

FY16 ANNUAL
REPORT

Medxcel  Facilities
Management



EVERY DAY WE PROVIDE
VALUE

MISSION

Rooted in the loving ministry of Jesus as healer, we commit ourselves to serving all persons with special attention to those who are poor and vulnerable. Our Catholic health ministry is dedicated to spiritually-centered, holistic care which sustains and improves the health of individuals and communities. We are advocates for a compassionate and just society through our actions and our words.

VISION

We envision a strong, vibrant Catholic health ministry in the United States which will lead to the transformation of healthcare. We will ensure service that is committed to health and well-being for our communities and that responds to the needs of individuals throughout the life cycle. We will expand the role of laity, in both leadership and sponsorship, to ensure a Catholic health ministry in the future.

CORE VALUES

Service of the Poor / Reverence / Integrity / Wisdom / Creativity / Dedication

FY16 STATS

103
Hospitals

43,350,799
Total Managed Hospital
Square Feet

1,585
Total Managed
Properties

16,820,362
Total Managed Properties
Square Feet

1,000,811
Work Orders
Processed

1,223
Associates On
Boarded

376,984
Calls Handled

LEADING THE TRANSFORMATION

of Healthcare Facilities Management

“Medxcel Facilities Management embodies the Value Creation model of Ascension and enhances our focus on the Quadruple Aim through their business model and service delivery. From day one, Medxcel Facilities Management brought immediate value to the Health Ministries by streamlining communication, increasing collaboration and enhancing service outcomes that resulted in over \$10M in value in FY16.



Medxcel Facilities Management drove a 13% average increase in compliance scores across all our Ministries in FY16. By conducting over 148 health assessments Medxcel Facilities Management was prepared to successfully complete 28 surveys conducted by the appropriate Accreditation Organization throughout our Health Ministries.

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In addition to enhancing our healing environment, Medxcel Facilities Management has forged strong national vendor relationships to consolidate our vendor base and bring additional savings to our Health Ministries. By achieving 20% in savings through their vendor management efforts our Health Ministries have seen greater value and customer service in the facilities management programs.

Value is something that transcends dollar signs and brings services that enhance the patient experience. While Medxcel Facilities Management brings a great deal of savings to our Health Ministries it is the value of their services, Joint Commission preparedness, and national vendor relationships that help us maintain a world-class healing environment.”

PATRICIA A. MARYLAND. DR.PH

President, Healthcare Operations and Chief Operating Officer,
Ascension Healthcare

✓ **DAY OF SERVICE**

*Nearly **200 associates** participated in a Day of Service at Gleaners Food Bank where **16,709 pounds of food** was sorted and unloaded.*



SERVING THE COMMUNITY

- A team of **over 30 associates** partnered with New Hope of Indiana to serve the community and provide needed upkeep and maintenance to **8 homes** in central Indiana for the underserved.
- Medxcel FM associates participated in over **10 outreach events** throughout the year with partners such as Habitat for Humanity, Wheeler Mission, Thrive360, Indiana Blood Center and Dress for Success.
- Medxcel FM associates contributed **\$14,535 of giving** to the TriMedx Foundation in FY16.

Our core values drive the daily decisions of our associates and their interactions with customers, resulting in meaningful impact across the globe. We demonstrate our commitment to serving others in need within our communities through our ongoing support and involvement in outreach programs and service projects with non-profit organizations. Bringing the core value, Service of the Poor, to life demands that we go out of our way for others without hesitation and with a spirit of generosity. In FY16 our associates did just that.

FROM THE CEO & PRESIDENT

Medxcel Facilities Management specializes in an integrated approach to Facilities Management, Safety, Environment of Care, Emergency Management and Disaster Preparedness, providing healthcare service support products that drive in-house capabilities, cost containment, regulatory compliance, and efficiencies for Ascension.

Every day the Health Ministries deliver world-class patient care and Medxcel FM helps maintain it. Born from a Value Creation Opportunity (VCO) Medxcel FM kicked off its implementation process in December of 2013 to implement 115 hospitals. Since then Medxcel FM has worked tirelessly to consolidate, standardize and optimize all of the Health Ministries bringing Facilities Management, Safety, Environment of Care, Emergency Management and Disaster Preparedness under one organization.

MICHAEL ARGIR
Overview of Medxcel Facilities Management

“iSERV is the foundation of our business and enables us to align our mission, vision and services with the Quadruple Aim of Ascension to improve the overall healing environment for patients and staff.”

Driven by our iSERV business pillars, Medxcel FM keeps a laser focus on our people and customers; providing tools, processes, support resources, data analytics, and insource strategies that drive results. This focus has enabled Medxcel FM to move from an expense department in the Health Ministries to an asset that delivered over \$10,000,000 in value in FY16.

OPERATIONS SUMMIT >



Many of our operations leaders had worked within the same health ministry and had never met each other.



INSPIRED

In a service industry you are only as good as the processes and people you have in place to deliver your service.

A deeply engaged workforce is the most critical component in our iSERV business pillars and enables us to deliver service excellence each and every day.

Being named one of Achievers top 50 most engaged workplaces is something that is an honor and testament to our focus on inspired people.

The ability to reward and recognize our associates through our Sparx program and gain continuous feedback with Tiny Pulse is valued throughout the organization and drives our most important business pillar – Inspired People.

In July of 2015 Medxcel FM kicked off its inaugural operations Summit that included both operational and functional business leaders. The Summit enabled Medxcel FM to move from a group of individual contributors to a united facilities management organization that leverages its industry expertise to collaborate and bring unmatched value to its customers.

In addition, over 120 associates have completed the GE Change Acceleration Process (CAP) program enabling a seamless transition to the Medxcel FM business.

PEOPLE

TOP TALENT developed and trained to serve and engage our customers every day.

Through our associate recognition program, Sparx,

74%

of all associates have shared recognition.

Medxcel FM was awarded Achievers **TOP 50 MOST ENGAGED WORKPLACES** which speaks volumes to our associates' dedication.



“Delivering world-class patient care is something that requires a great deal of focus, coordination and customer service across all our Health Ministries. The iSERV business pillars of Medxcel Facilities Management provide the foundation to align the needs and strategies of our Health Ministries with Medxcel Facilities Management’s service delivery model as we work together as One Ascension.”



JOHN D. DOYLE

Executive Vice President, Ascension; President and Chief Executive Officer, Ascension Holdings and Ascension Holdings International

SERVICE

When you bring together top talent that is engaged new ideas are formed and transformation starts to occur. In FY16 Medxcel FM built a customer Startup Team and expanded its six week implementation process to 18 weeks to meet the needs of the business and our customer. Critical to this implementation process is the installation of our Facilities Management Operating System (FMOS – pronounced “famous”) that enables Medxcel FM to align compliance standards with our operations processes and procedures.

These ideas started Medxcel FM down the path of consolidation, standardization and optimization of the service delivery across the world’s largest Catholic health system. With 115 hospitals and 1,900 off-site facilities to tackle in 2.5 years, this plan requires a great amount of detail, discipline and dedication. Throughout the journey many enhancements have been made to our service delivery process to create the greatest value.

EXCELLENCE

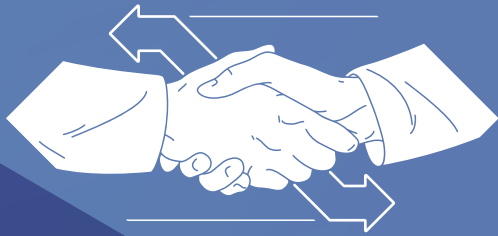


28

**Successful Surveys Conducted
by the Appropriate Accreditation
Organization (TJC/CMS)**

13%

**Average Increase in
Compliance Across All
Facilities**



ENGAGED CUSTOMER

DRIVERS OF CUSTOMER LOYALTY

1

Value Proposition

2

Facilities Management
Services

3

Leadership

< VOICE OF THE CUSTOMER

Ascension customers indicated that providing value to their facility was the most important attribute when developing their opinion of Medxcel FM. In the coming year, our focus will be on continuing to improve our facilities management services and working to understand our customer's individual goals through leadership.

Meeting a customer where they are is the first step in understanding their goals, giving us insights on how to achieve them, and objectives on how best to meet them. Once the direction for success is established then it's our job to deliver quality service each and every day.

When a customer can view the data and analytics that guides them to improved service delivery that makes their program successful they become engaged. Driving engagement with each and every one of our customers is a top priority and one that enables Medxcel FM to drive our customer relationships from vendor to true partner.

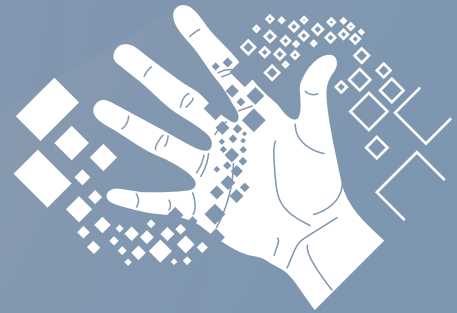
The implementation of our Customer Monthly Operating Review (CMOR – pronounced “Seymour” or “See more”), operations scoreboards, CARE event-driven survey and Voice of the Customer research allows Medxcel FM to monitor all facets of our customer's success and act on them. In addition, this level of visibility and accountability drives the development of new and revised customer programs such as our Current State Health Assessment that has increased compliance by 13% on average at each of our ministries.

CUSTOMER





EACH



Impact the quality of our healthcare environment via strong data **ANALYTICS**.

More than just operational metrics, the data and analytics we capture at Medxcel Facilities Management allows us to reach far beyond a normal scope of service and deliver a world-class healing environment for patients and staff.

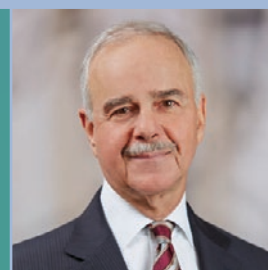
It's the real-time data captured by our technicians through our mobile computerized maintenance management system that allows us to get timely and actionable data to our customers and drive service enhancement. The linkage from service request to our national call center to dispatching our technicians not only creates a seamless user experience, but enables us to capture the right data so your program is managed properly and ensures regulatory compliance.

It is the data and analytics that enables the development and delivery of a standardized InSource Service Model that increases the amount of work being done in-house, ultimately reducing high margin contracts.




VALUE OPTIMIZATION

“Medxcel Facilities Management has not only standardized and optimized our facilities management service, but has turned a cost center into an asset for Ascension. In less than three years, Medxcel Facilities Management is poised to deliver over \$25M in value to Ascension.”



ANTHONY J. SPERANZO

Executive Vice President and Chief Financial Officer, Ascension



Customized insourcing strategy to drive **EFFICIENCY** and guarantee results.

When a true partnership is formed, the customer's mission and objectives are held with the highest importance and value is created. Medxcel FM understands that the Health Ministry's priority is about delivering the highest quality care to patients, so we do everything in our power to maintain the physical environment to the utmost standards for our customers to meet their goals.

The backbone of Medxcel FM is its commitment to, and investments in our InSource Service Delivery Model that has been implemented in five Ministries and is bringing talent back to the community while reducing high-margin service contracts.

Beyond the 23% reduction in our parts spend through a national relationship with Grainger, Medxcel FM maintains the healing environment that allows our ministries to provide the strength, hope and joy for the patients they serve and their communities.



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