

Supply Chain Management

- Consolidated Services Center
- Inventory Management
- Pharmaceutical Repackaging
- Custom Procedure Tray Manufacturing
- Purchasing
- Customer Service
- Transportation Management
- Print Operations

Group Purchasing

- Supply and Pharmaceutical Contracting
- Capital Equipment Contracting
- Contract Compliance Monitoring
- Rebate Management
- Pricing Administration
- Member Services

Performance Consulting

- Clinical Support Service
- Patient Care Services
- Operational Support Services



Corporate Structure

- For-profit division of Sisters of Mercy Health System

Locations

- Consolidated Services Center (CSC) – Springfield
- Consolidated Distribution Center (CDC) – St. Louis
- Corporate Office – St. Louis

Co-workers

- 300 FTEs from varied clinical and business disciplines

MISSION

To improve the clinical, operational and financial performance of our provider customers and vendor partners through a clinically integrated supply chain

FOCUS

- ▶ Leverage Infrastructure – Reduce Costs, Increase Service
- ▶ Reduce Variation – Product Selection/Use and Process
- ▶ Improve Value – Improve Revenue and Reduce Cost

ROI

Our Capabilities



ROI

Advisory Services

What we know of our experience and that of other IDNs is that you must...

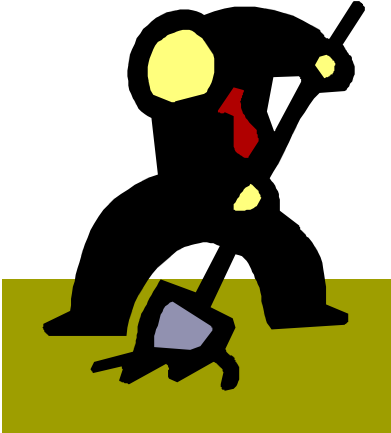
- 1. Be aligned with your organization's mission***
- 2. Establish non-negotiable operating tenets***
- 3. Adhere to a rigorous filtering process for how you'll approach key business decisions***

Ways in which we are aligned with the Mercy Mission

- ▶ **Ministry** – without compromise, what we do, how we do it and our results are designed to “bring to life the healing ministry of Jesus...with particular concern for the economically poor”
- ▶ **Margin** – “no margin, no mission”; we assume a reasonable share to cover our budget and growth, the rest we turn over to Mercy in support of our ministry
- ▶ **Right Relationships** – we “co-labor” with others and never at their expense

The ROI Operating Model is predicated on the following tenets:

- ▶ **Ownership** – maintain control and accountability
- ▶ **Collaboration** – recognition that win-win scenarios, both with providers and vendors, are always desirable
- ▶ **Customer Centric** – relentless pursuit of excellence in our services and offerings
- ▶ **Measurement** – rigorous, quantifiable and regular examination of ourselves

**Make****Buy****Partner**

Key Questions

- ▶ Are current commercial offerings aligned with our needs?
- ▶ Can we justify the expense of the commercial offering?
- ▶ Is the need strategic to our business?
- ▶ Can commercial offerings be modified to deliver expected results?
- ▶ Do we have the scale to justify an internally developed offering?
- ▶ Do we have the time to deliver an exceptional internal offering?
- ▶ Can we resource an internal offering to exceed commercial standards?

- ▶ Continue to educate the provider industry about the opportunities afforded by new operating models and encourage their formation
- ▶ Strategically identify “like-minded” provider and vendor organizations with whom to collaborate
- ▶ Move these collaborative relationships towards discussion around integration and the formation of virtual networks
- ▶ Continue to relentlessly pursue improvement to existing services and offerings
- ▶ Will assume responsibility for Mercy facility-based supply chain operations starting in 2011