



Novation's Sustainable Contracting Update

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- ▶ Novation is the industry's leading contracting services company that delivers unmatched savings to more than 2,500 members and affiliates of VHA Inc. and the University Health System Consortium (UHC) and over 12,000 Provista customers. By combining scale and agility with product expertise, Novation offers the most extensive range of advanced contracting services in the industry. VHA, UHC and Provista members used Novation and alliance contracts to purchase over \$33 billion in supplies and services in 2008.

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Background



- ▶ Novation's competitive contract process meets the needs of more than 12,000 Provista customers, 2,400 VHA and UHC member organizations which account for;
 - ▶ 44 percent of the staffed beds in the United States
 - ▶ 49 percent of the nation's admissions
 - ▶ 52 percent of nation's total surgeries
- ▶ The core of Novation's contracting philosophy is to use a high-integrity, competitive contract process that follows the principles of the ABA Model Procurement Code and involves participating member organizations to the greatest practical degree.

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- ▶ Novation, and its alliances, VHA, UHC and Provista continue to encourage all members and employees to employ environmental stewardship. As a family of companies, we have implemented many bold and cutting edge initiatives to develop awareness, educate our members and employees, and promote those initiatives that promise to help in the healing and sustainability of our environment. In 2008, Novation accomplished the following:

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2008 Company Accomplishments



- ▶ Launch of the Environmental Preferred Purchasing Page on our member website.
- ▶ Development and launch of the Growing Green Resource Tool
- ▶ Inclusion of environmental attributes in the Food Multi-Category Bid
- ▶ Removal of plastic ware from all break rooms
- ▶ All break rooms at Novation, VHA and Provista break rooms are now stocked with biodegradable food ware. In addition, the break rooms are now stocked with recycle bins.
- ▶ Launch of Online Novation Environmental Catalog
- ▶ Development of the Environmental Advisory Workgroup including members from the alliances VHA and UHC
- ▶ "Community Day" Goes Green- "Be the Difference-Going Green"

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2008 Contracting Accomplishments



- ▶ To continue to grow the Novation portfolio with products, supplies and services that promote environmentally preferred purchasing standards and initiatives, to include "greener" alternatives where available and to catalog those products and contracts that have a positive environmental implication in a single repository for access.
- ▶ Developed an environmental impact statement that will be included on all new contracts with environmental implications.
- ▶ Developed an Environmentally Preferred Products (EPP) Page on market place with an EPP Catalog and Line item supplier attributes detail of the products.
- ▶ Novation continues to screen all contracted suppliers for items that contain mercury. Novation will not contract for any product that contains mercury, unless there is no alternative available. To date, there are no contracted items in the Novation Contract Catalog that contain mercury.

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2008 Food Accomplishments



- ▶ Developed a Sustainable Food ware Guide- This resource is available through Marketplace and contains environmentally friendly food ware products offered to members through Novation food contracts.
- ▶ Developed Organic Product Listing- Novation maintains a resource of organic products that is featured on the Food and Nutrition Home Page in Marketplace. Today, it contains over 600 organic products that are stocked at U.S. Foodservice distributor locations across the country. The 2008 list of products has increased 20 percent over the previous year.
- ▶ Created EPP section of the Novation InFocus News Bulletin. A Novation goal is to facilitate education through the sharing of best practices.
 - ▶ Saint Luke's Hospital, Kansas City, MO. The member will save up to \$60,000 per year by offering regular customers reusable mugs to purchase instead of *disposables*.

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2008 Food Accomplishments



- ▶ **Developed Programs to assist members in local contracting.**
 - ▶ The University of Texas (UT) desires to be at the forefront of sustainability. Using the Novation food contracts available through U.S. Foodservice, the Novation authorized distributor, UT has been able to source products meeting its standards at competitive pricing. This year's focus included conversion to all natural Hormel and Jennie-O deli meats, organic canned vegetables, eco friendly paper products, organic soy milk and local organic produce. Darla Stewart, Manager, UT Procurement and Food Systems, sums up the relationship this way, (this is) "like having additional staff members out there doing research for us to find green products that will fit our operation."
- ▶ **Developed On-Line Sourcing Solutions**
 - ▶ The Novation staff has provided participating member input to U.S. Foodservice regarding the ability to have searchable flags that the members can use on-line at usfood.com to find environmentally preferable products. U.S. Foodservice will add eighteen (18) sustainability flags to track eco-labeled or other environmentally preferable products (i.e. Compostable, All Natural, Fair Trade Certified, Grass Fed, Antibiotic Free, No Added Synthetic Hormones, Recycled Content, Certified Humane, Certified Organic and several others) to its system in 2008 with data completion in 2009.

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2008 Food Accomplishments



- ▶ Developed Environmentally Preferred Product (EPP) Attribute Table in a competitive bid process.
 - ▶ Bidding suppliers were requested to identify appropriate primary and secondary certifications, i.e. USDA Certified Organic or Marine Stewardship Council.
 - ▶ Novation required substantiation of any claims allowed by the USDA or FDA that were meaningful for the specific food category in the bid.
 - ▶ For example, in the category of processed chicken products, the EPP attributes requiring validation included: free from non-therapeutic antibiotics, arsenic free, animal welfare certified, locally or regionally grown/produced with certifications of USDA Certified Organic, Animal Welfare Approved, Certified Humane Raised and Handled.
 - ▶ The EPP attribute table also included the identification of products made from corn, soy, canola or their derivatives containing genetically engineered ingredients.

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2008 Food Accomplishments



- ▶ Developed scorable non-financial survey questions in a complete bid process for Suppliers and Distributors.
 - ▶ Supplier questions addressed the identification of: a) the percentage of products manufactured as USDA Certified Organic and/or trans fat free; b) environmental standards with respect to the manufacturing process; c) the percentage of products packaged with recycled materials; d) dedicated corporate resources charged with implementing environmental stewardship.
 - ▶ Distribution questions addressed their ability to affect positive environmental change in each of the following examples: a) promotion of environmentally preferable purchasing decisions at participating member organizations; b) partnership with leading advocates for environmental and sustainability changes with foodservice supply chain; c) implementation of internal environmental and sustainable practices; and d) commitment to stock environmentally preferred products (EPP) with a primary or secondary certification of USDA Certified Organic.

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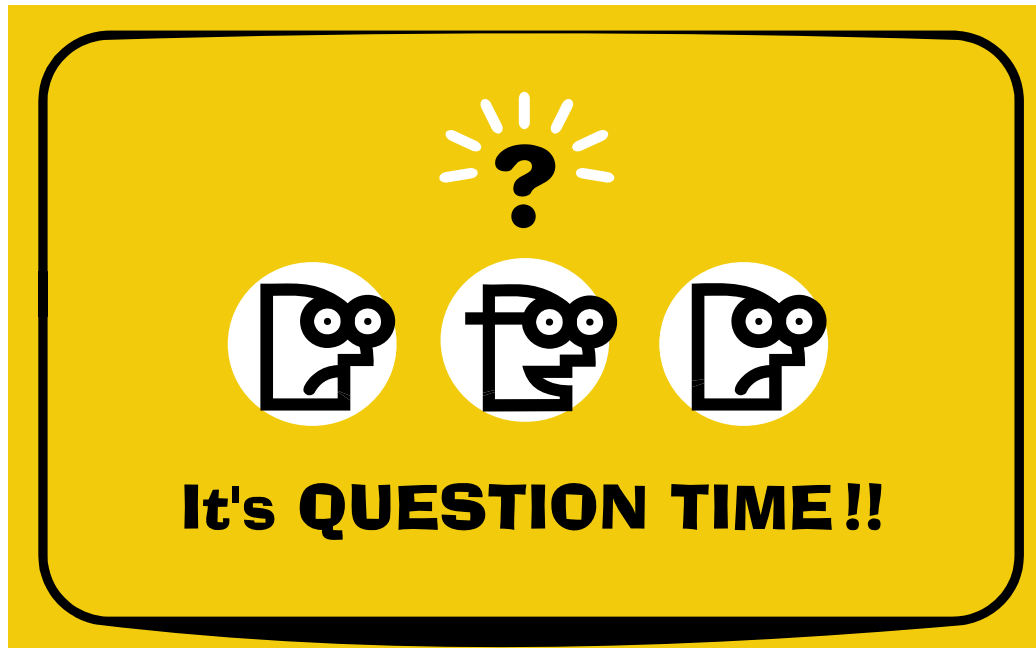




- ▶ Continue to Analyze current processes and work to improve and enhance all contracting processes to meet members expectations to source Environmentally Friendly Products.



▶ Questions?



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