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Privileged and Confidential

Integrated Supply Chain Management – Information Technology Request for Information RFI#: ISCM-001

Due Date: March 31st, 2010 at 5:00 PM EST

South West LHIN Supply Chain Management Cooperative

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Abbreviations and definitions

1.1 Abbreviations

Abbreviation	Meaning
FTE	Full-Time Equivalent
GL	General Ledger
RFI	Request for Information
LHIN	Local Health Integration Network
SCM	Supply Chain Management
SCMC	Supply Chain Management Cooperative

1.2 Request for Information Definitions

RFI Entity	Definition
Respondent	An individual or a company that submits, or intends to submit, a response to this RFI.
Response	A proposal in reply to this RFI.

2 Overview

2.1 Background of South West LHIN

The South West LHIN is a crown agency responsible for planning, integrating and funding more than 150 health service providers, including hospitals, long-term care homes, mental health and addiction agencies, community support services, community health centres and the South West Community Care Access Centre. The LHIN covers an area from Lake Erie to the Bruce Peninsula and is home to nearly one million people. The 2009/10 health service provider budget for the South West LHIN is \$1.9 billion.

Geography and Communities

The South West LHIN covers a large portion of south western Ontario from Lake Erie to the Bruce Peninsula, an area of 21,639 square kilometres. This includes Bruce, Elgin, Grey*, Huron, Middlesex, Norfolk, Oxford and Perth counties.

Population

944,852 people (2007 Ontario Ministry of Finance)

The population is distributed across the LHIN as follows:

- 16.6% North (Grey and Bruce counties);
- 14.7% Central (Huron and Perth counties); and
- 68.7% South (Middlesex/London, Elgin, Oxford and part of Norfolk counties).

Within the South West LHIN approximately 69% of the population is classified as urban and 31% is rural.

Health Service Providers funded by the LHIN

- 19 hospital corporations (34 sites);
- 1 community care access centre (South West CCAC);
- 72 long-term care homes (6,636 beds);
- 52 community support services;
- 2 community health centres (with 3 in development.); and
- 33 mental health and addiction agencies.

LHIN Budget

The 2009/10 health care budget for the South West LHIN is \$1.9 billion of which hospitals comprise \$1.436 billion.

For additional details, see the South West LHIN website at <http://www.southwestlhin.on.ca/home.aspx>.

2.2 Overview of the Integrated Supply Chain Management Initiative

The objective of the South West LHIN Supply Chain Management Cooperative (SCMC) in undertaking the Integrated Supply Chain Management Initiative is to examine opportunities for further integration and collaboration among the alliances and hospital sites within the LHIN, in order to take advantage of operational synergies within the region and to realize cost savings that can be re-directed to patient care.

The Supply Chain Management Cooperative is comprised of representatives from the hospitals within the South West LHIN. Across the 19 hospital corporations and 34 sites comprising the scope of this initiative, there exists a wide range of supply chain sophistication. Although all organizations are not at the same level of sophistication, nor have they implemented the same leading practices, all have succeeded in moving towards leading practices in their own way.

The SCMC is engaged in a project to review supply chain functions that may result in freeing up financial resources that can then be redirected to patient care; enable hospitals to collaborate to generate operational efficiencies and savings through an integrated supply chain management shared service model; and potentially develop a business case for the implementation of solutions for submission to OntarioBuys.

The key goals of the project are:

- Strengthening supply chain leading practices thereby allowing processes to become more strategic and relationship-driven;
- Building on the successes of current initiatives;
- Improving efficiencies and operations to generate cost savings through economies of scale;
- Standardizing products, services, suppliers, processes, forms, policies and procedures;
- Achieving further innovation through automation and advanced technology;
- Reinforcing and rewarding continuous process improvement;
- Improving performance measurement, including the adoption of leading practices and key performance indicators;
- Leveraging expertise and creating synergies;
- Disaster preparedness and pandemic planning; and
- Developing a business case for recommended solutions.

A number of supply chain Key Business Elements are a focus in this implementation analysis; these include:

- Plan-to-Pay processes:
 - o Plan;
 - o Strategic sourcing & contract management;
 - o Purchasing;
 - o Logistics (warehousing & distribution);
 - o Inventory management & supply cart optimization; and
 - o Accounts Payable.
- Information Technologies as it related to the supply chain:
 - o Current state use of available technology and systems;
 - o Existing functionality to support leading practice processes;

- o Technology and useful life;
- o Suitability for use as a shared system for the SCMC;
- o Existing network structure and ability to support a shared service model; and
- o Ability to interface data to and from other systems.
- Structure, Governance and Human Resources; and
- Disaster/Pandemic Preparedness.

This initiative is amongst the most challenging presented to-date in the Ontario healthcare supply chain spectrum due to the diversity amongst the potential participants. The statistical characteristics of the sites provide indication of this size, breadth, and complexity:

- **Centre of Mass in London:** The South West LHIN has significant expenses (\$1.7b), of which the London hospitals consume a significant amount of the LHIN's expenses (\$1.1b or 66.3%);
- **Significant Activity Outside of London:** Smaller hospitals in the LHIN (those outside of London) see a high proportion of activity (68.8% of total ER Visits, 48.9% of total Surgical Cases, and 46.9% of total Separations), and;
- **Large Geographical Footprint:** The hospitals of the South West LHIN occupy a vast and varying landscape, with a long north-south axis (approximately 250 km), and shorter east-west axis (approximately 100 km).

Healthcare Materials Management Services (HMMS) is a shared services organization based out of London that operates a 40,000 sq ft warehouse and provides centralized requisitioning, procurement, sourcing and AP functions primarily to the hospitals in the southern third of the LHIN.

Across the in scope hospitals, the FTE total for various areas of the supply chain are shown in the table below.

Role	FTEs
Stores	90.86
Purchasing	36.31
AP	20.11
Admin	29.54
Total	176.81

2.3 Purpose of the Request for Information

SCMC has issued this Request for Information ("RFI") to gather input from vendors to support the planning of supply chain integration initiatives in the LHIN.

This document shall serve two purposes:

- Provide Respondents with information to provide the requested information; and
- Establish a common format for responses, to be used by all Respondents, to ensure consistency and comparability.

The SCMC does not commit to the accuracy of the information provided, implementation of the proposed options, or procurement of future services related to this project.

2.4 IT Current State

Overview

There are multiple supply chain IT systems, infrastructures, leadership and support organizations in use across the LHIN. The hospitals in the South West LHIN can be divided into three IT shared services zones. Each zone shares some IT planning, infrastructure, applications and support among its members:

- **Regional Shared Services (RSS) / Thames Valley Hospital Planning Partnership (TVHPP)**, centered around London, providing Cerner, Peoplesoft and McKesson access to the southern third of the LHIN;
- **Grey Bruce Information Network (GBIN)**, centered around Owen Sound, providing Cerner and ORMED access to the northern third of the LHIN including Grey Bruce and South Bruce Grey; and
- **Huron Perth Enterprise Information Technology Service (HPEITS)**, centered around Stratford, providing Meditech access to the middle third of the LHIN.

The key IT strengths of the South West LHIN hospitals as it pertains to SCM integration include:

- Strong collaboration and **use of shared IT services** within each of the three IT zones;
- Strong **support for greater use of shared services** and recognition of the potential benefits of doing so;
- **Fast and reliable wide-area network (WAN) connectivity** between all sites; and
- **Increasing use of server and desktop (Citrix) virtualization** enabling better business continuity and cost effective use of IT resources.

The key IT improvement opportunities of the South West LHIN hospitals as it pertains to SCM integration include:

- **Multiple MM systems are in use** across the LHIN (primarily McKesson, ORMED and Meditech);
- **Different product catalogues / item masters are used across the LHIN** with no common product codes and varying levels of data redundancy;
- The **functionality of SCM systems are not being fully taken advantage of** by some sites (e.g. remote requisitioning, barcoding); and
- **Two sites are using other legacy systems** and plan to upgrade in the near-term.

Supply Chain Management Systems

The IT systems supporting SCM for each of the hospital corporations are shown in the table below. Where multiple hospitals share a common instance of an IT system, the hospital corporation hosting the system is indicated in brackets.

Corporation	IT Systems Supporting Supply Chain					
	Patient Care	Financial	Purchasing (Non-Stock)	Inventory Mgmt.	Accounts Payable	Purchasing (Stock)
Thames Valley Hospital Planning Partnership / Regional Shared Services						
Healthcare Material Management Services (HMMS) / London Health Sciences Centre (LHSC) / St. Josephs Health Care (SJHC)	Cerner (LHSC)	Peoplesoft (LHSC)	McKesson (HMMS)			
St. Thomas-Elgin General Hospital (STEGH)	Cerner (LHSC)	ORMED				McKesson (HMMS)
Woodstock General Hospital (WGH)	Cerner (LHSC)	Custom AS/400				McKesson (HMMS)
Middlesex Hospital Alliance (MHA)	Cerner (LHSC)	Peoplesoft (LHSC)	McKesson (HMMS)			
Listowel Wingham Hospital Alliance (LWHA)	Cerner (LHSC)	ORMED				McKesson (HMMS)
Alexandra Hospital (AHI)	Cerner (LHSC)	Peoplesoft (LHSC)	McKesson (HMMS)			
South Huron Hospital Association (SHHA)	Cerner (LHSC)	ORMED				
Tillsonburg District Memorial Hospital (TDMH)	Cerner (LHSC)	HIS				
Grey Bruce Information Network						
Grey Bruce Health Services (GBHS)	Cerner (GBHS)	ORMED (GBHS)				
South Bruce Grey Health Centre (SBGHC)	Cerner (GBHS)	ORMED				
Hanover & District Hospital (HDH)	Cerner (GBHS)	ORMED (GBHS)				McKesson (HMMS)
Huron Perth Enterprise Information Technology Service						
Huron Perth Healthcare Alliance (HPHA)	Meditech (HPHA)					
Alexandra Marine and General Hospital (AMGH)	Meditech (HPHA)					

Eight of the 13 corporations submit orders via EDI to their highest volume vendors. Six of the corporations utilize remote requisitioning via a web interface to the McKesson at Healthcare Material Management Services.

As part of this initiative, we expect hospitals will implement most modern supply chain technologies such as:

- EDI (850 and 810 transactions);
- EFT payments;
- Electronic contract management
- Remote requisitioning;
- Electronic requisition approvals; and
- Ad-hoc reporting, business intelligence and decision support.

IT Infrastructure and Support

There is sufficient data centre, SAN and network capacity to host the existing systems and a reasonable increase. Respondents can assume that up to 3 racks of data centre space, 1 TB of data and 5Mbps of additional WAN bandwidth is available before additional investments would be necessary.

There are IT staff at each location with sufficient capacity to support and operate the existing systems. These staff also support all other IT systems and infrastructure at each hospital.

Product Standardization

Formal product standardization activities are limited across the LHIN. There are several sites that conduct regular formal product standardization reviews including supply chain personnel and clinical/functional staff. These sites have been successful in reducing the number of SKU's, reducing costs and rationalizing their supplier base as a result of the initiative and continue to pursue opportunities for product standardization.

Warehouse Management

The HMMS warehouse is currently managed using McKesson for requisitioning, reporting and inventory management; NOVA for wireless picking and carousel management; and ODEN for packaging and tracking deliveries.

Additional information may be made available as requested by Respondents via email and at the Respondent's meeting.

2.5 Future State Options

The SCMC is interested in receiving input from Respondents on three future state options being investigated:

1. **Option 1 - Single Organization:** Centralize supply chain activities in a single shared services organization supported by a common information technology platform. Strategic sourcing, contract management, purchasing and accounts payable are centralized in London. From an IT standpoint, it is envisioned that this will involve:
 - Cleansing and migrating product and vendor master files to a single repository;
 - and
 - Migrating to a single SCM system that provides reporting and GL information back to hospitals.

2. **Option 2 – Three Organizations:** Take advantage of the three current SCM and IT zones to create three SCM shared services organizations with some shared strategic sourcing and purchasing contracts. From an IT standpoint, it is envisioned that this will involve:
 - Cleansing & migrating product and vendor master files to a single repository within each zone;
 - Migrating to a single SCM system within each zone that provides reporting and GL information back to hospitals in that zone; and
 - Providing common reporting / data across the entire LHIN to enable the three regions to cooperate on shared strategic sourcing.

3. **Option 3 – Cooperative Sourcing:** Bolster the existing physical networks in the South West LHIN with a robust Strategic Sourcing Organization that will drive savings and create value with service and product contracts that can be used by the LHIN hospitals. From an IT standpoint, it is envisioned that this will involve:
 - Retaining the multiple SCM systems currently in use across the LHIN;
 - Providing common reporting / data across the entire LHIN to enable the strategic sourcing organization to coordinate shared strategic sourcing; and
 - Potentially cleansing product and vendor master files to enable the strategic sourcing organization to coordinate shared strategic sourcing.

In all options, each hospital corporation will continue to use its existing and independent financial system.

3 Information Requested

For each of the three options described in **Section 2.5**, Respondents are asked to answer the following questions 2-10:

End-State Options Questions

1. Are there other SCM options that may be worth considering? If so, please describe each option and answer the questions below for each additional option.
2. Please rate each of the options based on the information that you have and your experience with other jurisdictions into one of the following categories: likely worth further consideration, no opinion, likely not worth further consideration. Why?
3. What are the key pros and cons of the option from an IT implementation or IT operational standpoint?
4. Please describe any additional technologies that should be implemented as part of this option (e.g. data warehouse, enterprise services bus, etc.).
5. Please provide any examples of organizations that have implemented similar structures. Please provide their contact information, if possible.

Implementation Questions

6. Would you suggest first cleansing and standardizing data within existing systems before migrating to common systems or migrating and then standardizing? Why?
7. Are there any interim stages that you would consider implementing as part of a staged approach to reaching the IT end state?
8. Please describe your recommended high-level approach to systems implementation and data integration for the option. Workstreams may include:
 - o Overall Project Management;
 - o Process re-engineering;
 - o Data migration / normalization;
 - o Systems migration / Systems integration;
 - o Testing;
 - o Training; and
 - o Any others that would be required.
9. Please list any new software, hardware or other products that may be required (assume that existing server and desktop software and hardware can be re-used but only to support the core SCM systems). Please include the implementation of a new warehouse management system to operate the HMMS warehouse and replace the existing NOVA and ODEN solutions.

Implementation Estimates

10. Please provide high-level project estimates to implement the IT end-state of this option using the approach above. Ranges can be provided where applicable. Respondents may elect to not respond to some portions of this question if they are not qualified to provide a response. For each workstream, please provide:
 - a. A short description of the workstream;
 - b. Key challenges or risks;
 - c. Duration to implement;

- d. Cost of services;
 - e. One-time cost of software, hardware and other products (please exclude licensing costs for any existing software systems that are re-used);
 - f. On-going cost of software, hardware and other products (please exclude licensing costs for any existing software systems that are re-used);
 - g. Additional IT staff FTEs required as a result of new systems or systems that are significantly more complex to support than existing systems;
 - h. The licensing model (e.g. per seat, per user, per CPU) for any new software systems; and
 - i. Suggested products, vendors or value-add services that may be used.
11. What are the average per diem resource rates used to estimate the costs above?

3.1 Additional Information

Respondents are invited to provide any other information that may be helpful to the SCMC in understanding the IT implications of this project.

4 Response requirements

4.1 Response Format

The Response shall follow these format requirements:

- **Language:** The Response must be written in English.
- **Electronic Copy:** The Respondent shall submit one (1) electronic copy of their Response in Microsoft Word (.doc), Microsoft PowerPoint (.ppt) or Portable Document Format (.pdf) format to the RFI Representative by e-mail. Files may be compressed using PKZIP or WinZip compression software. If files are compressed, written instructions must also contain any special directions for decompression.

4.2 Response Content

Respondents are required to submit the following contents as part of their Response:

- **Respondent:** A brief overview of the company and solution offerings, relevant skills and experience.

For each option:

- **Response:** An answer to each question in Section 3; the format of which is at the discretion of the Respondent.

5 Respondent Instructions

5.1 RFI Representative

SCMC has retained the services of PricewaterhouseCoopers LLP to assist with this RFI process. All correspondence, communications, and questions regarding this RFI and procurement process shall be addressed to the RFI Representative:

Patricia Anasco
RFI Coordinator
PricewaterhouseCoopers (on behalf of South West LHIN Supply Chain Management Cooperative)
Phone: 416-941-8383 ext. 14546
patricia.anasco@ca.pwc.com

5.2 Notice of Intention

Respondents must confirm their intent to respond, in which they will indicate whether or not they intend to respond to this RFI. This confirmation must be emailed to the RFI Representative by the deadline listed in **Section 5.5: RFI Schedule**. The confirmation must contain the following information:

- Confirmation that you either: intend to respond to this RFI by the specified due date, or will not respond to this RFI;
- Company Name;
- Contact Name;
- Contact Telephone Number; and
- Contact Email.

5.3 Questions and Clarifications

All questions regarding this RFI must be directed to the RFI Representative. Questions may be sent **only** via e-mail to the RFI representative until the deadline indicated in **Section 5.5: RFI Schedule**.

All questions must include:

- The Respondent's company name;
- Reference to the specific section and page number of the RFI in question; and
- Contact person's name, telephone number and e-mail address.

SCMC will respond to all Respondent questions by the deadline indicated in **Section 5.5: RFI Schedule**. SCMC will circulate to all Respondents, keeping the source of the inquiries confidential, any information with respect to significant inquiries received and the replies to such inquiries to the extent that such inquiries are applicable to all recipients.

5.4 Response Submission

Respondents must provide SCMC with one (1) electronic copy (via email) of their Response no later than the deadline indicated in **Section 5.5: RFI Schedule**. This is a firm deadline. It is the responsibility of the Respondent to see that their Response is received by the date and time stated in **Section 5.5: RFI Schedule**. Any Response received after the stated due date may be rejected at SCMC's sole discretion.

The Response must adhere to the style and content requirements that are listed in **Section 4: Response Requirements**.

5.5 RFI Schedule

The schedule of events planned for the RFI process is outlined in the table below:

Event / Milestone	Target Date
Release RFI to Respondents	March 9, 2010 4:00 PM EST
Respondent question period	March 10, 2010 – March 19, 2010
SCMC answer period	March 10, 2010 – March 24, 2010
Respondent's Meeting	March 22, 2010 1:00-4:00 PM EST
Final day to submit intent to respond	March 23, 2010 10:00 AM EST
Respondent RFI responses due	March 31, 2010 5:00 PM EST

This schedule represents SCMC's best estimate, and is subject to change based upon SCMC's requirements. Respondents will be notified in writing of any changes to the schedule.

5.6 Respondent's Meeting

The Respondent's Meeting will begin promptly at 1:15 PM EST, March 22 and will be held at the offices of PricewaterhouseCoopers in Toronto at the following address:

PwC Meeting Room A, 30th Floor
77 King Street West
Toronto, Ontario
M5K 1G8

The following teleconference line will also be opened during the meeting:

416-260-0338 or 1-866-792-7717
Participant code: 7157217#

The meeting agenda will consist of:

- A short overview of the South West LHIN Integrated Supply Chain Initiative;
- A review of outstanding responses to questions; and
- An open discussion of additional questions.

Appendix 1: Request for Information Terms

5.7 Completeness of Response

Respondents are required to address all requirements of the RFI. Respondents who do not address all requirements of the RFI will have their response deemed as incomplete and may be rejected.

5.8 Late Submissions

Except in extraordinary circumstances and at our sole discretion, SCMC will not consider Responses received after the submission deadline.

5.9 Cost of Response

All costs incurred by Respondents in preparing Responses, submitting inquiries, developing and delivering presentations, or any other activity associated with responding to this RFI are the sole responsibility of the Respondent. SCMC will neither authorize nor reimburse any of these costs.

5.10 Addenda

SCMC reserves the right to amend or revise the RFI in writing at least 72 hours prior to the RFI Response Submission deadline. All Respondents shall be informed by SCMC, via telephone conversation or e-mail, of any such change by numbered addenda. However, SCMC reserves the right to provide oral interpretations to any Respondents and these oral interpretations shall not affect or modify the RFI. If in SCMC's sole opinion such oral interpretations do not necessitate the issuance of a written addendum, such oral interpretations need not be provided to all Respondents in the form of written addenda or otherwise.

5.11 Restriction on SCMC Contacts

Respondents must communicate for this RFI solely through the RFI Representative. SCMC may disqualify a Response if the Respondent communicates through any other person(s).

5.12 Ownership and Disposition of Proposals

Proposal materials and other intellectual property submitted in response to this RFI shall become the property of SCMC. Proposals will not be returned to the Respondent.

5.13 Right to Negotiate with Other Parties

SCMC reserves the right to award one, multiple, or no contracts as part of this or some other project related to this RFI. Further, SCMC retains the right to negotiate with parties other than those submitting responses for delivery of some or all of the requirements described herein. Such decisions will be made at the sole discretion of SCMC.

5.14 Publicity or Promotion

Except with the prior written consent of SCMC, Respondents shall not make any public announcement or distribute any literature regarding: (i) this RFI, (ii) any discussions relating to this RFI, (iii) any award or other results relating to this RFI, or (iv) otherwise promote itself in connection with this RFI. Further, no public announcement or the distribution of any literature is to be made by the Supplier in respect of any contract negotiations or the execution of an agreement unless otherwise agreed to by SCMC in writing.

5.15 Governing Law

The RFI and the Response shall be governed by the laws of Province of Ontario in Canada and shall require the Respondent to comply with all applicable laws of Province of Ontario.