

Prescription for Success:

How Two Major Hospitals Reduced Costs, Improved Efficiency & Optimized Working Capital

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Thomas Dowd
Children's Hospital Boston



Barbara Cassera
Memorial Sloan-Kettering



Today's presenters

W. Gregory Kerwick
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As the executive for the Global Strategy and Advisory Solutions organization at J.P. Morgan Treasury Services, Greg leads a team that helps clients tackle the key strategic issues facing treasury organizations today. Using a proven formula that incorporates peer benchmarking, industry best practices and financial quantification, this consulting team delivers integrated solutions that optimizes working capital, improves global cash visibility and structuring, mitigates risk and drives operating efficiency.

A graduate of Georgetown University's business school, Greg also holds an MBA from the Leonard N. Stern School of Business at New York University.

Thomas Dowd
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Tom has held the position of Manager, Financial Operations at Children's Hospital Boston since 2005. Currently, he is responsible for treasury-disbursement systems and related areas and projects. Among the projects he is responsible for are Card Payments, an ongoing ACH implementation, imaging-workflow in A/P and increasing EDI participation with suppliers.

Previously, Tom held financial positions at Abbott Laboratories and Varian Semiconductor Equipment.

He holds an M.B.A. from the University of Michigan and a degree in economics from the University of Maine.

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Barbara is Manager, Financial Systems, at Memorial Sloan Kettering Cancer Center (MSKCC). In this role, she is responsible for the system implementations and maintenance needed to support full process automation for A/P, Treasury and Patient Billing. Under her leadership and direction, MSKCC has reached full automation of A/P, including PO submissions, invoicing, work flow approvals and payment processing for 85 percent of its suppliers.



Today's agenda

- Working Capital Optimization in Healthcare Greg Kerwick
- How Children's Hospital Boston Benefited from
Expanding Its Banking Relationships Tom Dowd
- The Evolution of Central Accounts Payable &
Purchasing Process at Memorial Sloan-Kettering Barbara Cassera
- Summary & Wrap Up Greg Kerwick
- Q&A All



Working Capital Optimization in Healthcare

Greg Kerwick
Managing Director
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J.P.Morgan

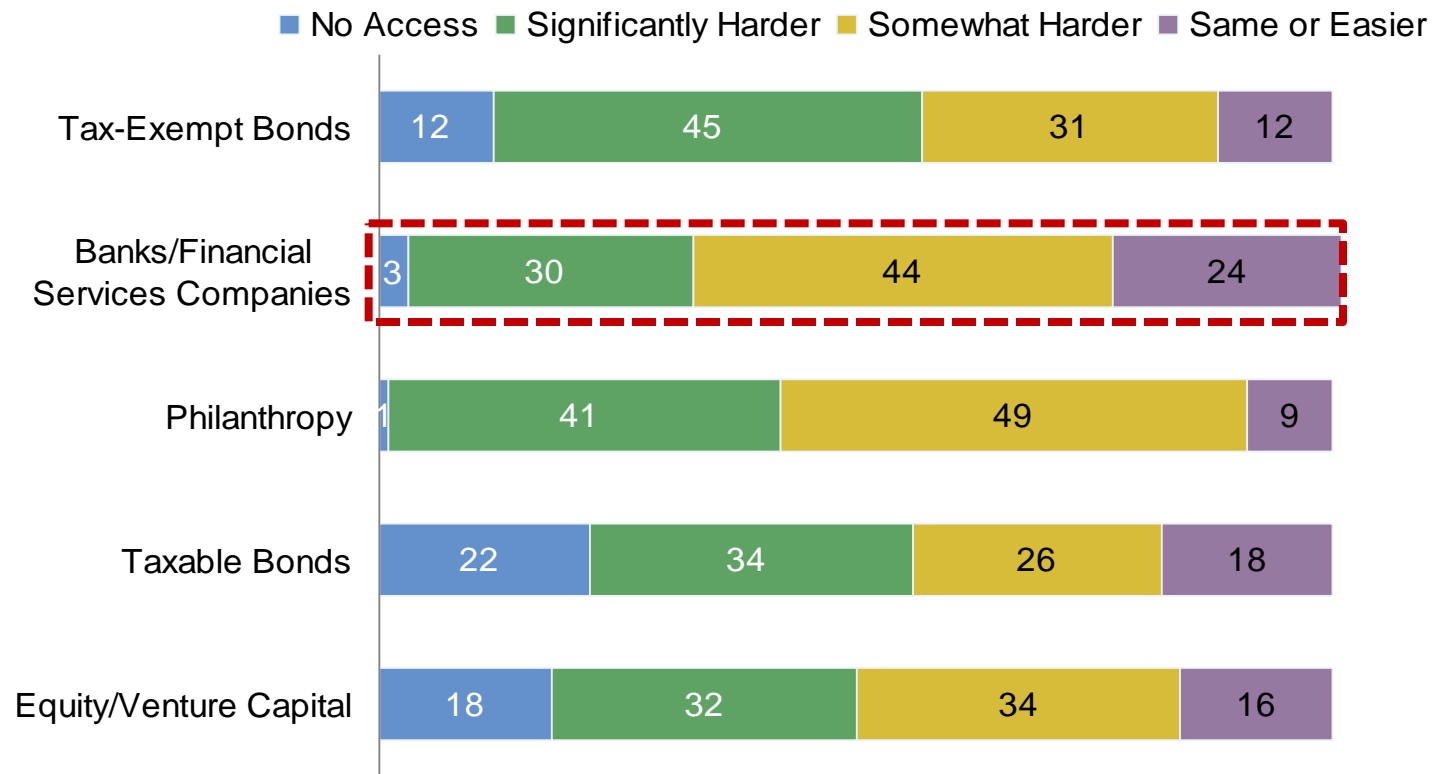
About J.P. Morgan Treasury Services

- Provide innovative cash management, trade, liquidity, commercial card and escrow services
- Serve more than 135,000 corporations, financial institutions, governments and municipalities in over 180 countries
- Our healthcare clients include:
 - More than 1,100 hospitals
 - 10 of the top 10 health insurers
 - Thousands of physicians groups, third-party administrators and other healthcare organizations
 - The top 5 pharmacy benefit managers and
 - Six of the top 8 pharmacy retailers

Tightening of liquidity among hospital organizations...

An AHA survey of hospital CFOs found that 70%-90% said it was harder to access capital than the prior year:

Hospitals have been driven to source cash internally



Source: American Health Association, "Report on the Capital Crisis: Impact to Hospitals," November 2009, data collected from 639 hospitals

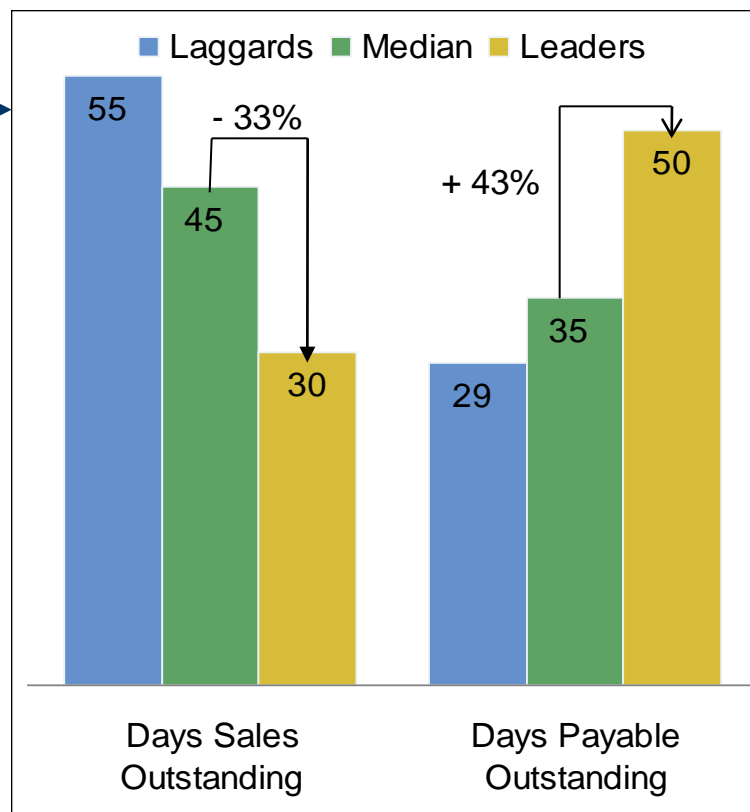
...has driven an increased focus on Working Capital, similar to the corporate environment

Top concerns of corporate CFOs

- Ability to forecast results
- Working capital management
- Maintaining moral/productivity during economic downturn
- Balance-sheet weakness
- Cost of health care
- Attracting and retaining qualified employees
- Supply-chain risk
- Managing IT systems
- Pension obligations
- Protection of intellectual property

Source: The Hackett Group – 2010 Key Issues Study

Working capital improvement opportunity



Source: APQC, A.T. Kearney, Fortune Global 500

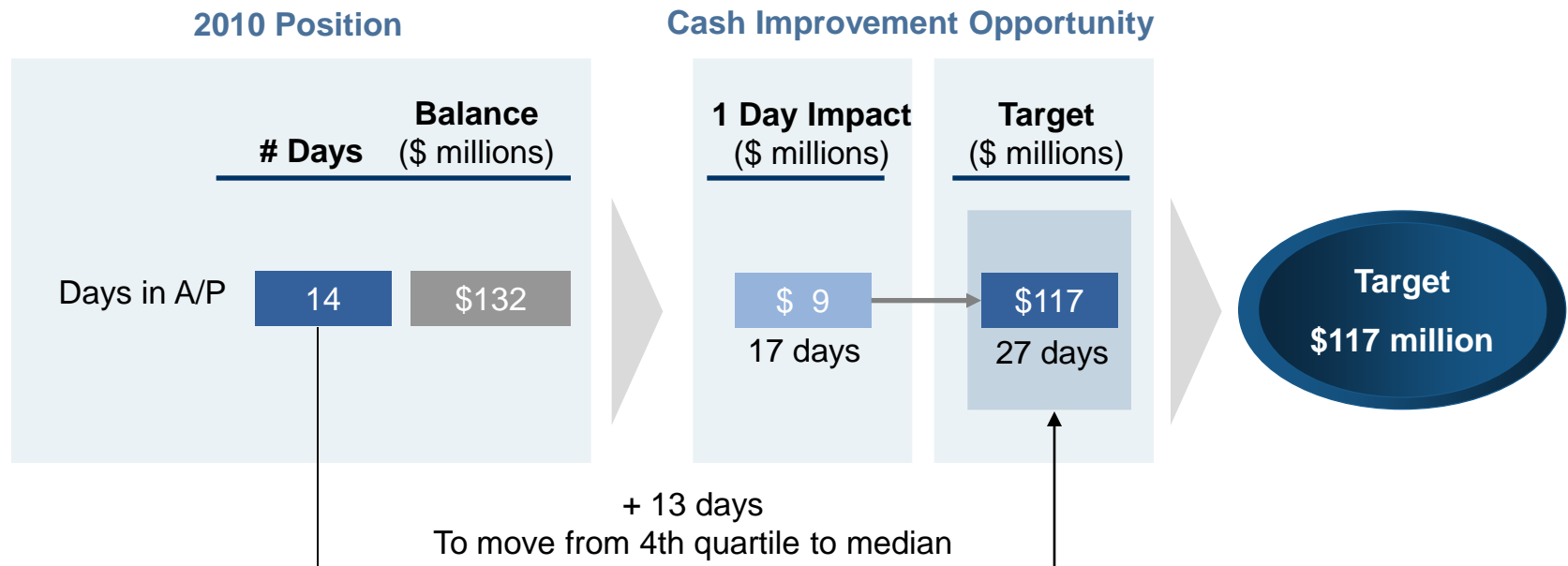


...and provides a means to internally source free cash flow...

- A sample Healthcare System who ranked 4th quartile in Days in A/P when benchmarked against its peers can materially impact free cash flow:

**Illustrative
Example**

- A one day improvement in Days in A/P will free up **\$9 million** in cash
- Target improvement (13 days to get to median) will free up **\$117 million** in cash



Cash flow opportunity estimates based on 2010 reported figures.

...with a large impact on the bottom line

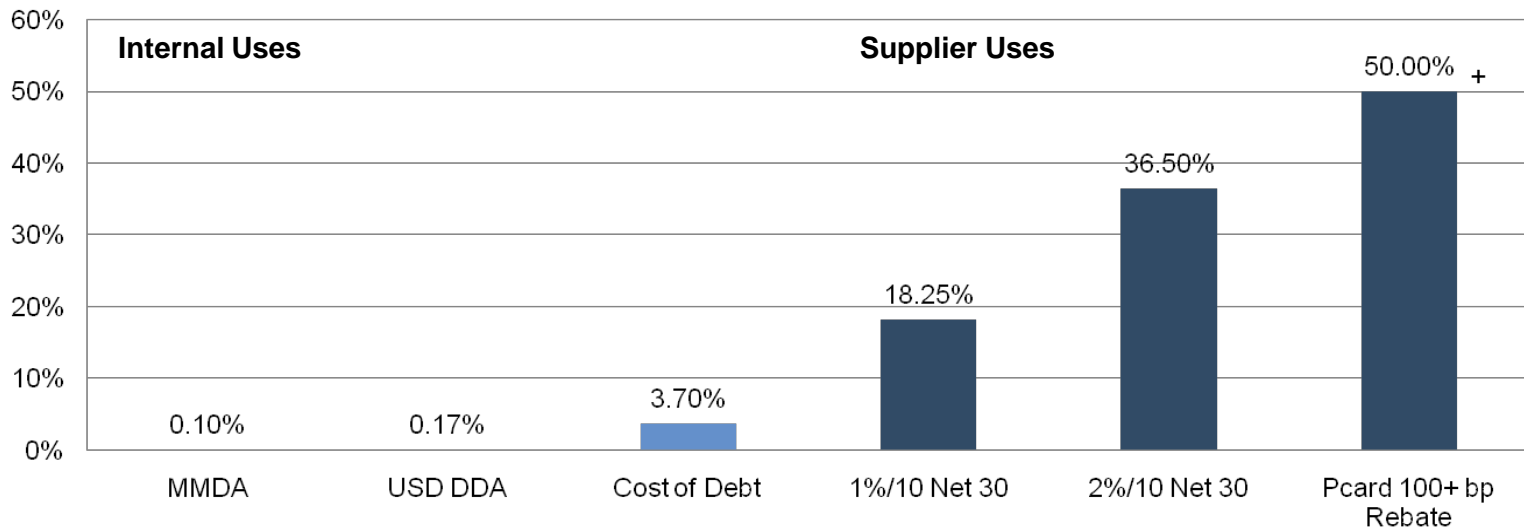
Working Capital Returns

- Returns on freed cash will vary depending on your internal investment objectives
- Returns can be further maximized when addressing liquidity needs of suppliers

Internal Uses of \$7.2 mm in Working Capital ...

Investment Options	Investment Return %*	Annual Return \$ m
MMDA	0.10%	\$ 117
USD DDA	0.17%	\$ 200
Cost of Debt	3.70%	\$ 4,329

... vs. Supplier Uses of Working Capital



*Investment Returns as of 3/31/2011 for MMDA & USD DDA

Note: Returns of 18.25% and 36.50% reflect 20 days early payment, whether terms are '2%/10 Net 30' or '2%/40 Net 60'

Levers to optimize working capital through optimizing payables process

Product	Description	Target Suppliers	W/C Impact	Return
Purchasing Cards (Pcard)	Point of sale option that displaces invoice from A/P process and generates rebate on spend	<ul style="list-style-type: none"> ■ Indirect spend ■ Low \$ value transactions ■ Currently accept card 	-1 Day*	365%
Singe Use Accounts (SUA)	Settle invoices electronically with a single/unique account # for each invoice Reduces risk and improves reconciliation	<ul style="list-style-type: none"> ■ Indirect spend ■ Low-medi \$ value ■ Invoice based transactions ■ Volume suppliers with reconciliation challenges 	+ 14 Days**	Infinite
Dynamic Discounting	Receive a discount from suppliers proportional to the number of days early payment is made	<ul style="list-style-type: none"> ■ Do not accept card ■ Invoice based transactions ■ In need of additional liquidity ■ Non-contract spend 	-20 Days*** or +6 Days***	18%-36%

* DPO Impact compares P-Card's DPO of 29 days (15 day monthly average + 14 day grace period) vs. a 30 day invoice; assumes 100bp card rebate.

** DPO impact assumes invoice is paid 15 days prior to due date to drive supplier adoption; remaining 14 days of P-Card's 29 day DPO accrues to Buyer.

*** Early payment discounts = -20 DPO. When combined with extending terms 15 days to suppliers who don't enroll in early payment, nets to +6 DPO.



Poll Question 1: Use of Purchasing Card Programs

Do you have a Pcard program in place today?

- ☐ No, and not considering one
- ☐ No, but actively considering
- ☐ Yes, within the last year old
- ☐ Yes, more than 1 year old

Purchasing Cards: why use them?

Settling via Pcard with suppliers who offer “List Prices” provides incremental value

Pcard Benefits

- Generates rebates (revenue sharing)
- Reduces transaction costs associated with:
 - Generating PO's
 - Processing invoices
 - Settling with checks/ACH
- Minimizes petty cash usage

Suppliers with list prices provide opportunities



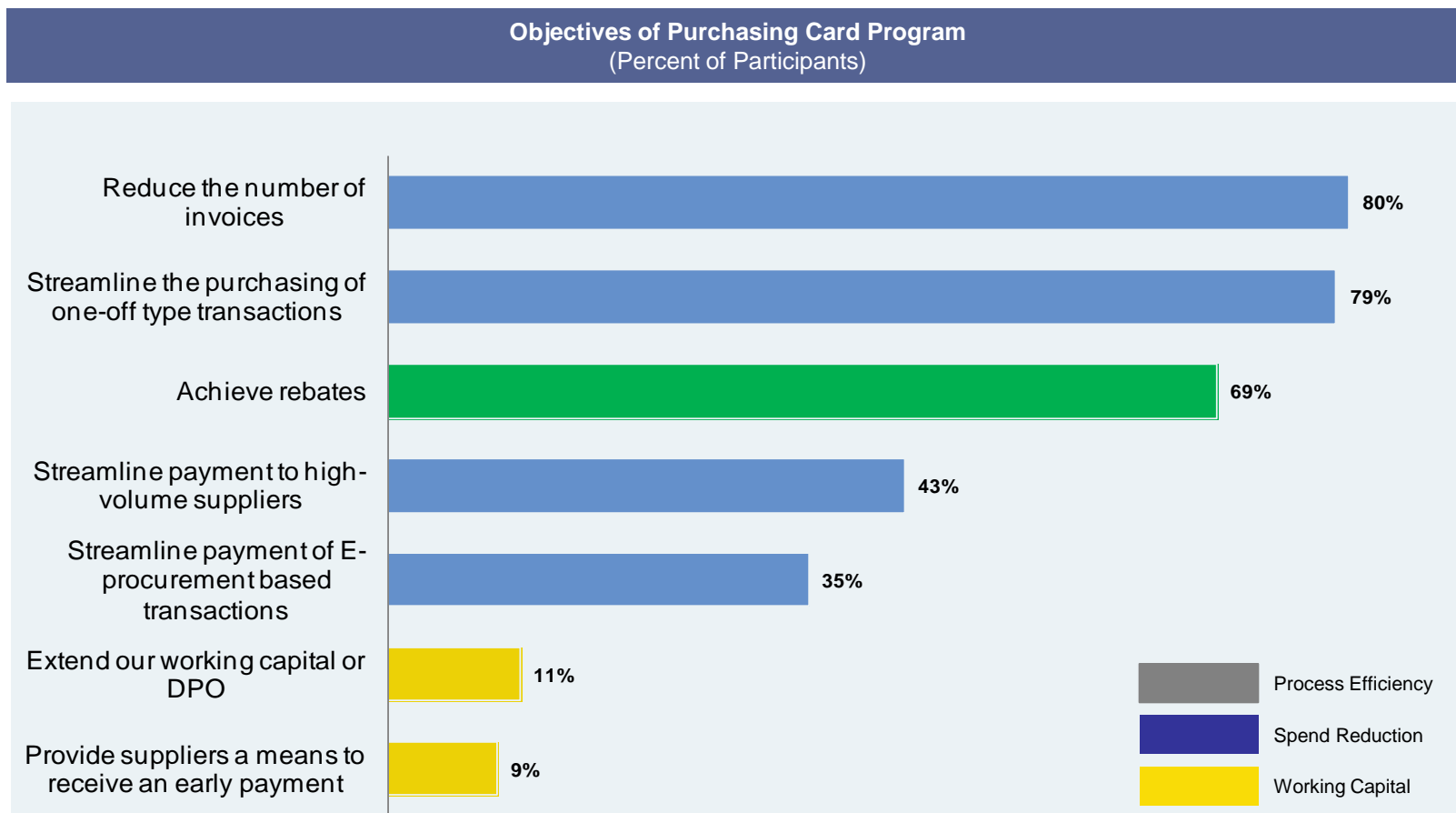
2010 individual game ticket prices

Section Color	Section Name	Platinum Level Dates (26)
	Club Box (Infield)	\$100.00
	Club Box (Outfield)	\$90.00
	Field Box (Infield)	\$90.00
	Field Box (Outfield)	\$70.00

- Baseball ticket prices don't change based on how you pay.
 - But credit cards have frequent flyer miles
- So, why not pay suppliers with a Pcard and earn a rebate?
 - Need to target the right suppliers



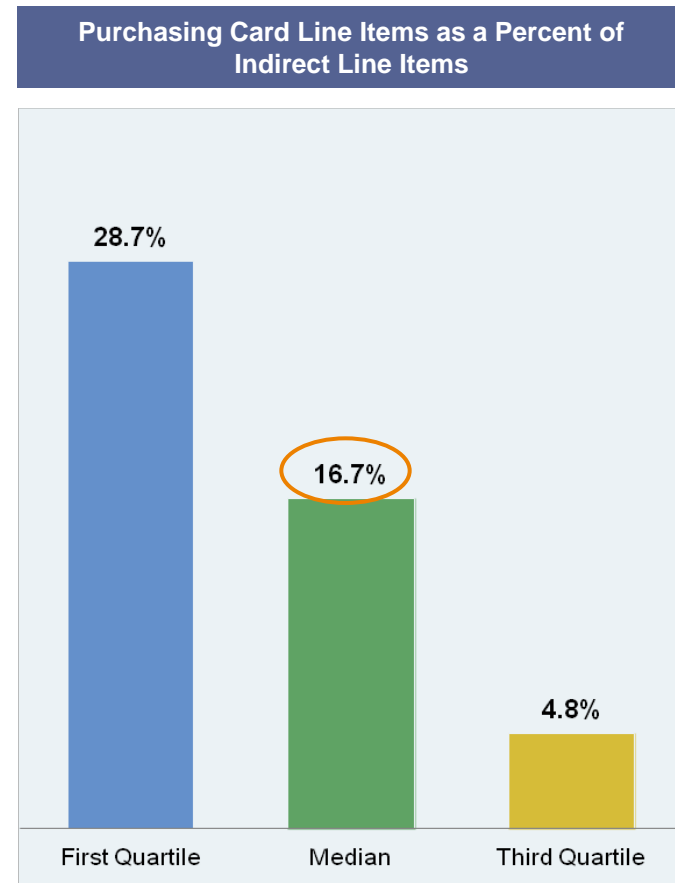
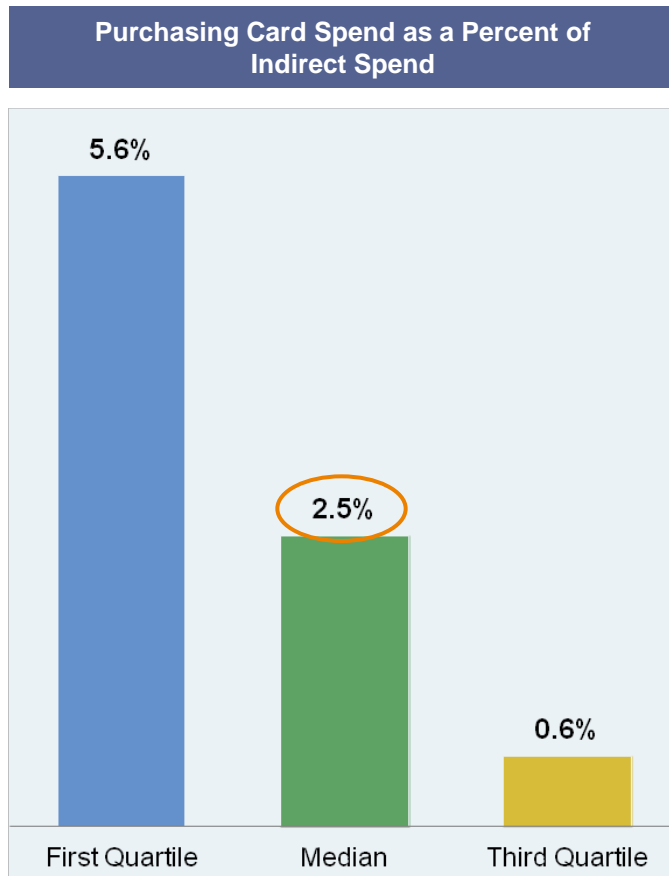
Organizations leverage Purchasing Cards to not only drive process efficiency but to also reduce spend and manage working capital



Source: Hackett Group 2011 P2P Virtual Roundtable



A median organization puts about 3% of spend on Purchasing Cards and about 17% of transactions



Source: Hackett Group 2011 P2P Virtual Roundtable

Poll Question 2: Purchasing Card settlement for invoices

If you use Pcards to pay suppliers' invoices today, choose the description that best describes your process:

- ☐ I call supplier(s) to pay their invoices
- ☐ Supplier keeps my card account # on file
- ☐ I use some system automation to pay suppliers
- ☐ I use a fully automated process to pay suppliers
- ☐ I do not use Pcards to pay suppliers' invoices

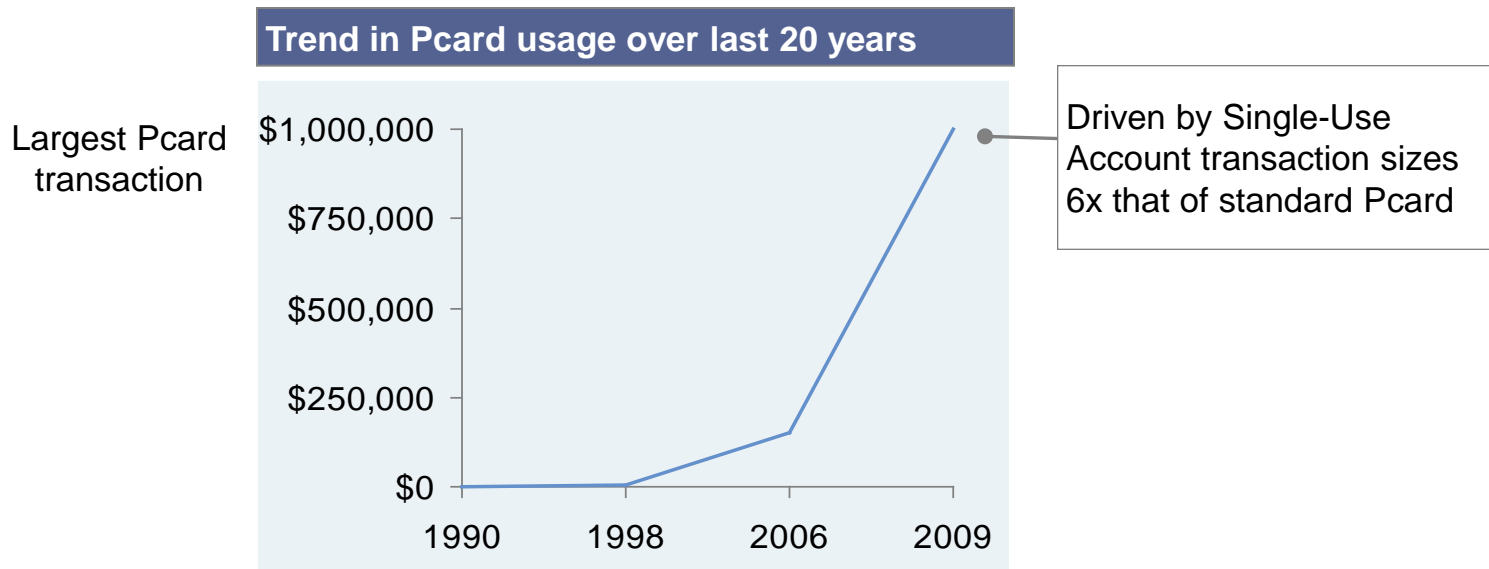


Single-Use Accounts: the next generation of Purchasing Card usage

Single-Use Accounts are an efficient and high return means to target AP invoiced spend

- Settles A/P invoice with a unique account number
- Minimizes fraud from “Ghost” or “Department” cards
- Scalable beyond your most “trusted” suppliers
- Minimal change management (becomes a new payment type in ERP)
- Provides incremental rebates to clients to help fund internal initiatives

Single-Use Account fraud protection has driven up transaction dollar amounts



Single-Use Accounts: the next generation of Purchasing Card usage

Target suppliers for Single-Use Account (SUA):

- Supplier who accepts card for payment
- High volume of repeat purchases
- Suppliers looking for earlier settlement
- Suppliers where volume of transactions presents reconciliation challenges

For every \$500 million of “cardable” spend, you can generate \$500,000 on average in incremental rebates

Pro forma	
“Cardable” merchant spend	\$500 million
Average spend settled with SUA	10%
SUA spend	\$50 million
Average rebate	1.00%
Rebate per \$500 million spend	\$500,000



Poll Question 3: A/P Invoice Automation

Choose the description that best describes where you are in the process of automating your payables:

- ☐ Haven't started yet
- ☐ Early solution evaluation
- ☐ Making a decision soon
- ☐ Already implemented invoice automation

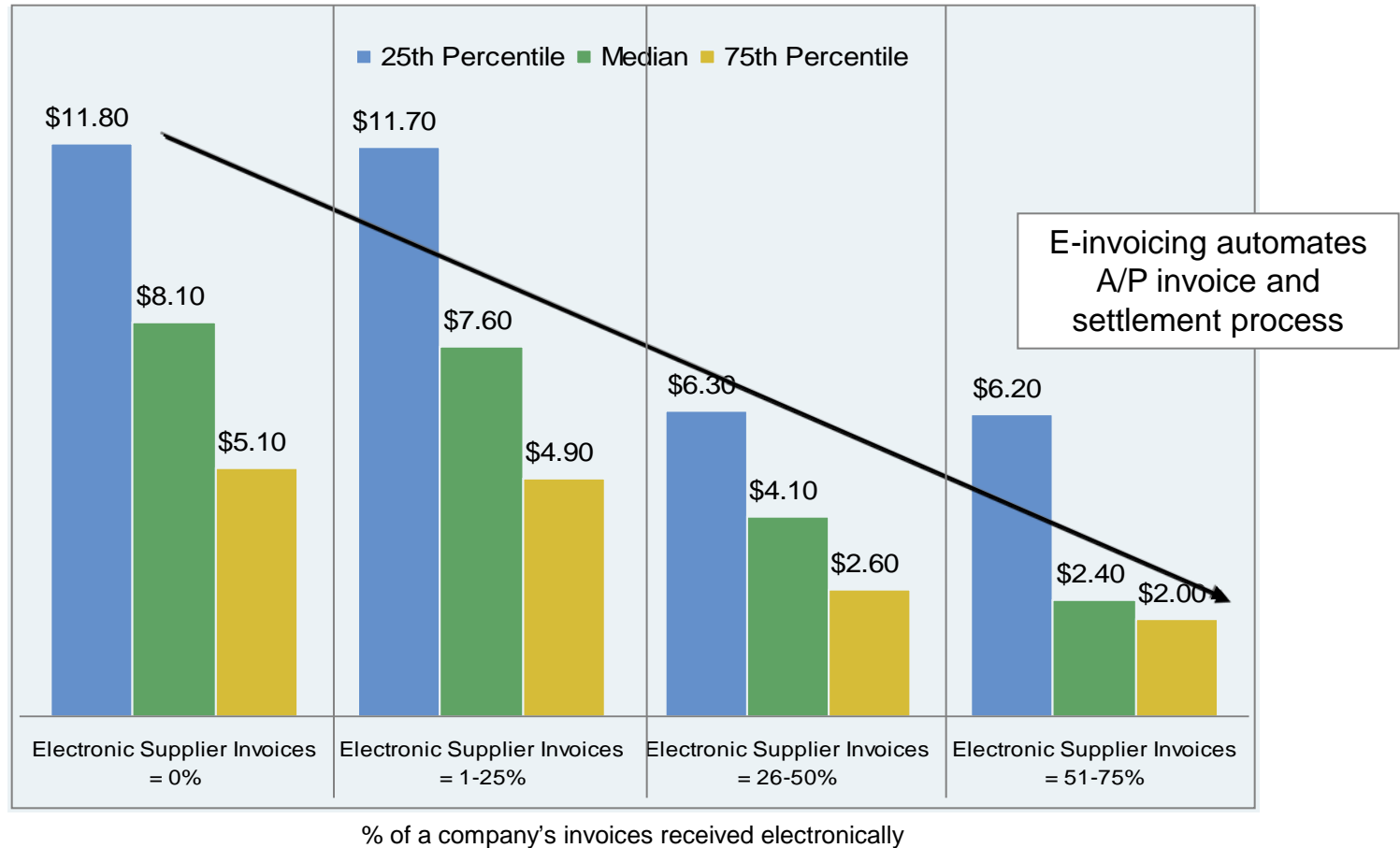
Top performers are successful in electronic A/P processing

Invoicing		Payments													
Industry Challenges	Invoice Inefficiencies <ul style="list-style-type: none">70%+ of invoices are paper50% of invoices are past due upon A/P's receipt15% of invoices have exceptions75% of discounts never realized		Payment Inefficiencies <ul style="list-style-type: none">70%+ of payments made via checkSuppliers lack full remittance detailSuppliers call A/P for payment status67% of A/P fraud is from paper checks												
Best-In-Class Comparison	% of electronic and invoice-less line items <table><thead><tr><th>Category</th><th>% of electronic and invoice-less line items</th></tr></thead><tbody><tr><td>Non-Top Performer</td><td>22%</td></tr><tr><td>Top Performer</td><td>80%</td></tr></tbody></table>	Category	% of electronic and invoice-less line items	Non-Top Performer	22%	Top Performer	80%		% of electronic payments <table><thead><tr><th>Category</th><th>% of electronic payments</th></tr></thead><tbody><tr><td>Non-Top Performer</td><td>39%</td></tr><tr><td>Top Performer</td><td>59%</td></tr></tbody></table>	Category	% of electronic payments	Non-Top Performer	39%	Top Performer	59%
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Source: The Hackett Group – 2009 Purchasing Operations and Accounts Payable Performance Study

Process automation is integral to reducing costs and actualizing working capital opportunities

Unit costs are directly correlated to the % of supplier invoices that are electronic

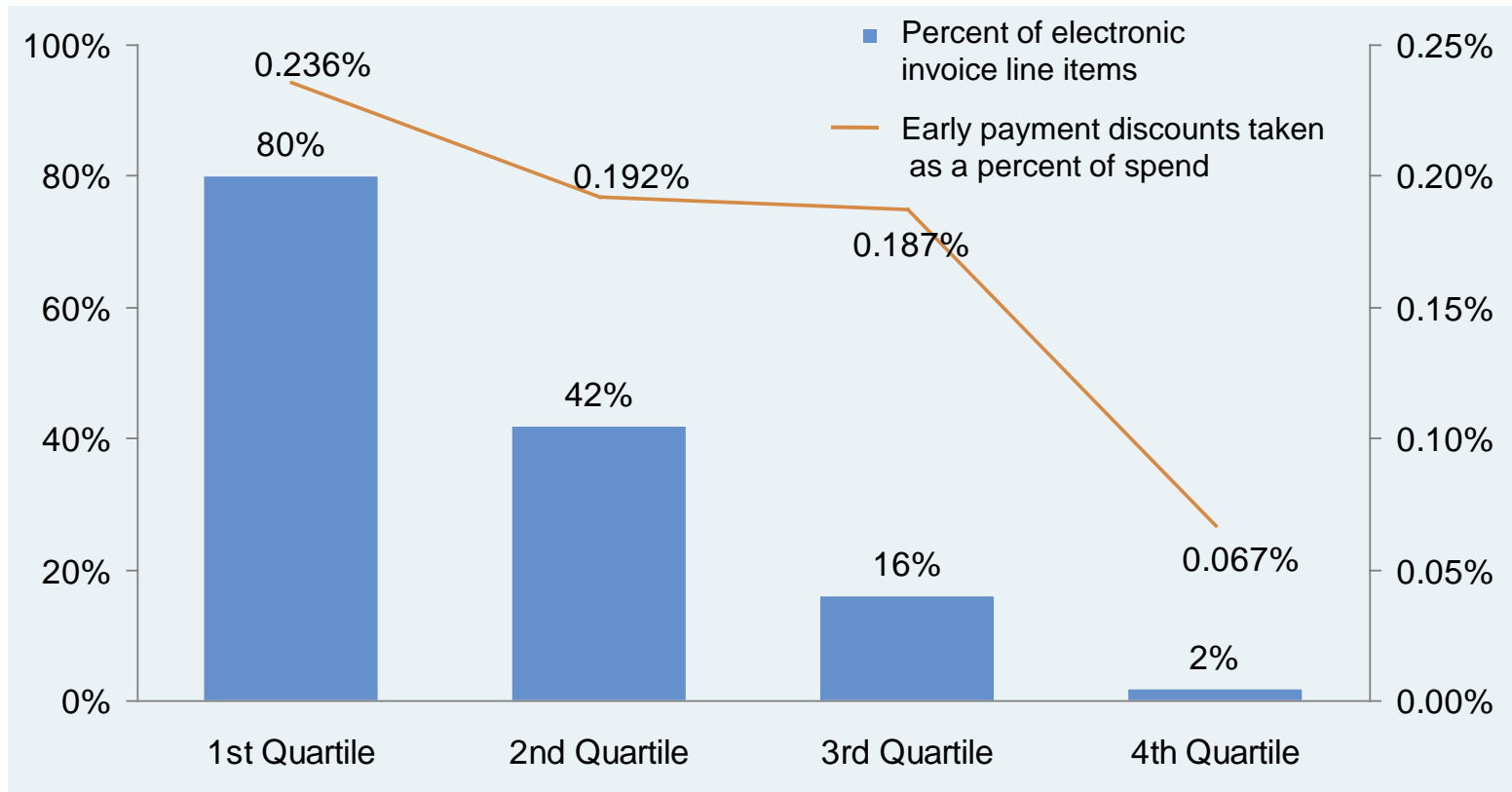


Source: Hackett 2010 Finance Benchmark Database

Early payment discounts benchmarking identifies improvement opportunities

Discount capture success is directly related to the level of invoice automation deployed

Impact of electronic invoicing on early payment discounts (%)



Source: The Hackett Group 2008 AP Performance Study

Poll Question 4: Card rebate and early payment discount optimization

What area is your current organization focused on maximizing?

- ☐ Purchasing card rebates
- ☐ Early payment discounts
- ☐ Rebates and discounts
- ☐ Neither rebates nor discounts
- ☐ Don't know



A total payables strategy can be developed based upon your objectives

Client Objectives	Settlement Solutions				
	Check Outsourcing	P-Card	Single Use Accounts	Dynamic Discounting	E-invoicing
Improve A/P Operations - Efficiency and cost	✓	✓	✓		✓
Free Working Capital - Extend payables			✓	✓	
Maximize Return on Working Capital - Payment discounts - Rebates		✓	✓	✓	✓
Support Supplier Liquidity Needs - Earlier payment options - Flexibility		✓	✓	✓	✓

Initiatives prioritization should consider key financial objectives, the unique characteristics of each solution and the opportunities presented by suppliers



How Children's Hospital Boston Benefited from Expanding Its Banking Relationships

Tom Dowd
Manager, Financial Operations
Children's Hospital Boston



Children's Hospital Boston

About Children's Hospital Boston

- Opened in 1869 as a 20-bed facility for poor urban children in South Boston
- Today, Children's Hospital is a 396-bed medical & research facility for pediatric health care
- Total employees: 8,998
 - 1,115 active medical and dental staff
 - 1,600 full-time nursing staff

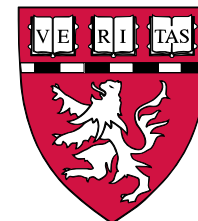
Statistical highlights:

- 40 clinical departments
- 228 specialized clinical programs
- 25,645 inpatient and observation discharges
- 5.77 average length of stay
- 543,108 outpatient visits
- 60,815 emergency department visits
- 25,817 inpatient and day surgical cases
- 2.08 average case mix index



A recognized leader in research & pediatric care

- Primary pediatric teaching hospital of Harvard Medical School, which ranked #1 in *U.S. News & World Report's* Best Medical Schools
- Ranked in the top three of all pediatric sub-specialty areas rated in *U.S. News & World Report's* Best Hospitals
 - Ranked #1 in Heart & Heart Surgery, Neurology & Neurosurgery, Orthopedics, Urology and Kidney Disorders
 - #2 in Diabetes & Endocrinology and Neonatology
 - #3 in Cancer, Gastroenterology and Pulmonology
- One of three pediatric hospitals nationwide named a “Stage 7 Hospital” by Healthcare Information Management Systems Society (HIMSS) for thoroughly implementing electronic health records



Children's Hospital Boston: Financial Snapshot

(000s)

FY 2010

Revenue

Net patient services revenue

\$ 1,008,566

Other operating revenue

\$ 291,774

Total Revenue

\$ 1,300,340

Total Operating Expenses

(\$1,226,194)

Excess of Revenue over Expenses

\$ 74,146

Assets

\$ 3,065,308

Liabilities

(\$ 1,212,579)

Net Assets

\$ 1,852,729



Our goals in 2009

- Diversify banking relationships
- Obtain best-in-class & comprehensive cash management services
- Have the right liquidity management resources for future bond issues

Where we began

- Were working with two other banks for card services
- Approached a third bank for a proposal on lockbox services
- Initial conversations showed volume of Executive and Travel Credit Card activity of <\$10M per year was not in best interests of either organization
- Continued dialogue with that bank, which then conducted an analysis of our vendor spend to increase potential volume of business



Results of vendor spend analysis: credit card settlement interface to PeopleSoft Accounts Payable

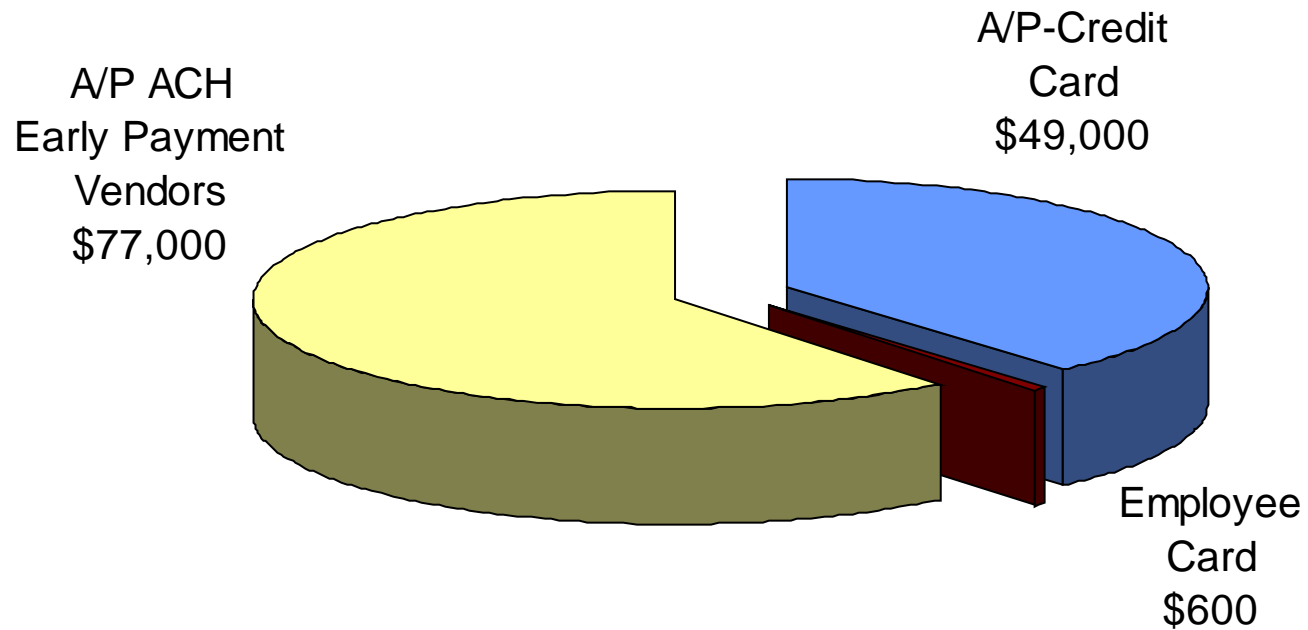
- Children's provided a vendor activity file totaling \$689M in spend
- \$423M vendors identified as MasterCard/Visa capable
- \$63M of \$423M in spend targeted as credit card processing penetration
- Projected annual rebates to Children's expected to be significant

Results of vendor spend analysis: vendor payment via ACH interface to PeopleSoft Accounts Payable

- Vendor payments through bank-hosted supplier portal would allow vendors to elect early payment at anytime prior to payment
- Flexibility of early payment discount would allow vendors to have early payments when processing falls outside normal pay range in the current process
- Targeted \$54M in spend, to result in significant early payment discounts each year



Payment business volume (\$000s)



Implementation phases

Phase 1: Feb. 2010

Executive Credit Card
spending of \$600K

Phase 2: April 2010

Vendor Payment via credit
card settlement interfaced to
PeopleSoft A/P

- Targeted \$49M in spend
as credit card penetration
- Rebates to Children's
projected at about
\$700,000 per year
- Rebate percentage on
sliding scale, depending
on volume

Phase 3: April 2011

Vendor payment/settlement via
ACH/ACH Dynamic Discounts
Interface to PeopleSoft A/P

- Vendors elect early payment
anytime prior to payment
- Early payment discount
allows vendors early
payments when processing
falls outside normal pay range
- Targeted \$77M in total
discountable spend that
would result in early payment
discounts of about \$300,000
per year – on eligible items



Our approach

- Used targeted credit card supplier recruiting
- Obtained management buy-in across all appropriate departments at Children's Hospital
- Set realistic goals
- Conduct ongoing updates to management and detailed post-mortem



Target credit card supplier recruiting

A targets: suppliers enrolled

A

Suppliers Enrolled			
Recruit Ranking	Annual Activity	Suppliers	\$
1	>=\$1M annual	16	\$35,145,329
2	>=\$100K <\$1M	72	\$23,290,859
3	<\$100K	69	\$2,948,110
	TOTALS	157	\$61,384,298

B targets: suppliers not enrolled

B

Credit Card Candidates Not Enrolled			
Recruit Ranking	Annual Activity	Suppliers	\$
1	>=\$1M annual	20	\$36,554,406
3	>=\$100K <\$1M	78	\$29,307,004
3	<\$100K	31	\$1,503,272
	TOTALS	129	\$67,364,682
TOTAL TARGETED FOR RECRUITMENT		286	\$128,748,980

A+B

Groups further ranked by annual dollar volume



Detailed analysis and results

SUA:

- **2010:** Settled \$22.5mm, ramping up to about 110 active suppliers
- **2011:** On track for \$45mm+ across an average of 161 active suppliers

ACH Payments:

- **Early ramp:** After 3 months, \$2.5mm settled against 1,211 invoices.
- **Full ramp:** Goal is \$300K in annual discounts.

Travel :

- **'11 YTD :** \$476K in spend, 1,995 transactions.
- **Full year:** On track for \$1mm in settled spend

Spend Analysis

Payments				
Year	Qtr	Forecast	Actual	Delta
2010	1		\$183,018	
	2		\$5,720,106	
	3		\$10,790,198	
	4		\$10,090,014	
2010			\$26,783,335	
2011	1		\$10,039,163	
	2		\$13,315,330	
	3		\$1,797,973	
2011			\$25,152,466	
Summary			\$51,935,801	

Process Analysis

Settled Invoices				
Year	Qtr	Forecast	Actual	Delta
2010	1		0	
	2		0	
	3		0	
	4		0	
2010			0	
2011	1		7	
	2		883	
	3		321	
2011			1,211	
Summary			1,211	

Working Capital Analysis

Discounts				
Year	Qtr	Forecast	Actual	Delta
2010	1		\$0	
	2		\$0	
	3		\$0	
	4		\$0	
2010			\$0	
2011	1		\$250	
	2		\$3,158	
	3		\$1,254	
2011			\$4,662	
Summary			\$4,662	

Supplier Analysis

Transacting Suppliers			
Year	Qtr	New	Total
2010	1	31	31
	2	93	95
	3	18	112
	4	2	110
2010		144	348
2011	1	1	110
	2	60	161
	3	9	142
2011		70	413
Average		31	109



Benefits gained

- Improved customer service and vendor relationships
- Savings:
 - Settlement via credit card transactions to PeopleSoft A/P results in savings of approximately \$700,000 per year
 - Projected incremental discounts of up to \$300,000 may be possible for ACH vendor discount program as Children's ramps up its ACH supplier program
- More efficient A/P processing
- Strong business relationships that allowed us to go to the bond market in record time in November 2009
- Met our goals within six months of program initiation



The Evolution of the Central Accounts Payable & Purchasing Process at Memorial Sloan-Kettering

Barbara Cassera
Manager, Financial Systems
Memorial Sloan-Kettering



About Memorial Sloan-Kettering

- 1884 – New York Cancer Center founded
- Late 1940s – Sloan-Kettering Institute founded. Became the nation's leading biomedical research institute
- Two organizations merged in 1960
- Today, Memorial Sloan-Kettering is the world's oldest & largest private cancer center

Statistical Highlights

- Network of community-based, state-of-the-art outpatient cancer treatment facilities in Long Island, Westchester County and New Jersey
- Breast Examination Center of Harlem founded in 1979 to provide cancer screening to women
- Partner with Harlem's North General Hospital to offer the medically underserved population of Harlem access to the highest quality cancer screening treatment
- More than 12,000 employees
- Admitted more than 24,000 patients in 2010
- Accommodated almost 600,000 outpatient visits at Manhattan & regional sites combined



Memorial Sloan-Kettering: financial snapshot

(000s)

Total Operating Revenues	\$ 2,413,930
Total Operating Expenses	(\$ 2,324,545)
Assets	\$ 6,448,415
Liabilities	(\$ 2,550,889)
Net Assets	\$ 3,897,526



Where we were in 2003

- 100% automation of payments sending files for ACH and check processing
- All purchase orders were delivered electronically by Fax, EDI or through XML punch-out to supplier catalogs
- Accounts Payable consisted of a manager, supervisor, 4 AP representatives plus a mail clerk
- A/P processed 430,000 invoices
- 30% of invoices were delivered electronically using EDI or FTP



What we needed to do

- Close the loop on e-Commerce processes
- Back office costs were increasing as Memorial Sloan-Kettering developed new locations and programs
- Budget for additional staff was unavailable
- Discounts were lagging in spite of favorable terms to vendors
- Paper processing was increasing along with costs to image documents
- Internally, we lacked information about line item spend for pharmacy and food service departments

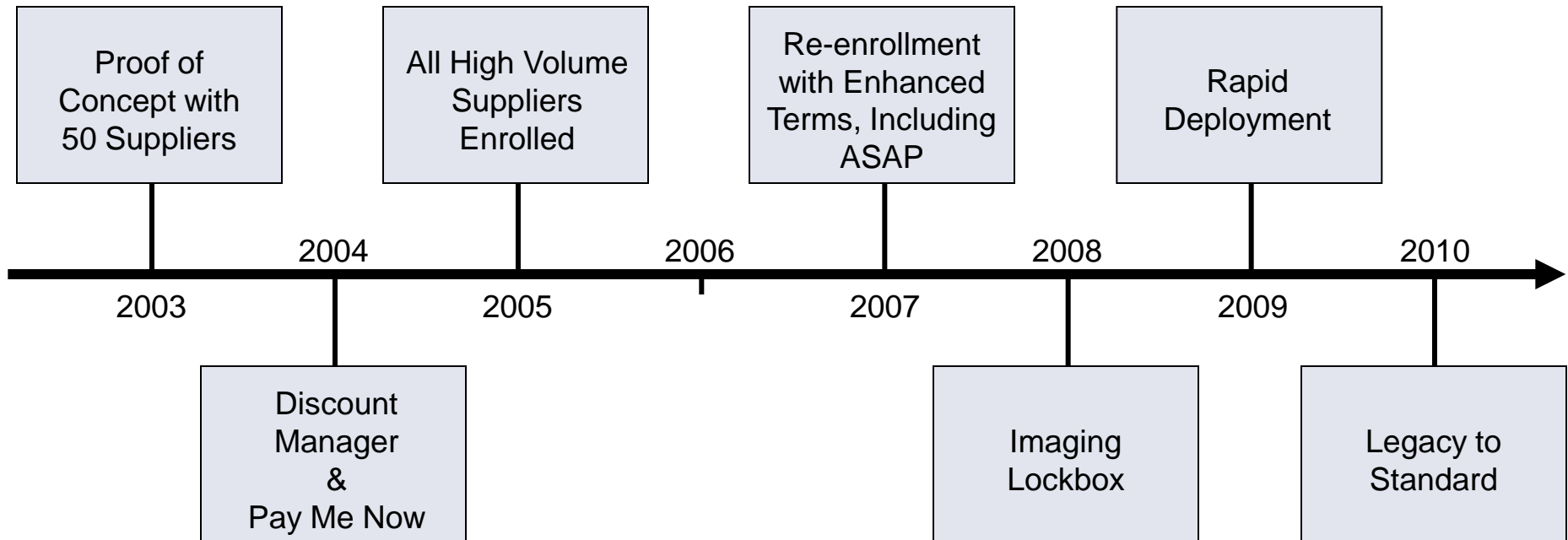


Our approach

- Invoice presentment was the management solution to our problems
- Vendors were knocking on the door to show us their electronic solution
- After multiple demos and presentations, a small company called XIGN was selected for a proof of concept
- 90 days and 50 vendors later, we had a process in place to bring invoices approved for payment into our ERP without manual intervention
- Payment instructions, statuses and remittances were available to the supplier for self-service through their Collector



Implementing our Order-to-Pay program

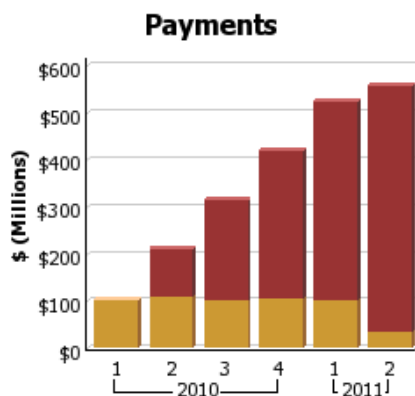


Gaining management buy-in

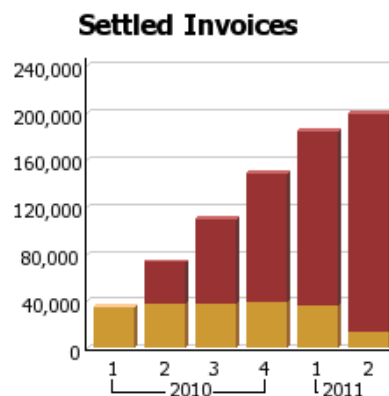
- Financial Management sponsored the project
- Difficult payment processing was tackled directly with departments
- Promises of prompt payment and visibility to suppliers encouraged internal department participation
- Line item detail for top expense category (Pharmacy) provided necessary data for contract negotiations
- Increasing discount capture
- Immediate invoice dispute information

Program overview: summary through April 2011 (invoices settled)

- Slight uptick in Q1 YoY growth
- ~11 suppliers added each month



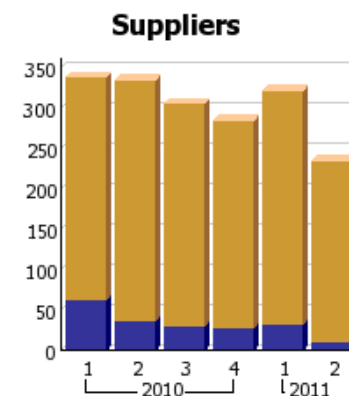
[Spend Analysis](#)



[Process Analysis](#)



[Working Capital Analysis](#)



[Supplier Analysis](#)

Payments				
Year	Qtr	Forecast	Actual	Delta
2010	1		\$101,028,984	
	2		\$108,822,922	
	3		\$102,543,167	
	4		\$106,600,678	
2010			\$418,995,751	
2011	1		\$101,429,786	
	2		\$33,935,502	
2011			\$135,365,288	
Summary			\$554,361,038	

Settled Invoices				
Year	Qtr	Forecast	Actual	Delta
2010	1		34,852	
	2		37,640	
	3		37,050	
	4		38,788	
2010			148,330	
2011	1		35,564	
	2		13,749	
2011			49,313	
Summary			197,643	

Discounts				
Year	Qtr	Forecast	Actual	Delta
2010	1		\$77,866	
	2		\$101,472	
	3		\$104,734	
	4		\$83,580	
2010			\$367,652	
2011	1		\$79,882	
	2		\$30,171	
2011			\$110,053	
Summary			\$477,705	

Transacting Suppliers			
Year	Qtr	New	Total
2010	1	64	338
	2	37	334
	3	31	305
	4	29	284
2010		161	
2011	1	33	321
	2	11	235
2011		44	
Average		34	303



Program overview: discounts by term Q1 2011

- 22% of Pay Me Now offers accepted...or are all Net 1 invoices accepted PMN offers and only 22% being processed?
- Q1 Missed discounts of \$4,324.

Term	Invoice Ct.	Invoice Amt.	Discount Ct.	Discount Amt.	DPO	APR	Capture Rate by Volume	Capture Rate by Spend
	5	\$45,341			57	0%		
0.5% 25 NET 30 ASAP	7,530	\$4,829,839	7,521	\$24,036	25	33%	100%	100%
2% 10 NET 30 ASAP	4,180	\$973,560	4,172	\$19,373	10	36%	100%	100%
2% 45 NET 50	93	\$622,636	88	\$10,880	44	46%	95%	87%
1.5% 15 NET 30 ASAP	724	\$719,080	639	\$10,353	20	36%	88%	96%
1% 20 NET 30	3,886	\$617,606	3,882	\$5,790	20	36%	100%	96%
2% 30 NET 45	15	\$268,490	11	\$5,193	32	46%	73%	97%
1% 20 NET 30 ASAP	41	\$160,601	36	\$1,416	37	35%	88%	88%
1% 10 NET 30	77	\$117,849	33	\$359	20	18%	43%	30%
3% 5 NET 30 ASAP	23	\$10,428	21	\$286	10	42%	91%	91%
1% 10 NET 20	147	\$30,752	147	\$278	9	31%	100%	100%
1.5% 30 NET 70	37	\$10,042	37	\$138	29	12%	100%	100%
1.5% 15 NET 30	4	\$2,520	4	\$38	16	39%	100%	100%
4% 3 NET 30 ASAP	3	\$585	1	\$8	22	36%	33%	33%
1.5% 30 NET 60	3	\$363	3	\$5	29	16%	100%	100%
2% 10 NET 30	2	\$5,700	0	\$0	30		0%	0%
2% 20 NET 30	2	\$30,249	0	\$0	259		0%	0%
NET 1 (Pay Me Now)	99	\$543,823	22	\$1,730	16		22%	
NET 10	193	\$1,607,875	0	\$0	22			
NET 15	1	\$13,611	0	\$0	15			
NET 30	9,051	\$31,123,269	0	\$0	30			
NET 35	9	\$573,165	0	\$0	34			
NET 45	1,583	\$985,123	0	\$0	44			
NET 5	2,246	\$65,489,539	0	\$0	4			
NET 60	5,585	\$8,802,100	0	\$0	61			
NET 65	1	\$3,468	0	\$0	65			
NET 70	8	\$95,220	0	\$0	72			
Summary	35,548	\$117,682,834	16,617	\$79,882			99%	

2011 initiatives and planning

- Single Use Account (SUA):
 - Received file of 3,150 vendors
 - 441 vendor ID's matched as SUA acceptors across all bank platforms
 - 279 vendor ID's matched as SUA acceptors within OTP
- ASENTINEL:
 - Current configuration would allow for Memorial Sloan-Kettering collector portal supporting the 25 - 30 vendors for which ASENTINEL submits invoices
 - Concerns regarding users being able to create invoices though admin rights can be restricted to a single “super user”
- Continued migration of paper suppliers and new enrollments
 - Use of 12.0 End-to-End enhancements
 - Continues adoption of eFile, usage of auto-eFile
- Buyer side invoice entry / check requests
 - Discussed during November review...next steps



Points for consideration

- ✓ Enthusiasm helps!
- ✓ Select an area with specific pain points to use as your project proof of concept.
- ✓ Target suppliers in like supply categories.
- ✓ Do **not** change what is working in your current environment.
- ✓ Have regular meetings with A/P and Purchasing to iron out any start-up difficulties.
- ✓ Have Order-to-Pay language in new contract negotiations.
- ✓ Do not customize. Use what is delivered.
- ✓ Review current business processes to spearhead improvements.



Wrap Up

Greg Kerwick
Managing Director
J.P. Morgan Treasury Services

J.P.Morgan

Seven questions to help you develop a working capital optimization strategy

1. Have you benchmarked your working capital performance against your peer group?
2. Do you have a working capital optimization strategy for each segment of your supply base?
3. Do you offer a liquidity option to each supplier segment that fits within your optimization objectives?
4. Have you analyzed the impact automation tools can play in executing your working capital strategies?
5. Do you have an integrated strategy across all solutions from a single provider?
6. Are you coordinated in your objectives and approach within your own organization?
7. Have you conducted a benchmarking and working capital analysis for your organization?



Questions?



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healthcare financial management association

Additional resources

J.P. Morgan

<http://www.jpmorgan.com/ts>

- “Current Trends in Paperless Receivables”
http://www.jpmorgan.com/cm/ContentServer?cid=1295047002913&pagename=jpmorgan%2Fts%2FContent%2FGeneral&c=TS_Content
- “Healthcare Industry Solutions”
<http://www.jpmorgan.com/tss/General/Healthcare /1102380191740>
- “Enhance Working Capital With Single-Use Accounts”
http://www.jpmorgan.com/cm/ContentServer?cid=1279233908837&pagename=jpmorgan%2Fts%2FContent%2FGeneral&c=TS_Content
- “Seven Questions to Help You Develop A Working Capital Optimization Strategy”
http://www.jpmorgan.com/tss/General/Seven_Questions_To_Help_You_Develop_A_Working_Capital_Optimization /1270162456463
- “Payments New Land of Opportunity”
<http://www.jpmorgan.com/tss/General/Payment s New Land of Opportunity/1270162514749>

Children’s Hospital Boston

<http://www.childrenshospital.org/>

Memorial Sloan-Kettering Cancer Center

<http://www.mskcc.org/mskcc/html/44.cfm>

