

# AGILITY

ARC

Reducing Complexity in Healthcare IT





## **GALEN HEALTHCARE SOLUTIONS**

# Application Portfolio Management

## COMMON QUOTES IN HEALTHCARE IT

“Why does it take **so long** to get something done?”

“Do we have to **integration test everything**? Why every time we make a change do we have to test every interface and connection?”

“**The costs of IT are too high.** Rather than achieve any economies of scale we’re always adding people and service contracts. There never seems to be an end to the growing budget.”

“Projects are always a **50/50 gamble** at best. Putting in new technology carries significant risks as to whether IT can deliver on-time and on-budget.”

“Shouldn’t we just **outsource** the IT department?”

## PROBLEM STATEMENT

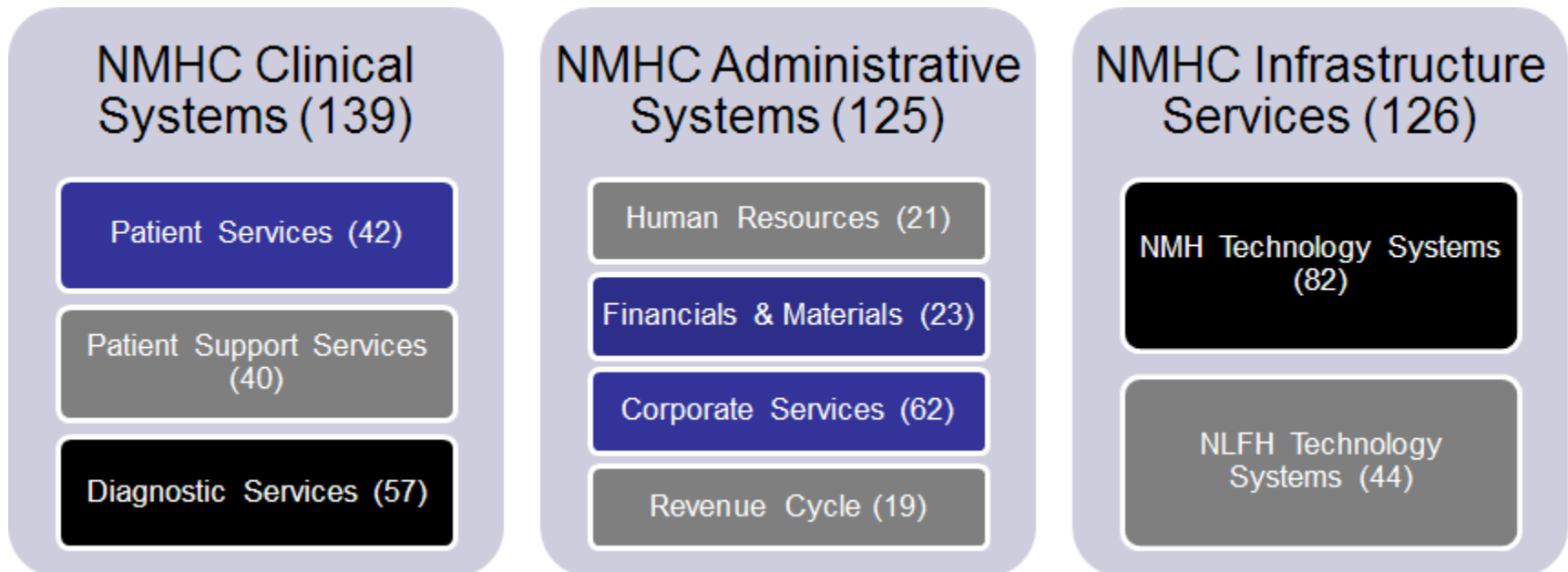
1. **Vast portfolio of systems** - Northwestern (for example) had over 400 different systems and over 650 packaged versions.
2. **Standards are rare** - IT usually has no set of defined standards for system evaluation.
3. **Growing portfolio of systems** - systems are commonly added to the portfolio with little consideration to the long-term technology costs and risks.
4. **Limited IT budgets** - Pressures to drive down costs are forcing IT to look at the value of its existing IT portfolio.
5. **Technical debt** - cutting corners in past projects reduces supportability of systems, increasing complexity and support effort

# VALUE BASED PORTFOLIO

1. **Understanding value of each application**
2. **Reflect and align with the overall organizational strategy**
3. **Build agile portfolio to reflect changing healthcare landscape**
4. **Measure outcomes driven through application portfolio management**

## COMPLEXITY IS THE PROBLEM

- In a system of interconnected things, complexity increases exponentially.
- Complexity...reduces availability, reduces agility and increases costs.



## WHAT REALLY ADDS TO THE COST?

- Heterogeneous architecture always creates costs:
  - Acquiring skills or FTEs
  - Dividing specialized roles
  - Developing new procedures and controls
  - Climbing new learning curves
  - Encountering new unknown unknowns
- Costs may be paid explicitly through growth in operational dollars.
- Costs may be extracted covertly through:
  - Implementation delays
  - Functional compromises

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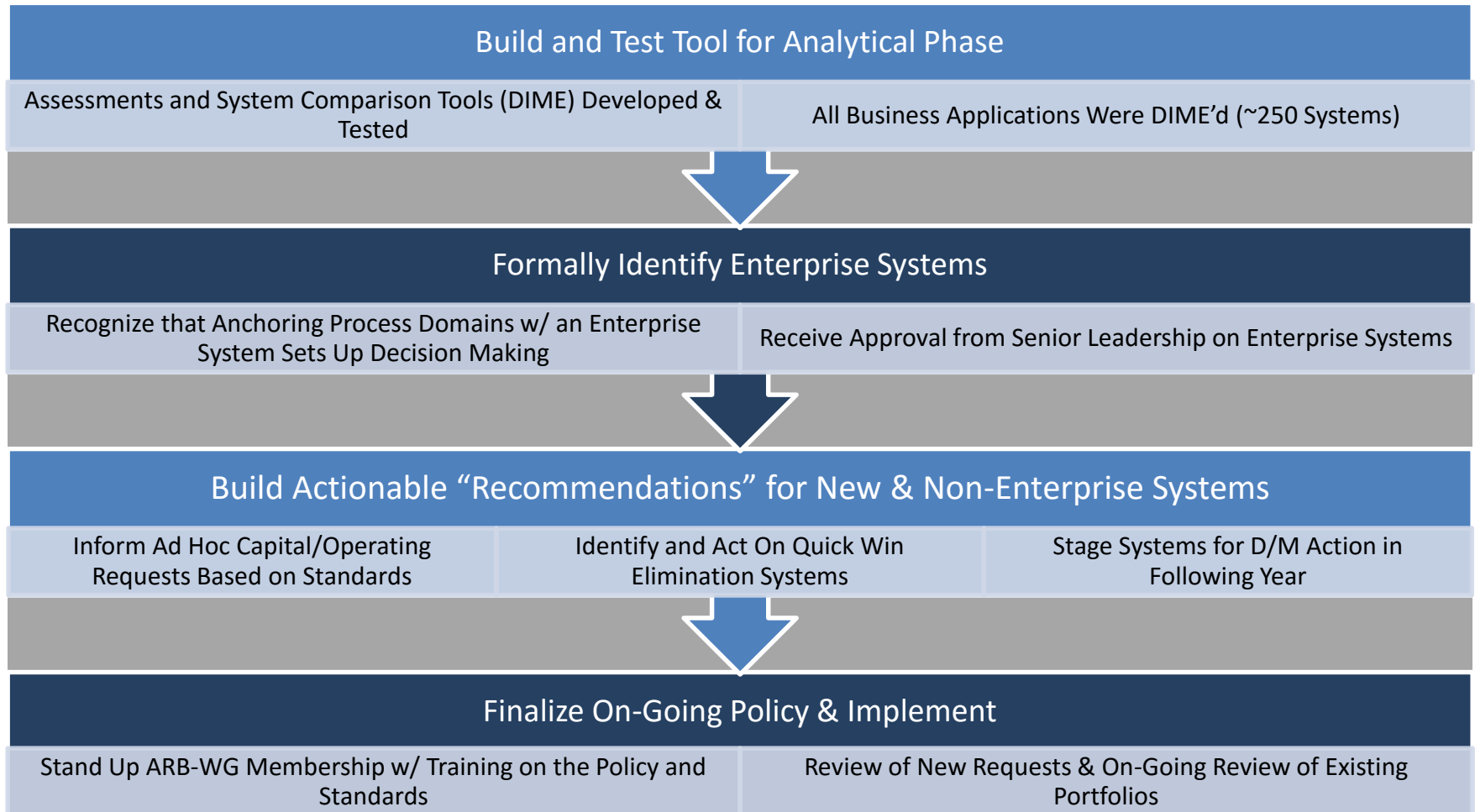
# Application Portfolio Management



## PROCESS FUNCTIONS

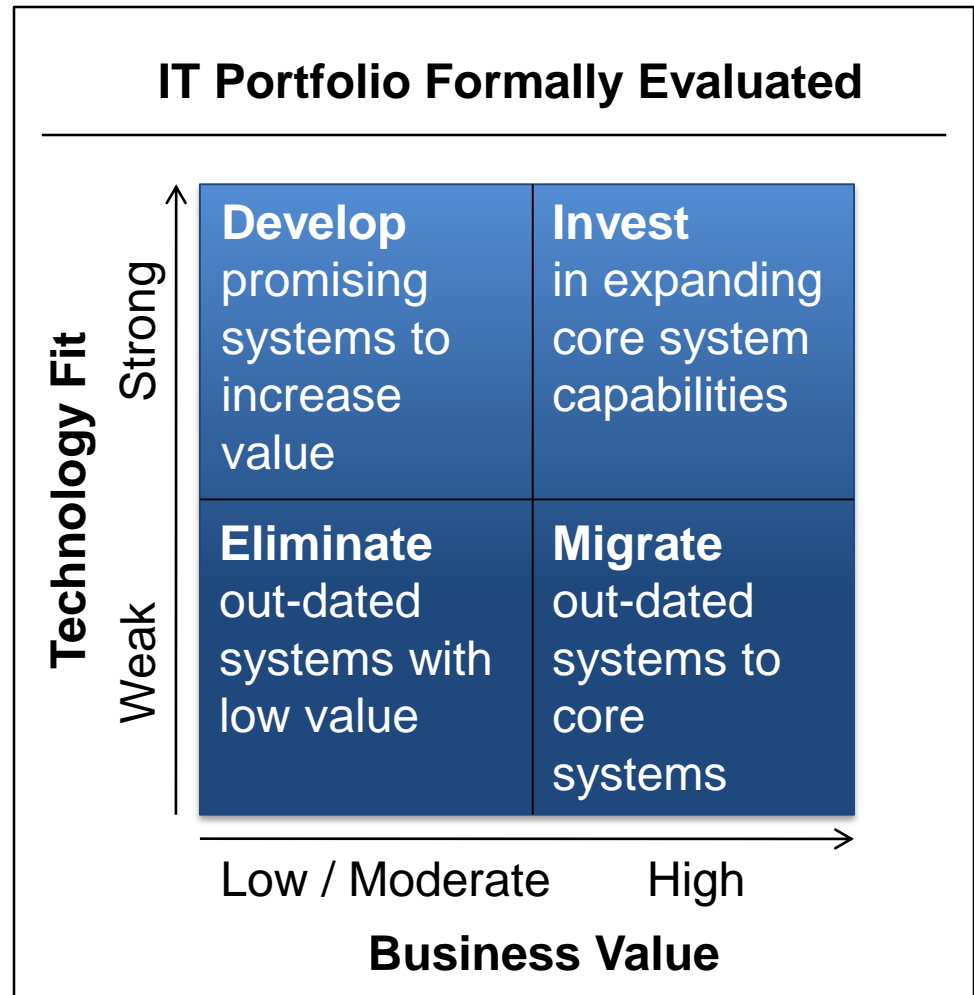
- **Architecture Review Board (ARB)**
  - Align technology decisions with the organization's business vision and goals
- **Goals**
  1. Provide clear direction on the business vision and strategy such that effective standards can be documented.
  2. Ensure IT projects fit within documented standards to reduce business risks and costs.
  3. To continuously improve the IT systems portfolio and drive down the cost of IT and the cost of IT in affiliations.
- **Business Analyst & Enterprise Architect**
  - Compile and execute technology related decisions in alignment with the organization's business vision and goals
- **Goals**
  1. Establish and document clear relationships between business objectives and technology capabilities
  2. Manage and coordinate application portfolio changes to support business objective functions
  3. Generate technical solutions that support or supplement key portfolio and infrastructure optimizations

## PROCESS STEPS

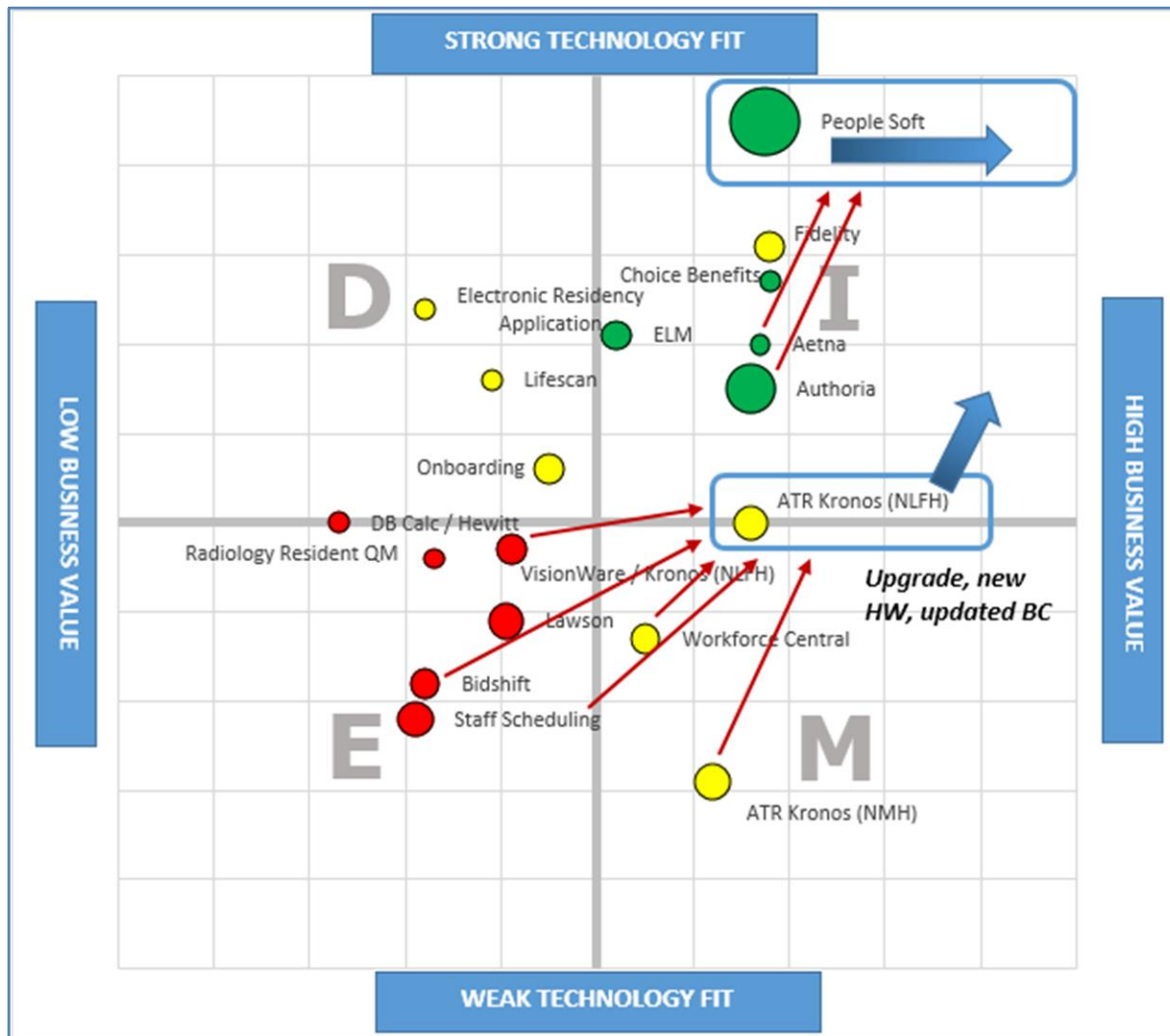


## DIME TOOL

- **Develop** – continue HW & SW investment, focus on system development for new business processes
- **Invest** – increase SW & HW investment, push for more business processes to use the system
- **Migrate** – schedule system for upgrade or migration to stronger system, evaluate business process for standardization
- **Eliminate** – schedule system for deactivation, cancel contracts, decommission HW



# Solving for Today. Preparing for Tomorrow.



## Human Resources

People Management, Benefits Management & Payroll

### Peoplesoft (NMH)

- Add People Management, HR Help Desk & Benefits Administration
- Migrate Aethoria to Peoplesoft then Eliminate
- Migrate Choice Benefits to Peoplesoft then Eliminate
- Migrate KMS On Boarding to Peoplesoft then Eliminate

### Kronos (NLFH)

- Upgrade to Ver. 6.3, add new HW w/ DB conversion, improve BC solution
- Migrate Kronos Visionware to Kronos then Eliminate
- Migrate Bidshift to Kronos then Eliminate
- Migrate Lawson Staff Scheduling to Kronos then Eliminate
- Migrate/Integrate Kronos ATR (NMH) to Kronos ATR (NLFH)

## ANALYSIS CONCLUSIONS

- Assessment and DIME placement were completed for all NMHC business applications.
- Distribution of the applications (n=216) across the DIME quadrants was as follows:
  - Develop – 53% (115 systems)
  - Invest – 12% (26 systems)
  - Migrate – 3% (7 systems)
  - Eliminate – 32% (68 systems)
- ARB process revealed that NMHC had a significant number of contemporary “niche” systems, **D**eveloping all of these systems into other business processes mat not be practical.

## DETERMINING THE VALUE

Cost of Ownership	Cost of Action
Hardware Maintenance	Vendor Evaluation/Selection
Software Maintenance	Contracting
Customization/Integration	Data Archiving
Gradual Growth (licensing)	Data Migration
Disaster Recovery	Steady-State
Direct Allocated Costs	Early Contract Termination
Indirect Allocated Costs	Migration Planning
FTE Support	Implementation
	New Skill Sets (train or new hire)
	FTE Repurpose
	Entry Cost (year 1)
	On-Going Expense (years 2-4)



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## Conclusions

## WHAT WE LEARNED

- Achieving a complete inventory of systems is an iterative process.
  - Insist on process owners from the business
- Understanding the scores for Enterprise Value and Technical Fit only get you part of the picture as other elements are required:
  - Total Cost of Ownership for the system
  - Business utilization of the system
  - Current stage of the system's lifecycle
- IT isn't typically equipped to handle this type of problem.
- These tools and processes can be used in multiple contexts:
  - Existing portfolio rationalization
  - Acquisition due diligence and portfolio merges
  - New project evaluation



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Thoughts? Feedback?

MUCH MORE THAN  
I.T.

The logo features the word "GALEN" in a large, white, sans-serif font. A white, curved line starts from the left, passes through the middle of the letter "G", and extends to the right, crossing over the letter "A". Below "GALEN" is the text "HEALTHCARE SOLUTIONS" in a smaller, white, sans-serif font.

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