

IT Outsourcing for Healthcare Providers

Expert Advice from AMC

The Runaway IT Train

Does this situation sound familiar? You are a provider of healthcare services and you are superior at what you do. You recognized long ago that Information Technology (IT) would enable you to improve and expand your services and reduce (or at least control) your costs in delivering services. You started out by buying a few PCs. Then you discovered or developed systems that needed a little more horsepower and purchased a mainframe and/or high-end servers. Your information technology staff started to grow. Your hardware inventory increased substantially. You acquired more and specialized software. All of this growth occurred in a more or less unplanned manner.

Eventually, you discovered that you could not do without technology. Your departments clamored for more and bigger systems. Your IT budget increased almost exponentially year over year. Your competition invested in IT at a fast and furious rate and you just had to keep up or watch your business suffer. Now your IT budget is quite substantial. You found that attracting and retaining qualified IT personnel was fairly expensive and you have operated with as small an IT staff as possible. Your IT staff is having a difficult time in keeping up with service requests. Your medical departments have become frustrated with what they perceive to be as slow and inadequate service. The departments decided not to wait on the overburdened IT people to respond to their critical needs. In response, they bought their own equipment and software and hired their own dedicated IT staff.

Now you have no real idea as to what your total IT costs are. You know what is in your main budget, but you have no real idea as to how many shadow IT staffs

exist. You have no idea how many of your systems exist outside of your data center. These systems are not protected and may not even be backed up properly. Potential liabilities are mounting and patient care could be adversely affected. On top of all these problems, you have to address HIPPA requirements. And you see your competition starting to invest in clinical transformation. What are you to do?

Outsourcing to the Rescue

Outsourcing all or part of your IT services may just be the right step for you. Through outsourcing, you will turn over all of your IT personnel, hardware and software to an experienced supplier. This supplier will introduce the kinds of processes and controls that your own IT staff has never had time to develop and implement. The supplier will consolidate all of your hardware into a protected data center and ensure that all hardware is properly protected and backed up. Further, the supplier will help you to instill discipline in your departments by refusing to purchase any hardware or software unless you approve of it. You, of course, will have to ensure that your departments no longer go around sound fiscal practices by obtaining equipment or software without your explicit approval. Depending on the service levels you can live with, your overall IT costs can decrease significantly.

Outsourcing suppliers with specialties in healthcare have already begun dealing with HIPPA-related issues. These suppliers can bring approached and ideas to you without your having to tackle these issues or your own. If you believe that clinical transformation is in your future, these suppliers have already faced these issues as well. You will find that you are not fighting all of these business-related battles alone.

Proceed with Caution

Outsourcing may be the answer, but like all change, moving your service to an external party will not be without pain. You will have to reexamine how you do business if you decide to outsource any or all of your IT services. What to expect:

- Your supplier will implement processes and procedures that all of your employees will have to follow. Doctors are notorious for not wanting to follow such processes and procedures.
- You will have to instill discipline in your employees and back your supplier.
- You will have to introduce controls that prevent your departments from bypassing IT to obtain hardware, software and support personnel.
- You will have to implement governance processes and dedicate resources to manage the outsourcing relationship.
- You will have to endure a transition in the provision of IT services that will be highly disruptive.

Easing the Pain

If you approach outsourcing with open eyes and a willingness to make the kinds of changes that you will eventually be forced to make anyway if you want to stay in business, outsourcing can solve many of your IT problems. However, if you have no experience with outsourcing, you should think long and hard about undertaking it without expert guidance. Most outsourcers have significant experience in solving customer's complex issues and are often in a position to take advantage of customers by putting them into contracts that are favorable to the outsourcer. If you want to enter into a relationship that protects your interests, you need to work with individuals who understand the way in which outsourcers approach their customers.

The seasoned professionals of Applied Management Consulting (AMC) understand outsourcing. AMC has assisted many companies in managing their outsourcing transactions, guiding these companies into relationships that have achieved or exceeded stated company business objectives. If you are considering outsourcing, you should at least discuss your approach with people who understand the industry. If you have already signed an outsourcing contract and are not satisfied with it, AMC consultants can discuss what options you might have to amend it. And if you are about to conclude an outsourcing agreement and are uncertain as to whether you should extend it, renegotiate it or re-bid it, you owe it to yourself to seek the counsel of AMC consultants who can explain how you can maximize the value you can obtain from outsourcing.