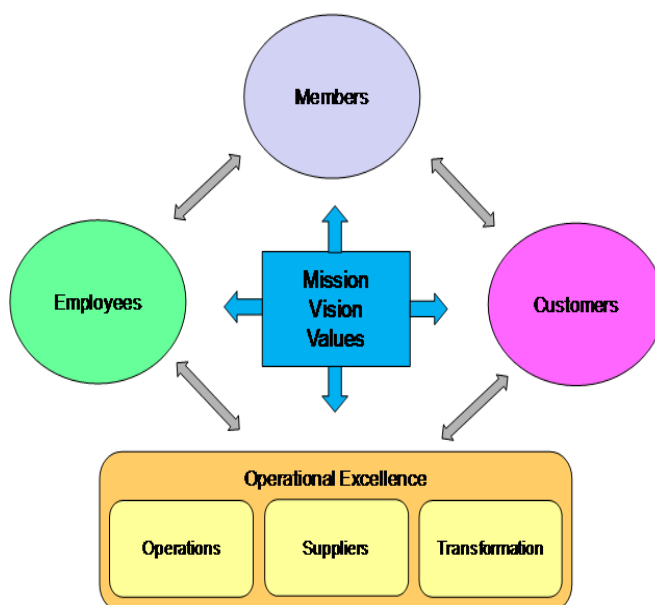
Throughout the year, the ITS governance model has been working effectively, ITS guiding principles have been adhered to, and stakeholder engagement has been strong across the hospitals. Our strong progress in FY11 has put us in a good position for delivery of the ITS solution in FY12.

Balanced Scorecard – Measuring our Performance

Plexxus introduced a balanced scorecard framework in FY09 as a strategic planning and management system to align business activities to its vision and strategy, and to monitor organizational performance against strategic goals. This scorecard includes 4 key dimensions – Member, Customer, Employee and Operational Excellence.

In FY11 several new metrics were added to the Customer dimension as we increased our focus on customer service. These included Sourcing Cycle Time (% of sourcing events completed within planned timeframe), Requisition Cycle Time (% of requisitions converted to POs within cycle time objective), Expired Contracts (by % and \$ value), Matched Invoice Lines (% of invoices within no mismatched lines between invoice and either PO or receipt) and Customer Surveys (on both transactional sourcing events and strategic sourcing initiatives).

We have also developed a number of new metrics related to the Employee and Operational Excellence dimensions, which will be introduced in FY12 as we continue to enhance how we measure our success.



Looking Ahead to Fiscal 2012

Our Priorities

As we move into FY12 we will be focused on a number of key priorities:

- ◆ Achieve the targets established in our Balanced Scorecard, and continue to enhance our performance and success measures
- ◆ Ensure Plexxus is ready for implementation of ITS, both organizationally and operationally
- ◆ Effectively manage the ITS project
- ◆ Continue to generate purchase price improvement savings (PPIS)

Governance & Leadership

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Paul Bertin (Treasurer)
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Colin Holland
CRH & Associates

Dale McGregor
St. Joseph's Health Centre

Dr. Barry McLellan
Sunnybrook Health Sciences Center

John McKinley
Lakeridge Health

Mark Rochon
Toronto Rehabilitation Institute

Georgina Steinsky-Schwartz
(Past Chair) Independent

David Yundt (Secretary, ex-officio)
President and CEO, Plexxus

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President and CEO

Catherine Booth
Chief Information Officer

Mary Byczok
VP, Human Resources

Don Cummer
Account Executive

Andrea Englert-Rygus
VP, Operations

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