

June 6, 2016

Dear Mr. Heinemeier

We are reaching out to you and nine other key consortia who we believe can be instrumental in bringing much needed improvements to our Engineer, Procure, Construct (EPC) industry.

During this past year, several companies who build, own and operate major capital assets have joined together to develop a Large Owners Group network consisting of senior representatives from 17 of the largest non-governmental companies in the country. Together, we represent a significant annual capital spend nationally and globally. While our business segments may vary, we have determined that we share many of the same challenges with the delivery of our capital projects:

- Complexity of capital project requirements are growing exponentially;
- Construction industry improvements have not kept pace with our internal business needs, resulting in facility costs outpacing our ability to remain competitive in our core businesses;
- Traditional siloed/segmented industry means and methods do not facilitate workflow integration between supply chain partners or project-to-project learnings; and,
- Projects continue to experience cost and schedule overruns, poor predictability, and increases in disputed claims.

With this shared awareness, we are committed to work together as owners to do our part in improving our EPC industry, and we have been meeting with the goal to collectively improve ourselves and help the industry deliver more value at reasonable cost and schedule on our projects. We believe applying lean and integrated principles and improving collaboration between ourselves and our key supply chain partners are necessary to achieve the improvements we seek. We also want to find better ways to increase the learning and sharing of best practices in the following three key focus areas:

1. Research to promote learning and dissemination of lean integrated practices across the construction supply chain;
2. Research to promote learning, process improvement, and recommendations for increased pre-fab opportunities across disciplines; and,
3. Research to identify best practices and procedures for improving the start-up, commissioning and hand-over of capital assets.

We are asking each organization to focus between now and the end of 2017 on the areas and issues identified above, and we are interested in learning about plans your organization will have to teach, engage in the discussion, and heighten awareness about the need for improvement in these areas. Perhaps more importantly, we are also very interested in efforts to help eliminate the fragmented and contradictory approaches to project delivery that continue to foster segmentation in our industry. As an Owner's Group, we are interested in supporting organizations who share our vision for the industry and who are actively making visible progress in these areas.

We look forward to hearing back from you on the ways to advance our EPC industry in the above key focus areas.

If you have any questions, please do not hesitate to contact me.

Sincerely yours

Digby Christian, Director of Lean and Integrated Project Delivery

Sutter Health, Facility & Property Services

Tel. 916 826 9791

