



Unlocking Value

Delivering on the promise of IT in healthcare

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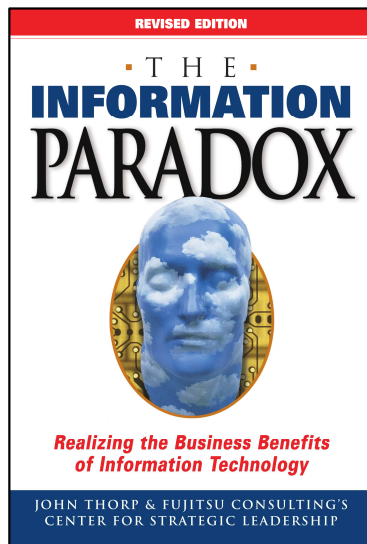
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HIC 2010
August 26th, 2010
Melbourne

The Information Paradox

Organisations continue to spend more and more on IT...



yet the value of IT is being increasingly questioned.

“The failed promises of the Information Age add up to the longest-running disappointment in business history. On the other hand, information technology has produced an enormous transition, something that companies should be grappling with and studying every day.”

Jack Welch
World Economic Forum, Davos, 1997

How's healthcare doing?

E-Health: Australia's \$5bn black hole

Australia's health sector has made only "marginal" progress towards being able to exchange information electronically, despite governments investing more than \$5 billion in the field over the last 10 years, according to a report released late last week.

By Renai LeMay, ZDNet.com.au, December 15th, 2008

EHealth scandal a \$1B waste: auditor

A scathing report on the eHealth Ontario spending scandal charges that successive governments wasted \$1 billion in taxpayer money.

October 7, 2009

CBC News

Harvard study: Computers don't save hospitals money

Hospital computer systems are often built for administrators, not doctors.

By Lucas Mearian

November 30, 2009 06:04 AM ET

Managing the clinical workforce

Most health systems lack a rigorous approach for matching clinician supply to the demand for various health services. As a result, patient care and clinician morale suffer—and costs cannot be controlled effectively.

DECEMBER 2009 • Nina Bhatia, David Meredith, and Farhad Riahi, MD

Source: [Healthcare Payor and Provider Practice](#)

Delays with £12.7bn NHS software program bring it close to collapse

Department of Health locked in frantic talks to save Lorenzo, the IT package meant to revolutionise patient records **Simon Bowers**[guardian.co.uk](#), Sunday 21 March 2010

You're in "good" company

Gartner: firms waste £351bn each year on ill-conceived IT projects

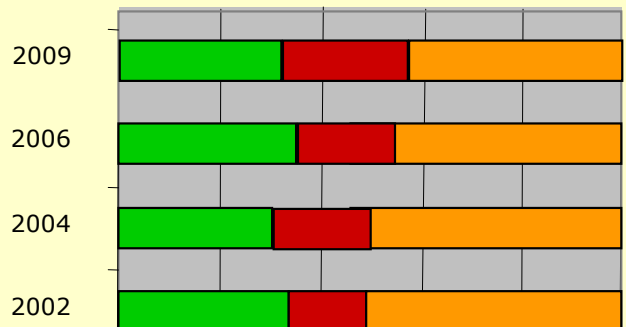
Nick Huber debate about IT spending and return on investment (ROI). Although Gartner has admitted that the 20% figure is an approximation it said that many chief information officers and chief financial officers: "They are being asked to cut costs to the business and do more with less. But at the same time they are being asked to implement changes to the IT systems, for example a new supply chain management system they have a common licensing agreement," said Kite. IT managers and company boards also need to be more ruthless when taking decisions about when to pull the plug on a troubled IT project, Gartner added. In the long

How to get most benefit from your spend

- Use the 'gap year' to pause for breath and adjust inappropriate IT investment behaviour and practices acquired during the years of e-business hype.
- Kill projects early and often. Instill a culture of rewarding managers for recognising projects that are not going to

Over-specified hardware, inconsistent licensing policies for software, and projects that never see the light of day are the main precipita-

■ Successful ■ Failed ■ Challenged



- **74% of IT projects from 1994 – 2002 failed to deliver expected value**

MIT Sloan Management Review, 2007, D Shpilberg et al

- **In a 2007 survey of 1,125 professional worldwide 57% had positive outcomes in less than half their organizations IT initiatives**

HP and Economist Intelligence Unit

- Gartner – more than 600 billion \$ thrown away annually on ill conceived or ill executed IT projects

- Standish Group – 24% of projects fail outright, 44% are challenged and only 32% are successful

- Other reviews and studies continue to confirm concerns

Evolution of Use of IT

Operational Efficiency -
Run the business

Automation of Work



IT



Business

Operational & Management Effectiveness -
Change the business

Management of Information



IT



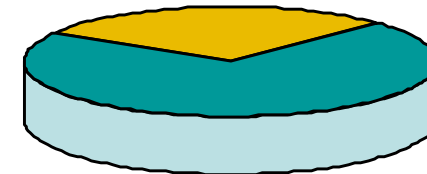
Business

Strategic Innovation -
Change the rules

Transformation of Business



IT



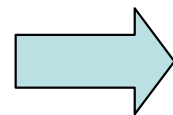
Business

**Investments are increasing and...
... complexity is increasing!**

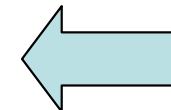
A New Perspective

*“You can’t
separate IT
from the
business”*

Faisal Hoque
Founder & Chair,
BTM Institute

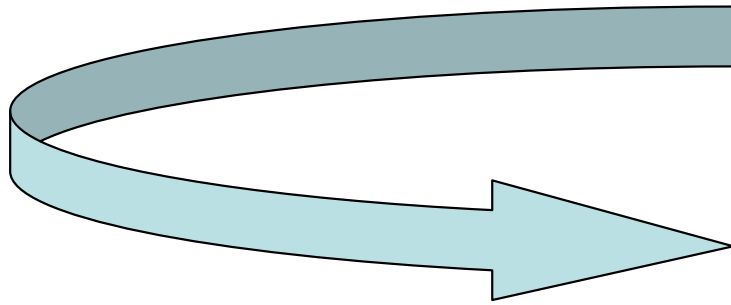


**Investments in
IT-enabled Change**

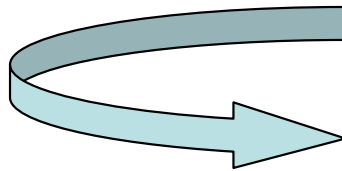


A Formula for Failure

$$OO + NT = COO$$



Increasingly complex IT



IT costs increase

IT inhibits vs. enabling change

The Fundamental Question

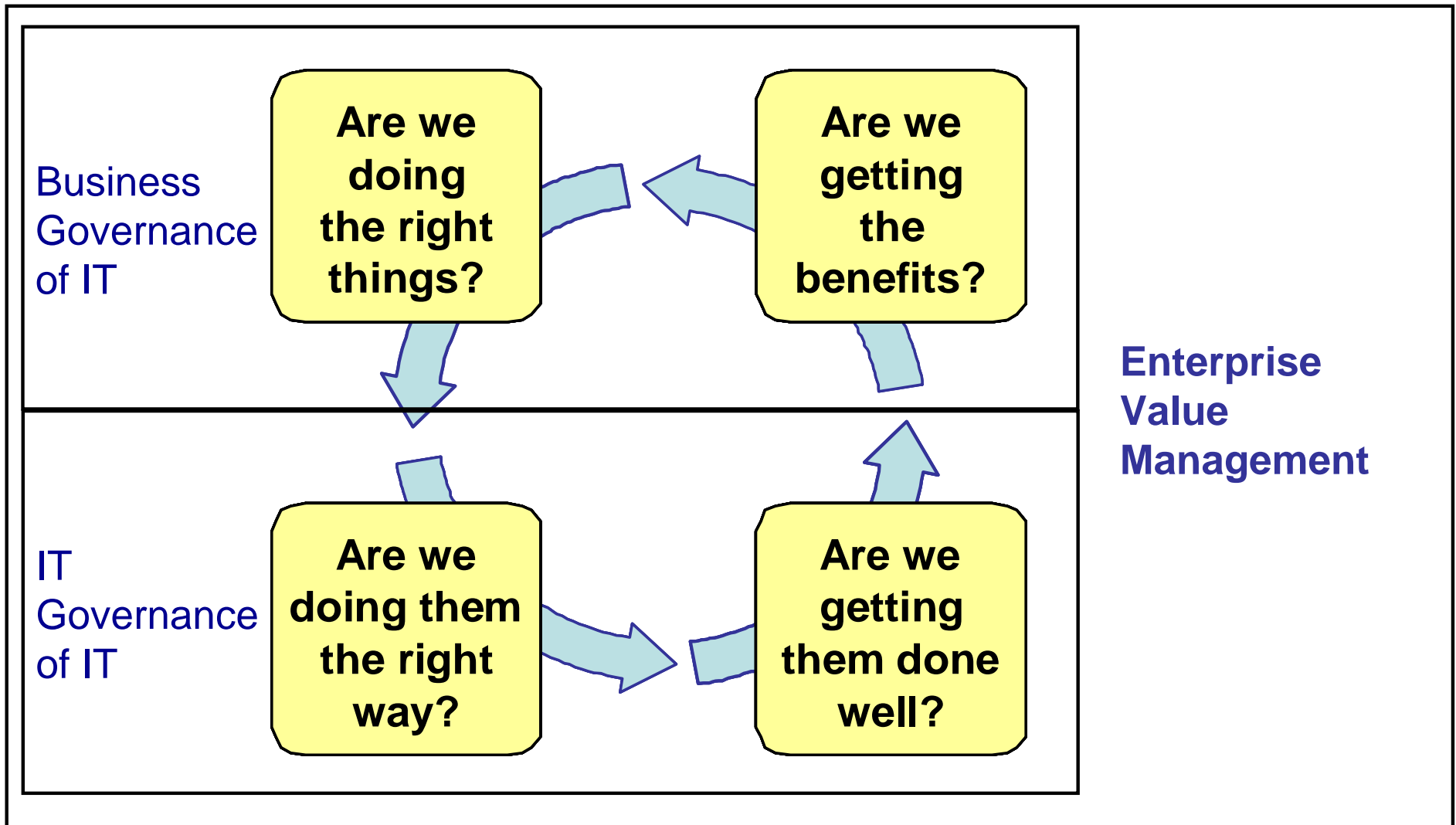
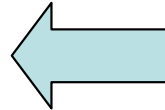
Are we maximising the value of our investments in IT-enabled change such that:

- we are getting **optimal benefits**;
- at an **affordable cost**; and
- with a **known and acceptable level of risk?**

**Over the full economic life-cycle
of the investment decision**

Key Governance Questions

Continually asking...



The Big Disconnect

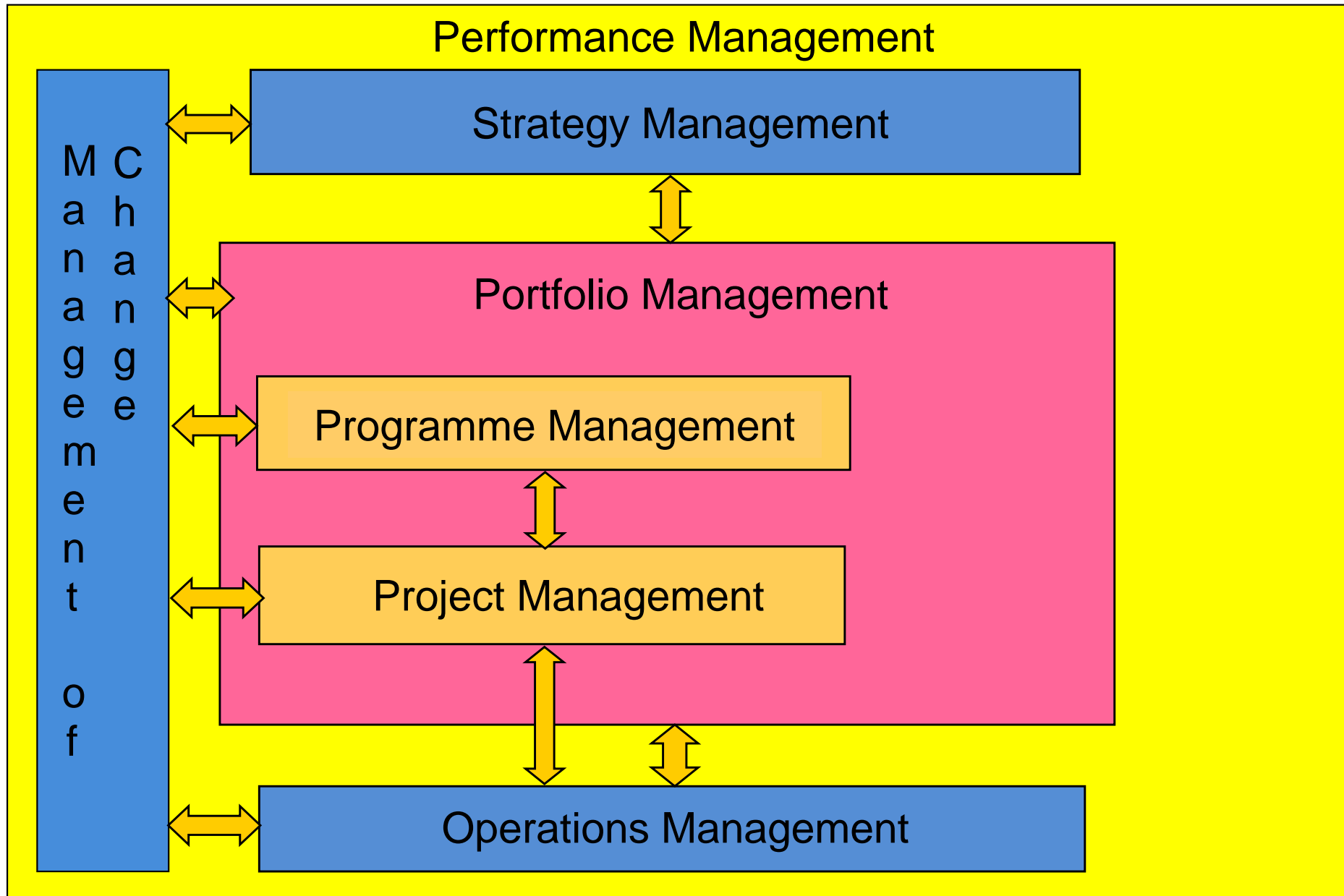
Strategy Management

- Filtered information*
- Selective hearing
- Wishful thinking
- Fear
- Emotional overinvestment
- Unrealistic stakeholder expectations

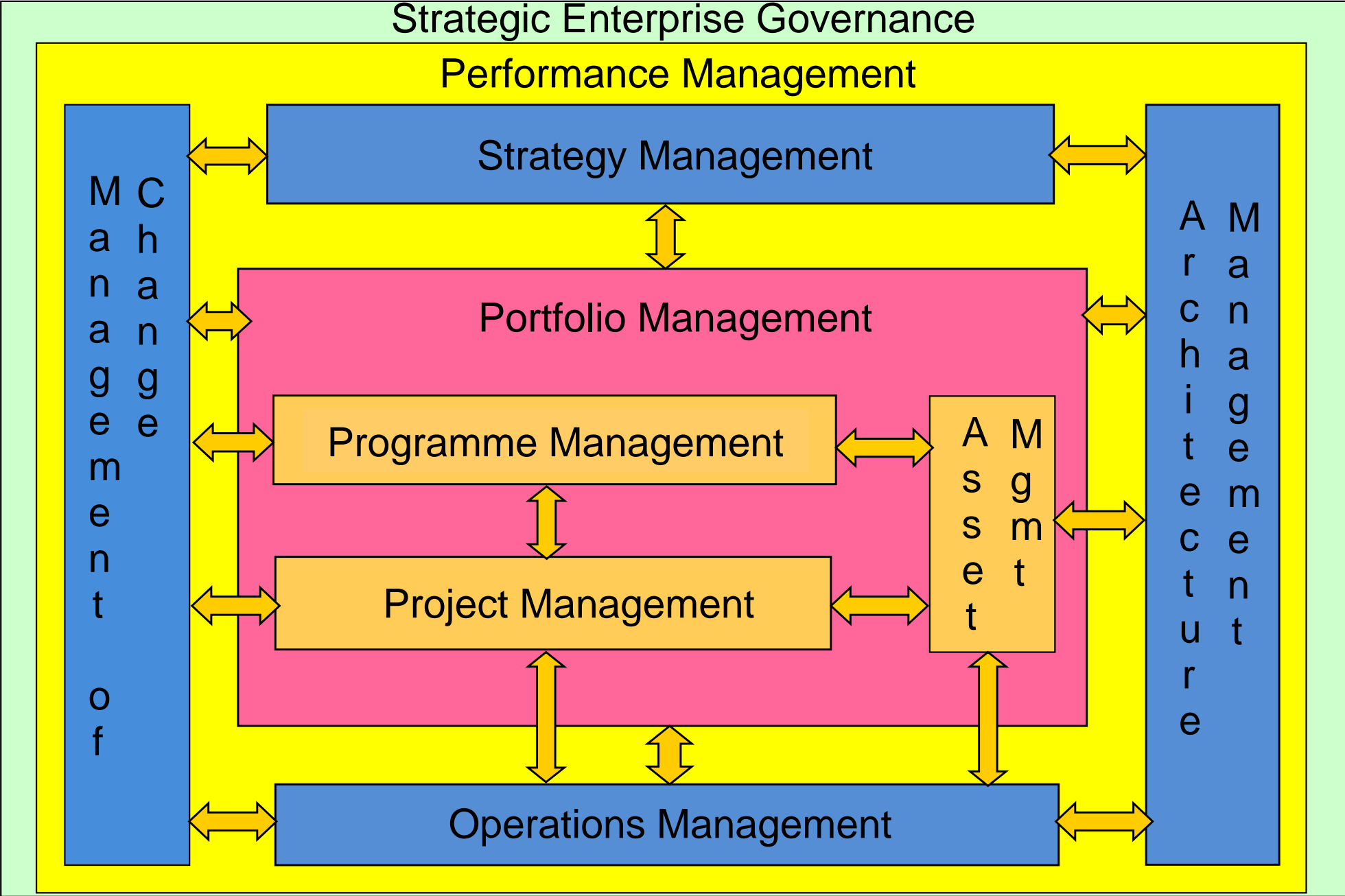
Project Management

Operations Management

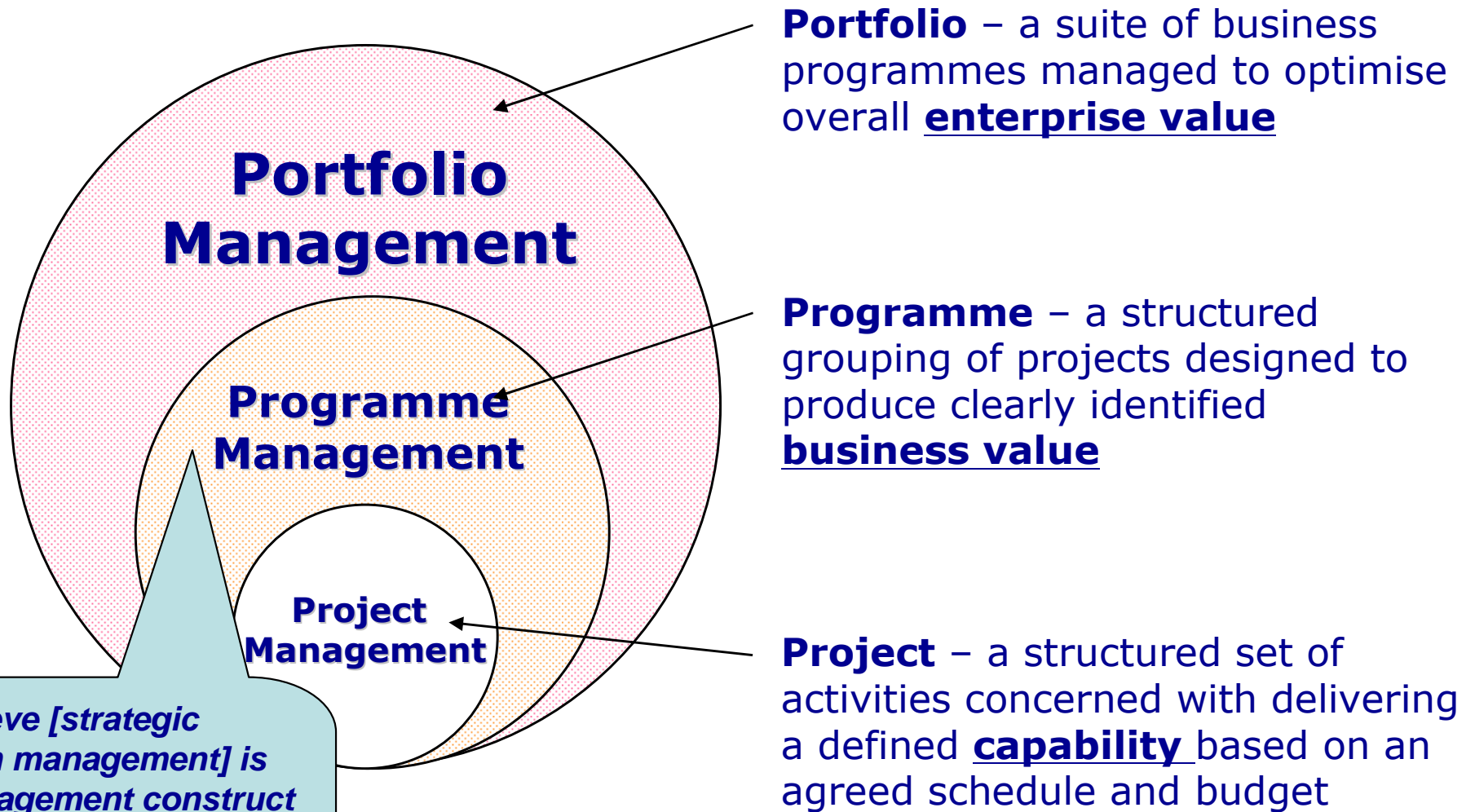
Benefits Realisation Approach



Completing the Picture



P³M - Projects, Programmes, and Portfolios



“We believe [strategic program management] is the management construct best suited to enable better business engagement, value delivery and risk”

Gartner Research, March 17, 2008

The Business Case

“Business cases are generally viewed only as documents for gaining funding. Once approved they are put away...few track the business benefits the projects actually achieve”

Gartner, Building Brilliant Business Cases

“Business Cases contain untested assumptions masquerading as facts”

Bob Morton, Government of Canada

“...47% of respondents openly admitted to overstating benefits in order to get approval”

Cranfield School of Management, survey of 60 European companies

Largely works of fiction based on “delusional optimism” and “strategic misrepresentation”!

Stephen Jenner quoting Daniel Hahneman & Brent Flyvbjerg

The Business Case

- The foundation that sows the seeds for success or failure – NOT a bureaucratic hurdle
- Business cases should:
 - operate at the programme level containing all required initiatives to realize outcomes – not just the technology
 - Identify clear accountabilities, supported by clear and relevant benefits metrics – both lead and lag
 - be a living, operational management tool – updated through the full life cycle of an investment decision
 - be regularly reviewed by an independent body such as a Value Management Office (VMO)
- Development and management of business cases should be supported by a benefits mapping process

Benefits Mapping - Complete and Comparable Business Cases

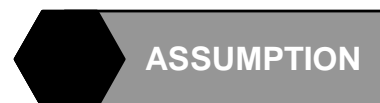
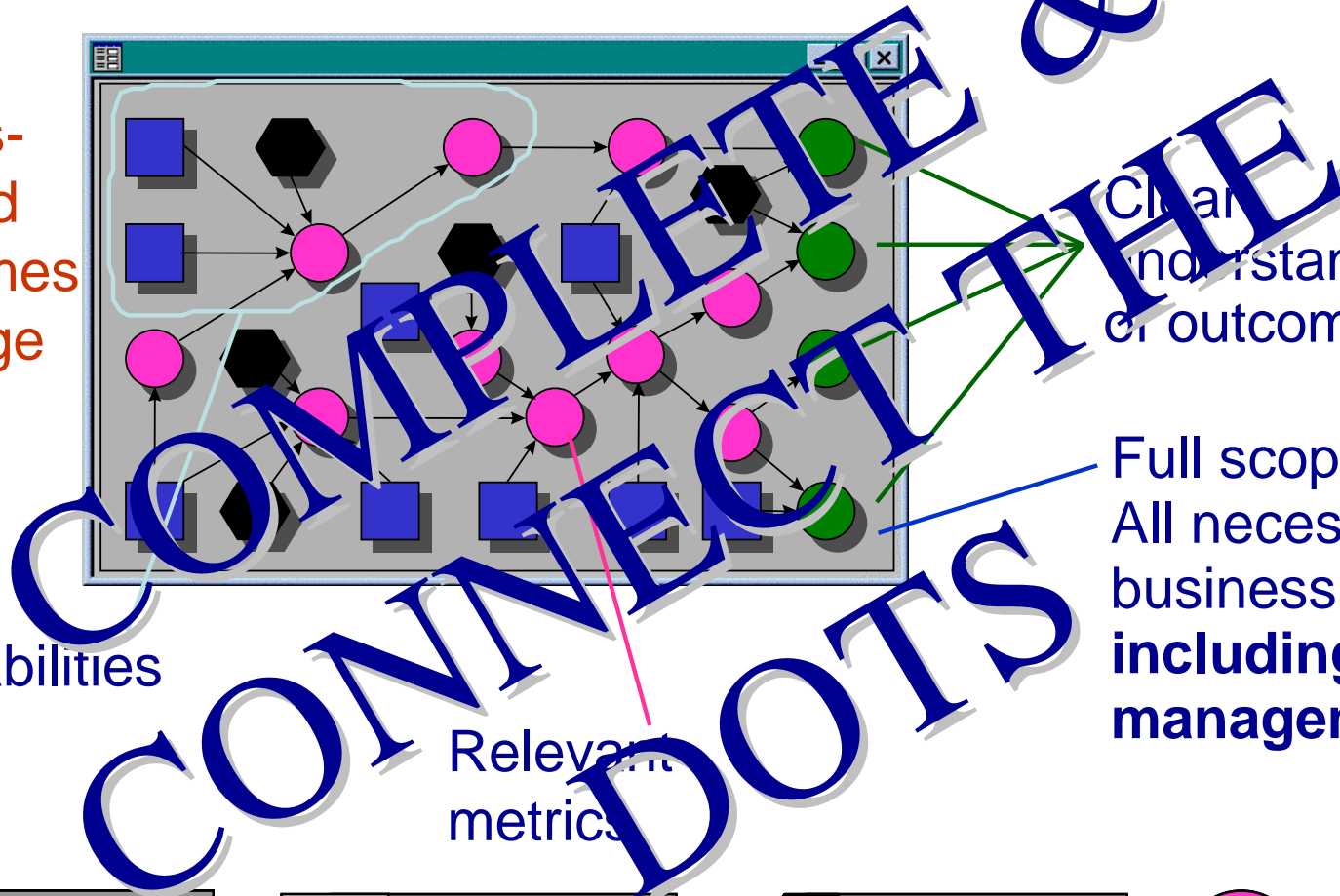
Results-focused programmes of change

Clear accountabilities

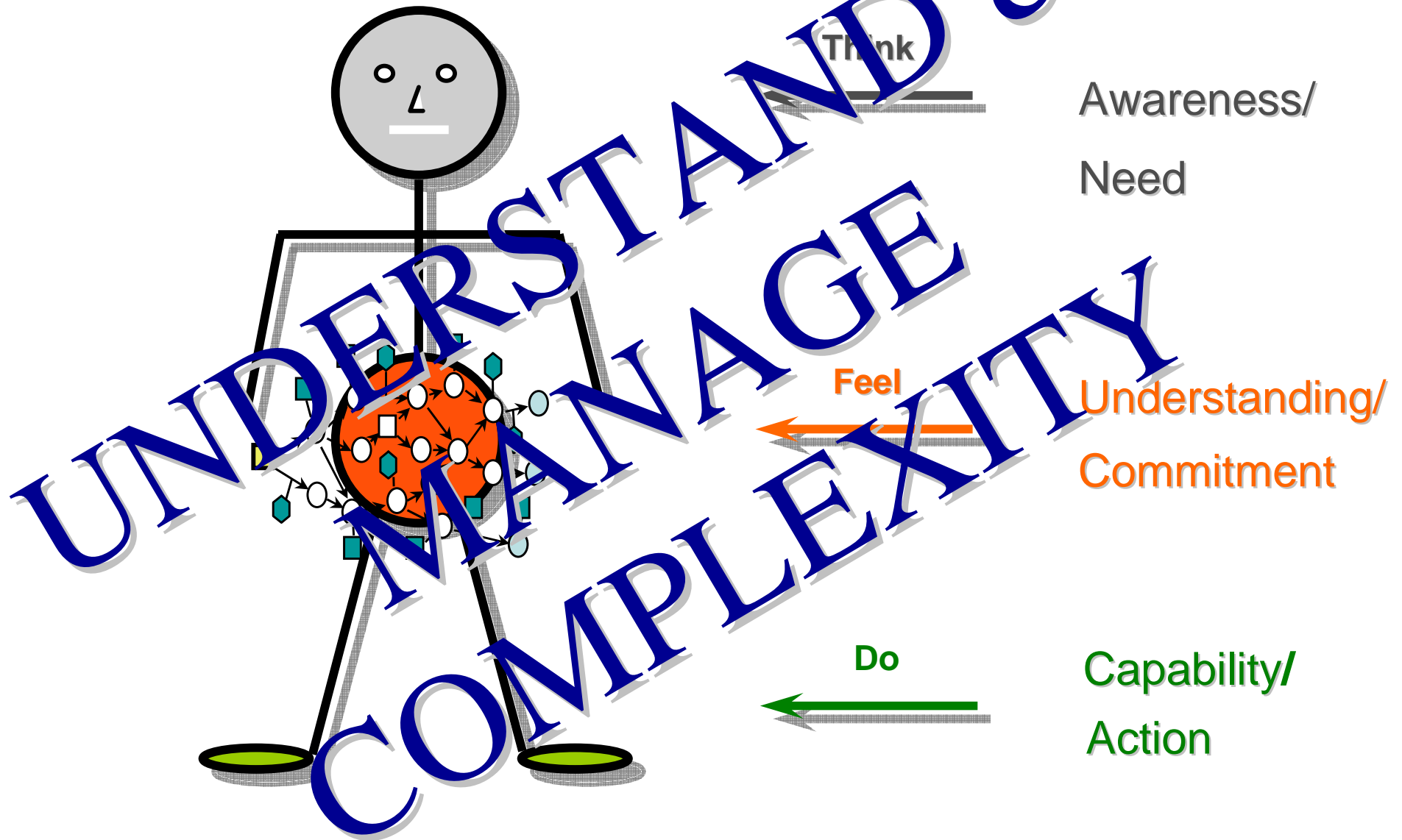
Relevant metrics

Clear understanding of outcomes

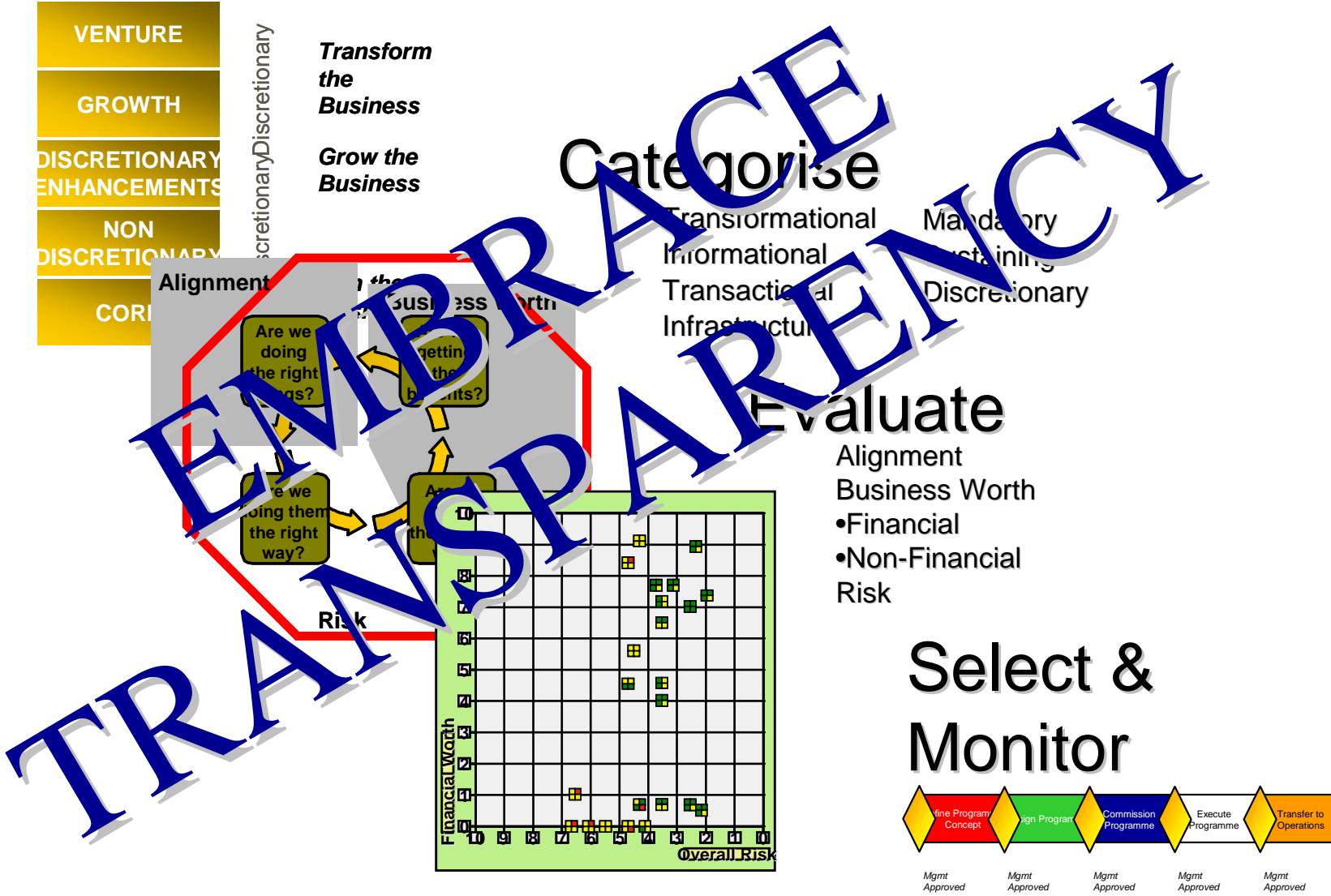
Full scope of effort—
All necessary IT and business initiatives, including change management



The Anatomy of Change &

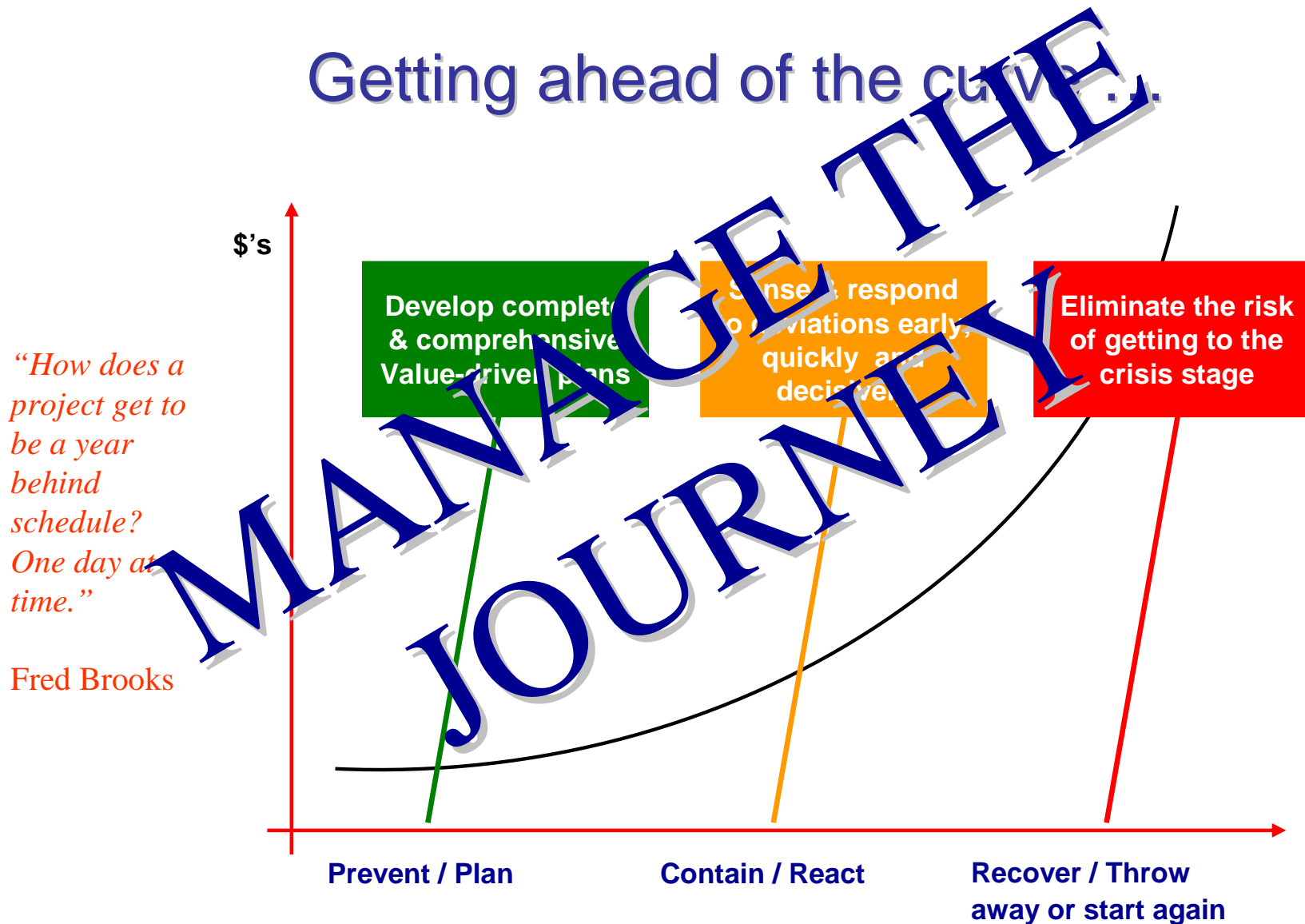


Portfolio Management



Full Cycle Governance!

Getting ahead of the curve...



Keys to Success

- Shift focus beyond technology, activities and cost to focus on change – behavioural change, outcomes and value
- Strong and committed business leadership
- Appropriate business engagement and sponsorship/ownership
 - Cascading sponsorship
 - “Front-line” input and feedback
- Clearly defined governance structure, role and responsibilities
 - Distinguish between the “what & why” and the “how”
 - Don’t abdicate “what & why” to the IT function
 - Don’t reinvent the wheel
 - Proven processes, practices and techniques are available
 - PFM, PgM, PM, Benefits mapping,...
 - Don’t underestimate the emotional and political issues around “behavioural change”
- Be prepared to change course – both the journey and the destination

Keys to Success (cont.)

- Strong front-end planning process with inclusive and challenging stakeholder engagement
 - Get “the right people in the room having the right discussion”
 - Use Benefits mapping workshops
 - Build clarity and shared understanding of desired outcomes
 - Recognize and balance/optimize different views of value
 - Surface “assumptions masquerading as facts”
 - Surface, understand and manage complexity – full scope of effort including management of change
 - Identify “do-able” chunks that deliver measurable value
 - Embrace pragmatism over perfection
 - Not a one-time event – revisit regularly

Keys to Success (cont.)

- Standard and complete business cases
 - Clearly defined – and accepted – accountabilities (for outcomes – not activities)
 - Relevant metrics – “less is more” – measure what’s important and manage what you measure
 - An aligned and results-based reward system
- Clear and transparent portfolio management process
- Manage the journey
 - Updated business case as management tool
 - A strong gating process for progressive commitment of resources
- Manage and sustain the change
 - On-going inclusive two-way communication
 - Support/sustain with one-on-one coaching/mentoring
 - Celebrate and build on success
 - Learn and share



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