



25th AHSPO Conference

Survival

Alan Foster
Group General Manager - Procurement

25 October 2013



Experienced shareholders

In October 2010, Healthscope was acquired by a consortium comprising funds managed and advised by TPG Capital (TPG) and The Carlyle Group (Carlyle)

- Valued Healthscope at \$2.7B

THE CARLYLE GROUP

- More than US\$157 billion of assets across 101 investment funds and 64 'fund of funds' vehicles
- Investment funds advised and managed by Carlyle have invested in a number of healthcare businesses

Selected healthcare investments

HCR ManorCare
Heartland • ManorCare • Arden Courts

MEDICALPARK

MultiPlan

PPD

ConnectiCare
You know us by



- US\$54.5 billion of assets under management across a family of funds
- Investment funds advised and managed by TPG have invested in a number of healthcare businesses

Selected healthcare investments

IASIS
HEALTHCARE

Parkway Holdings

SCA
Surgical Care Affiliates

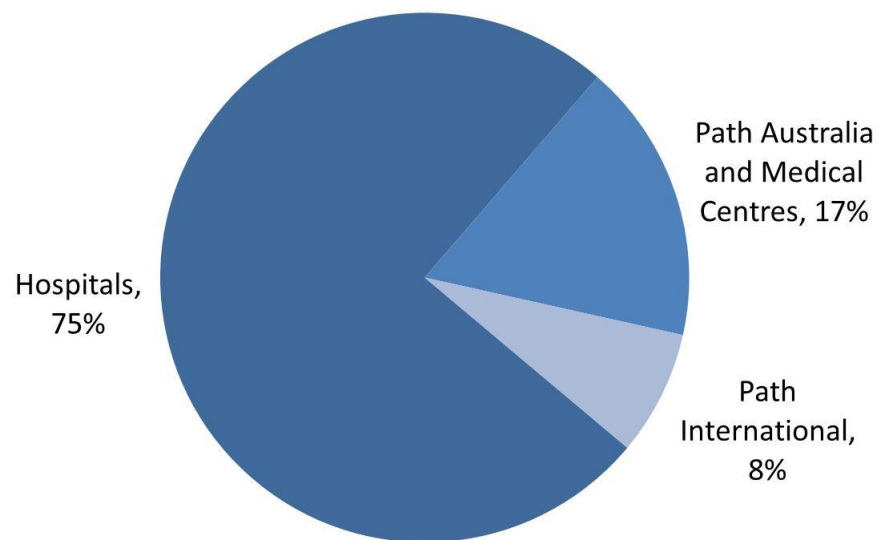
IMMUCOR
GAMMA

ims | INTELLIGENCE.
APPLIED.

BIOMET

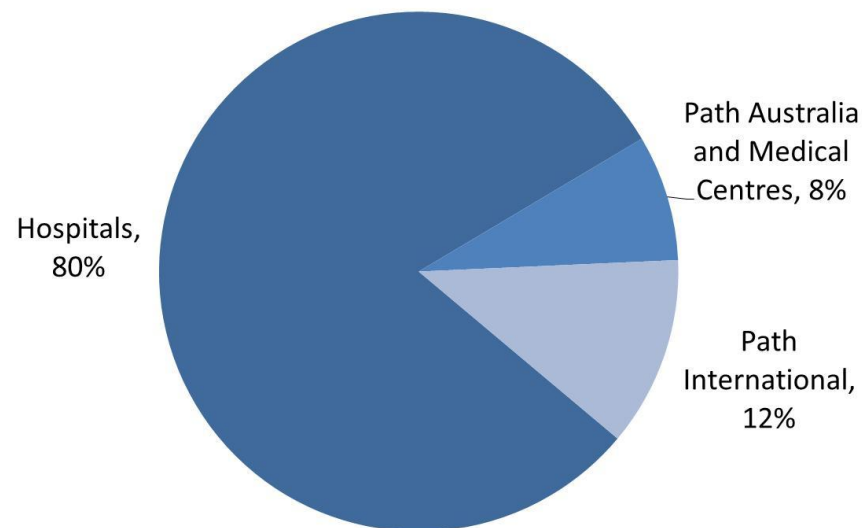
Predominantly a hospitals business

Hospitals contribute 75% of HSP revenue



Note: Includes prosthetics revenue

Hospitals contribute 80% of HSP EBITDA



Note: Excludes corporate costs

Healthscope Hospitals

- **Portfolio of 44 hospitals, with ~4,500 inpatient beds**
 - 31 acute hospitals (includes 3 hospitals managed on behalf of ACHA in South Australia)
 - 7 psychiatric hospitals and 6 rehabilitation hospitals
- **Diverse portfolio**
 - Includes large high acuity metropolitan hospitals (6 co-located with public hospitals)
 - Range of clinical services including medical, surgical, specialised rehabilitation and mental health
- **Healthscope is an industry leader in driving quality and innovation**
 - Uncompromising focus on high quality clinical outcomes, systems, processes, staff, equipment and facilities
 - Supports transparent reporting of healthcare quality data through MyHealthscope website
- **Over 565,000 Australians receive care in a Healthscope hospital each year**

Strategic direction

- **Growth:** Above market and in strategic market segments/specialties
- **Innovation:** Challenging the boundaries and setting new standards
- **Performance:** Achieving above expectations
- **Quality and safety:** Linking our exceptional performance to reputation
- **Integrated care:** Making it work
- **International expansion:** Leveraging existing platform

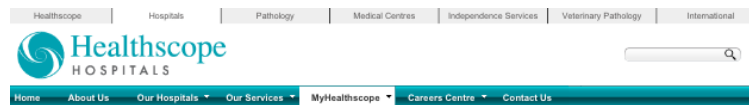
We will deliver these strategies whilst maintaining our strong focus on operational efficiency.

Our success will be underpinned by cultural alignment to the NEW Healthscope.

Market leading commitment to quality

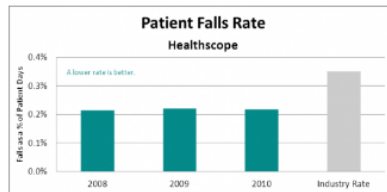
Industry leader in driving quality and innovation

- MyHealthscope website - first Australian private hospital group to publicly disclose quality indicators



Patient Falls

Patients are often in a weakened or confused state in hospital, and are more susceptible to falling. Falls are a leading cause of hospital-acquired injury, and frequently prolong or complicate hospital stays. At Healthscope hospitals we document and investigate every fall and take action to reduce the number of falls that occur.



This graph shows the number of falls in Healthscope hospitals for the past 3 years, compared with the rate typical in [other hospitals from Australia, the UK and the USA](#). Falls are presented as a percentage of patient days – allowing us to compare Healthscope hospitals with other hospitals of a different size. Patients in Healthscope hospitals on average have a lower rate of falls than those in other hospitals.

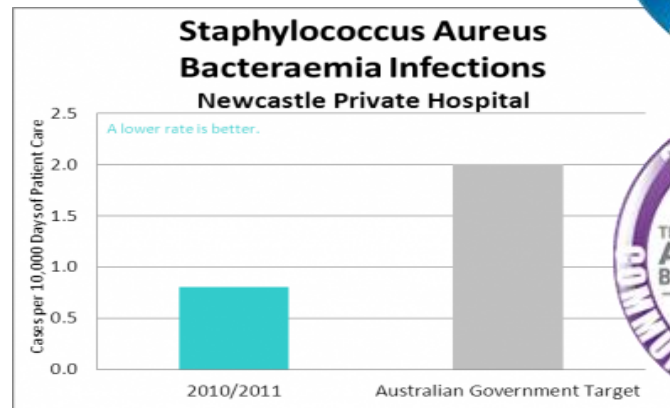
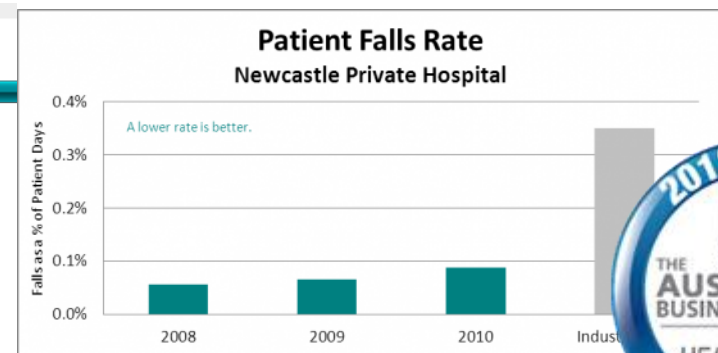
See details on: [How we work out our falls rate](#)

For a discussion on the data, see: [Limitations of data](#)

To view data for each Healthscope hospital, see 'Our Hospitals'

What we are doing to further reduce falls

Reducing the risk of patient harm resulting from falls is one of the patient safety goals of the Australian Commission on Safety



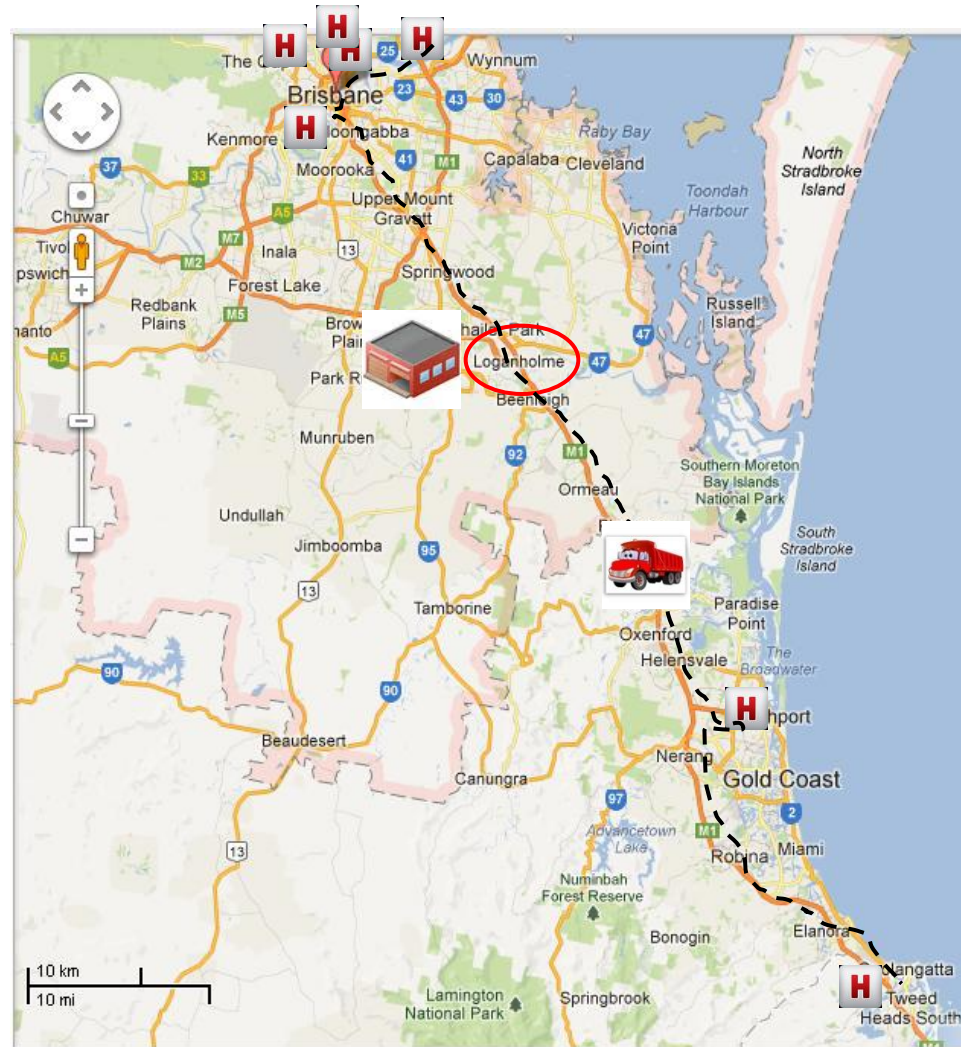
It's About the Supply Chain

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The Warehouse Project – What is?

- Centralised warehouse based out of Loganholme.
- Supports 7 hospitals within QLD between Brisbane and Gold Coast



The Warehouse Project – Why did we do it?

- Develop our own capabilities
- Staffing issues in that region
- Create staffing opportunities
- Suitable logistics
- Risk mitigation
- Efficiency gains
- Control

What We Did - Planning

- Developed business case
- Developed action plan
- Discussed with incumbent supplier
- Discussed with existing staff
- Discussed with stake-holders re new financial model

What We Did - Implementation

- Training
- Live - 2 sites initially
- Within 2 weeks another 2 x 2 x2
- All on within 6 weeks
- No MCs then
- No Path then

Hard Outcomes

- Increase in Cost \$
 - Labour
 - Warehouse & allied
- Decrease in Cost \$
 - Contract compliance
 - Consumable costs
 - Freight costs
 - Invoice processing costs
- Overall \$
 - Not a cent on consultants all internal – Priceless!!

Soft Outcomes

- Career paths
- More interesting work
- Adequate resourcing
- Less noise at hospital level (admin)
- Develop center of excellence

Learnings

- More time on preparation
- One area battled, inefficient and expensive
- Underestimated cultural change
- No system, not set up properly
- Document, document, document
- Speed to new model – too ambitious perhaps?
- Change Management!

Today

- Meeting Business Case
- Users surveyed – vast improvement
- Integrating Pathology
- Invoices, freight, blocked invoices etc.
- Independent review by SA
 - Best practice

Gen Y bragging.....



"Well, MY DAD'S GOT 24,000 VENDORS, 3 DISTRIBUTION CHANNELS, and AN ERP FULLY INTEGRATED WITH REAL-TIME CFPR, CRM and CONFIGURE-TO-ORDER CONTRACT MANUFACTURE."

Thank you.....

Questions??