



I can see you,  
you wascally wabbit!

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***Park Nicollet Health Services***

***Minneapolis, MN***



# Park Nicollet Health Services

## 2 Integrated Care Delivery Network

Located in  
Minneapolis, MN  
and suburbs



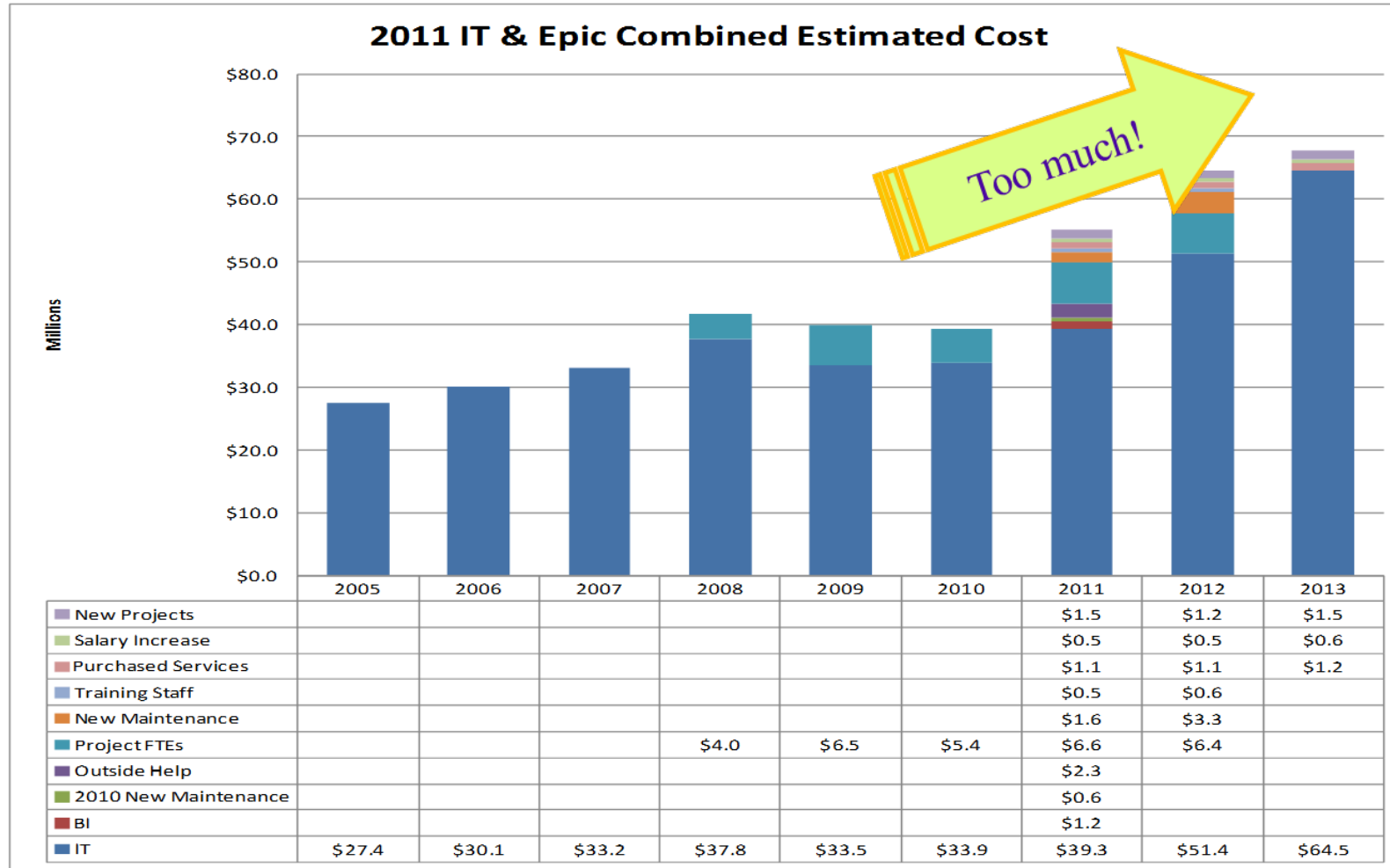
426-bed hospital  
26 clinics – with 55  
specialties

# Hunting for IT costs, transparency...

and those wraskly wabbit's CARROT\$.

# the problem...

4



# the conversation...

5



- **Current rate of budget growth unacceptable**
- **What should our 3-5 year targets be?**
  - % of operating budget, revenue and margin?
  - Set dollar with annualized growth or decrease



the solution...

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## IT Cost Optimization:

A discipline that includes the practices, capabilities, and behaviors of **reducing spending** and costs, **managing service levels** and **showing the value** of IT.



# step 1 – what is our IT identity?

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IT Characteristics			
IT Personality	Emerging, leading or bleeding edge	Measured Benefits	Necessary Evil
Approach to IT	Aggressive	Optimized and balanced	Cautious
Use for IT	Strategic Advantage	Consolidation and productivity garnering	Utility
Risk Tolerance	High	Moderate	Low
IT Metrics	Strategic Advantage	Value-based	Efficiency
IT Investment Behaviors	“Bet the Farm”	“All things in moderation”	“Cost of doing business”



# what should our IT identity be?

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Risk Tolerance	High	Moderate	Low
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IT Investment Behaviors	“Bet the Farm”	“Focused Investment”	“Cost of doing business”

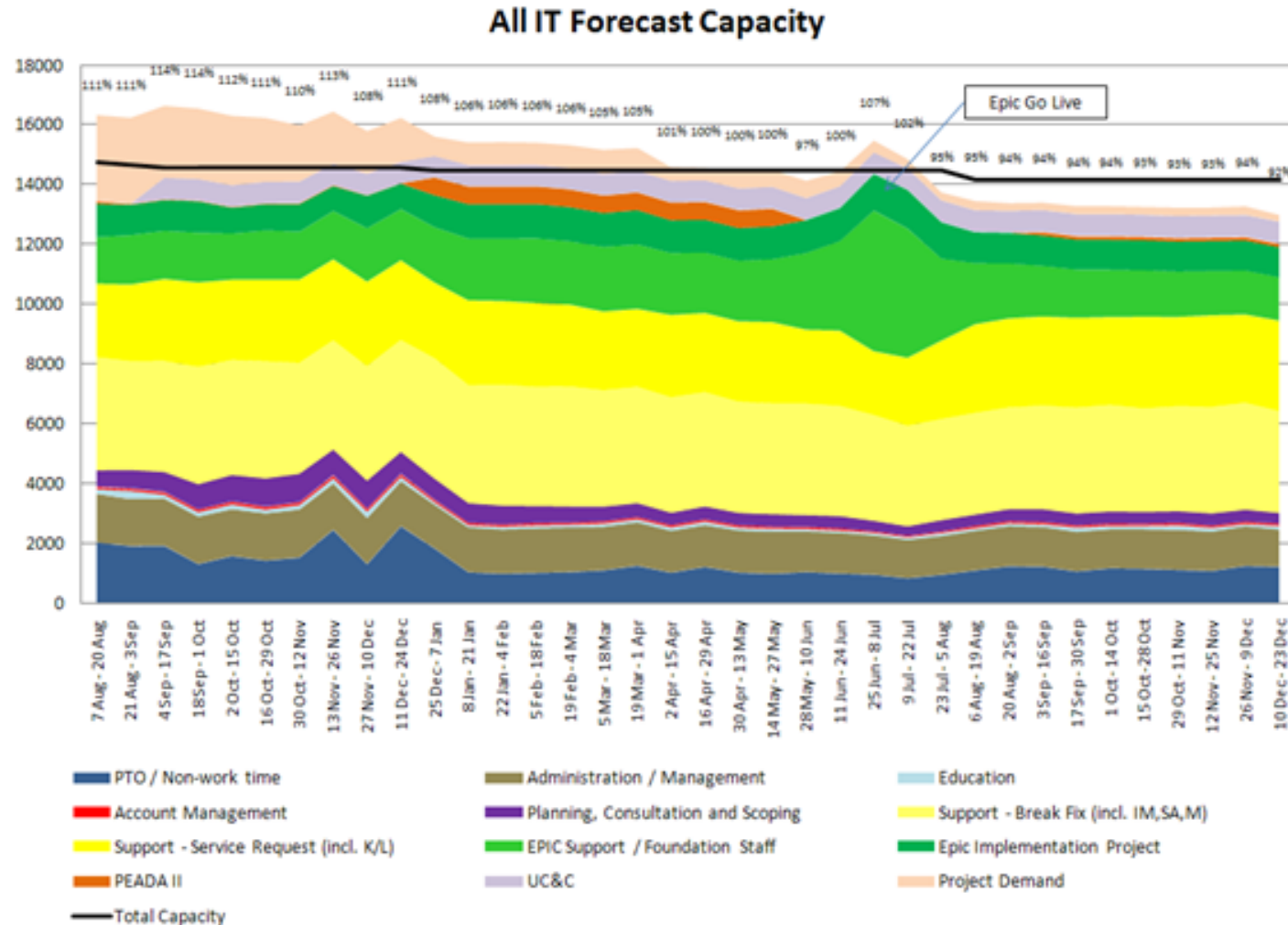
## step 2 – where are the opportunities to save costs within IT?

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- Supply Chain
- Staffing
- Portfolio Management
- New Technologies

# step 3 – where are we spending our time?

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# step 4 – IT cost transparency



# annual planning – real conversations around IT project costs

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2010

- Capital – if we have capital to pay for a project we are good to go
- Projects have expenses

2011

- Capital – capital is one piece of the cost of the project
- Projects have one time expenses
- Projects have on-going expenses

2012

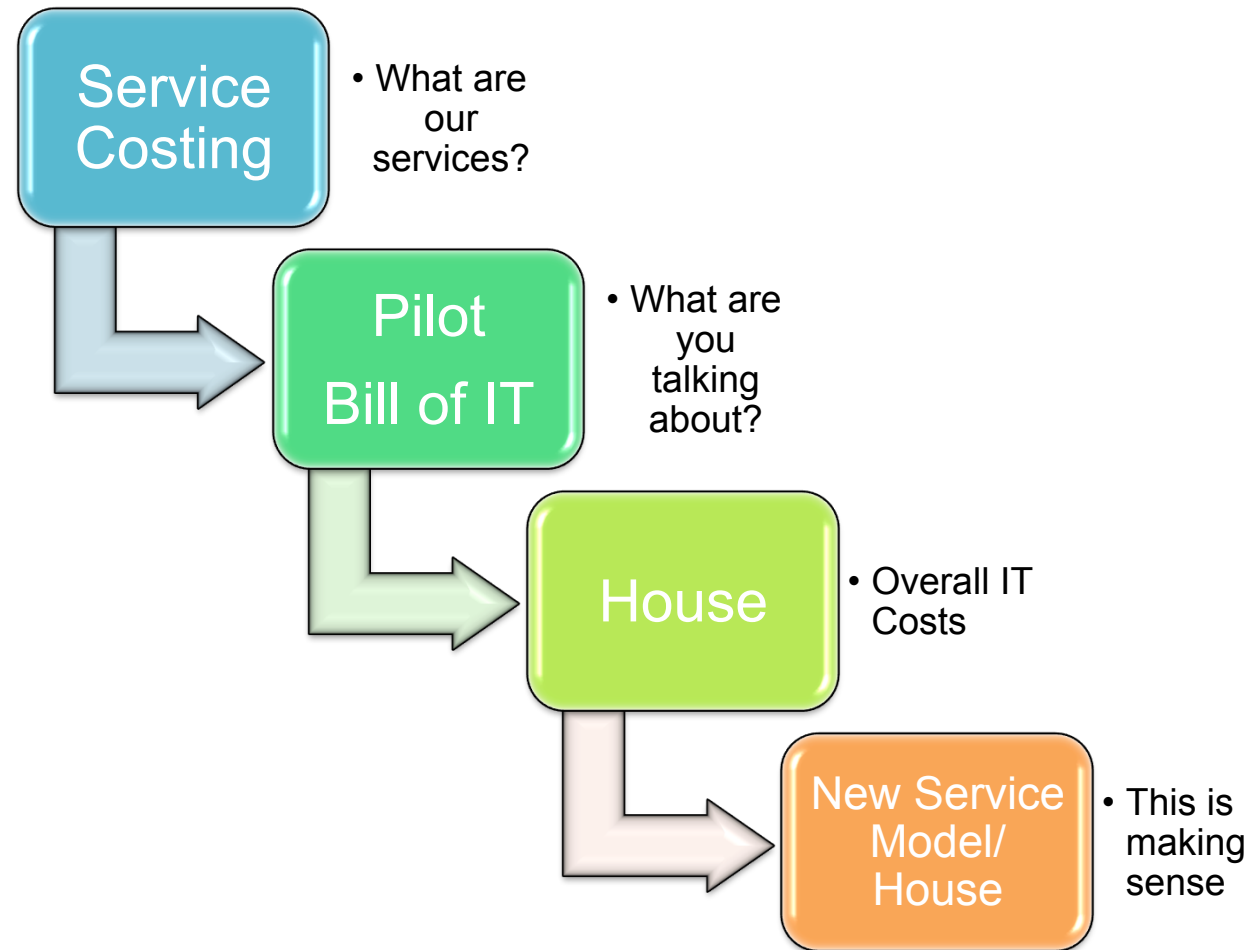
- Capital – capital is one piece of the cost of the project
- Projects have one time expenses
- Projects have on-going expenses
- Someone has to pay for them and it is.....IT

2013

- Capital – capital is one piece of the cost of the project
- Projects have one time expenses
- Projects have on-going expenses
- Someone has to pay for them and it is.....the Service Lines

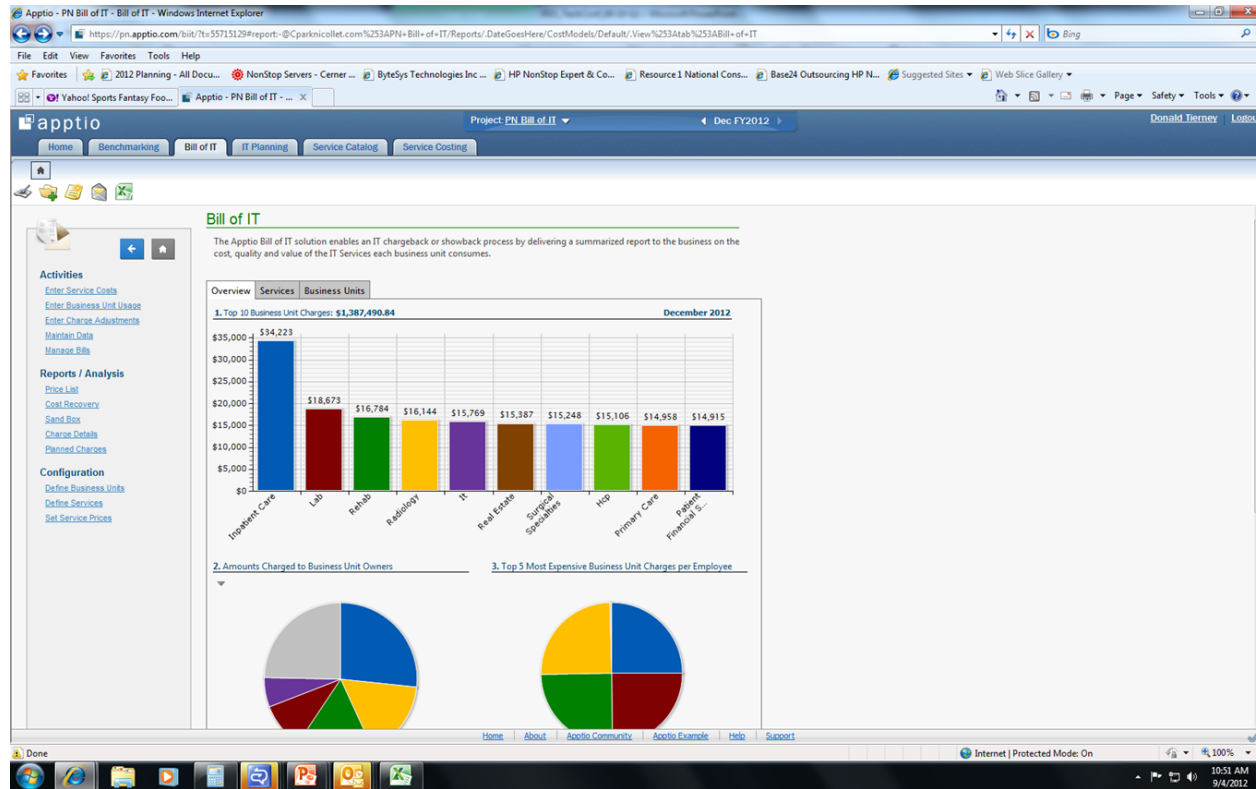
# service costing – try, try, and try again

14



# bill of IT

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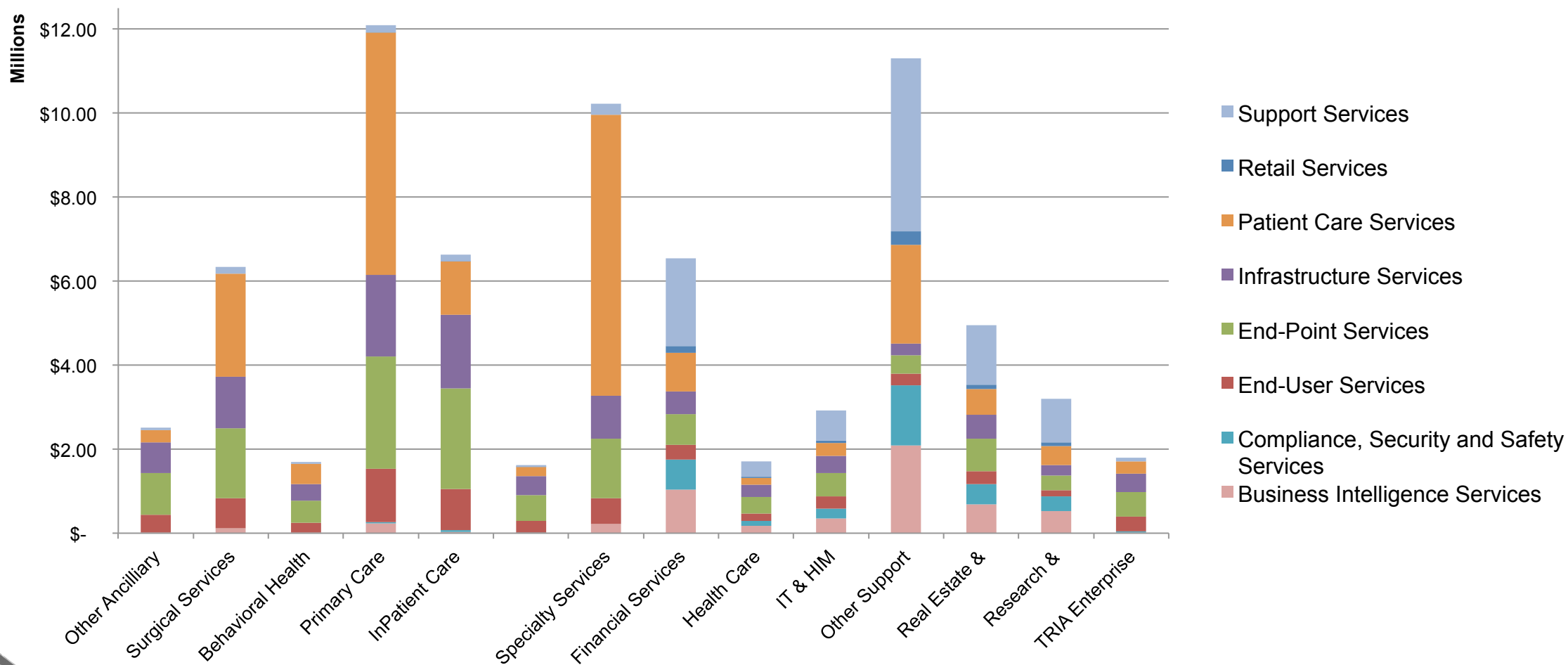
## 16

- |   |                             |  |                             |                             |                             |                                  |                             |                               | 2012 Final IT Cost |  |  |                             |
|---|-----------------------------|--|-----------------------------|-----------------------------|-----------------------------|----------------------------------|-----------------------------|-------------------------------|--------------------|--|--|-----------------------------|
|   |                             |  |                             | IT Contact Outsource        | \$1,209,266                 |                                  |                             |                               |                    |  |  | IT Contacts<br>3,604,654    |
|   |                             |  |                             | IT Contact Team Members     | \$950,572                   |                                  |                             |                               |                    |  |  |                             |
|   |                             |  |                             | IT Contact Maintenance      | \$1,444,816                 |                                  |                             |                               |                    |  |  |                             |
|   |                             |  |                             |                             |                             |                                  |                             |                               |                    |  |  |                             |
|   |                             |  |                             |                             |                             |                                  |                             |                               |                    |  |  |                             |
| <b>EMR</b>  |                             |  |                             |                             |                             |                                  |                             |                               |                    |  |  |                             |
| \$16,756,500  |                             |  |                             |                             |                             |                                  |                             |                               |                    |  |  |                             |
| LW/BAR  |                             |  |                             |                             |                             |                                  |                             |                               |                    |  |  |                             |
| \$1,887,282   |                             |  |                             |                             |                             |                                  |                             |                               |                    |  |  |                             |
| Learning  |                             |  |                             |                             |                             |                                  |                             |                               |                    |  |  | LW/BAR                      |
| \$1,823,416   |                             |  |                             |                             |                             |                                  |                             |                               |                    |  |  | 1,887,282                   |
| Org Readiness   |                             |  |                             |                             |                             |                                  |                             |                               |                    |  |  | Learning                    |
|   | <b>BI</b>                   |  |                             |                             |                             |                                  |                             |                               |                    |  |  | 1,823,416                   |
| \$237,578   | \$4,466,971                 |  |                             |                             |                             |                                  |                             |                               |                    |  |  |                             |
| PMO   | CRA Team Members            |  | <b>Imaging</b>              | <b>Lab</b>                  | <b>Clinical Specialties</b> | <b>Corporate Services</b>        | <b>Retail</b>               | <b>Regulatory/ Compliance</b> |                    |  |  | Total CRA                   |
| \$603,777   | \$1,299,929                 |  | \$3,222,031                 | \$1,743,310                 | \$1,708,900                 | \$4,109,331                      | \$517,153                   | \$929,350                     |                    |  |  | 1,299,929                   |
| Epic Team Members   | Org Readiness               |  | Org Readiness               | Org Readiness               | Org Readiness               | Org Readiness                    | Org Readiness               | Org Readiness                 |                    |  |  | <b>Total Org Readiness</b>  |
| \$4,563,001   | \$39,259                    |  | \$58,888                    | \$0                         | \$58,888                    | \$39,259                         | \$19,629                    | \$19,799                      |                    |  |  | 473,300                     |
| Consultants   | PMO                         |  | PMO                         | PMO                         | PMO                         | PMO                              | PMO                         | PMO                           |                    |  |  | <b>Total PMO</b>            |
| \$411,533   | \$142,444                   |  | \$106,832                   | \$71,222                    | \$206,543                   | \$170,932                        | \$0                         | \$287,512                     |                    |  |  | 1,589,262                   |
| Epic Software   | BI Team Members             |  | Imaging Team Members        | Lab Team Members            | Team Members                | Team Members                     | Team Members                | Team Members                  |                    |  |  |                             |
| \$2,281,056   | \$2,462,697                 |  | \$948,688                   | \$632,727                   | \$1,007,058                 | \$1,142,103                      | \$289,058                   | \$0                           |                    |  |  |                             |
| EMR Bolt-on Team Members                                  | Consultants                 |  | Consultants                 | Consultants                 | Consultants                 | Consultants                      | Consultants                 | Consultants                   |                    |  |  | <b>Total Applications</b>   |
| \$152,733   | \$19,967                    |  | \$63,942                    | \$7,580                     | \$0                         | \$129,298                        | \$700                       | \$0                           |                    |  |  | #####                       |
| EMR Bolt-on Software                                      | BI Software                 |  | Imaging Software            | Lab Software                | Software                    | Software                         | Software                    | Software                      |                    |  |  |                             |
| \$819,052   | \$77,851                    |  | \$1,713,503                 | \$642,104                   | \$436,411                   | \$1,358,666                      | \$207,766                   | \$0                           |                    |  |  |                             |
| Infrastructure Team Members                               | Infrastructure Team Members |  | Infrastructure Team Members | Infrastructure Team Members | Infrastructure Team Members | Infrastructure Team Members      | Infrastructure Team Members | Infrastructure Team Members   |                    |  |  |                             |
| \$2,298,613   | \$263,212                   |  | \$236,749                   | \$189,256                   | \$0                         | \$1,029,236                      | \$0                         | \$263,745                     |                    |  |  |                             |
| Infrastructure  | Infrastructure              |  | Infrastructure              | Infrastructure              | Infrastructure              | Infrastructure                   | Infrastructure              | Infrastructure                |                    |  |  | <b>Total Infrastructure</b> |
| \$1,678,459   | \$161,612                   |  | \$93,429                    | \$200,421                   | \$0                         | \$239,837                        | \$0                         | \$358,294                     |                    |  |  | 12,116,213                  |
| Common IT Infrastructure Outsourcing and Consultants      |                             |  |                             |                             | \$556,015                   |                                  |                             |                               |                    |  |  |                             |
| Common IT Infrastructure Team Members                     |                             |  |                             |                             | \$3,025,615                 |                                  |                             |                               |                    |  |  |                             |
| Common IT Infrastructure Maintenance                      |                             |  |                             |                             | \$1,521,720                 |                                  |                             |                               |                    |  |  |                             |
| Voice/Video/Networking PNHS Phone and Communication Lines |                             |  |                             |                             | \$2,276,068                 |                                  |                             |                               |                    |  |  |                             |
| Voice/Video/Networking Consultants                        |                             |  |                             |                             | \$140,371                   |                                  |                             |                               |                    |  |  |                             |
| Voice/Video/Networking Team Members                       |                             |  |                             |                             | \$1,882,093                 |                                  |                             |                               |                    |  |  |                             |
| Voice/Video/Networking Maintenance                        |                             |  |                             |                             | \$1,485,193                 |                                  |                             |                               |                    |  |  |                             |
| IT Operations Outsourcing and Consultants                 |                             |  |                             |                             | \$576,970                   |                                  |                             |                               |                    |  |  |                             |
| IT Operations Education                                   |                             |  |                             |                             | \$635,714                   |                                  |                             |                               |                    |  |  |                             |
| IT Operations Team Members & Team Member Support          |                             |  |                             |                             | \$4,744,205                 |                                  |                             |                               |                    |  |  |                             |
| IT Operations Maintenance                                 |                             |  |                             |                             | \$400,855                   |                                  |                             |                               |                    |  |  |                             |
|   |                             |  |                             |                             |                             | <b>Total IT Ops</b><br>6,357,744 |                             |                               |                    |  |  |                             |

# the “HOUSE” after:

## better information, better decisions

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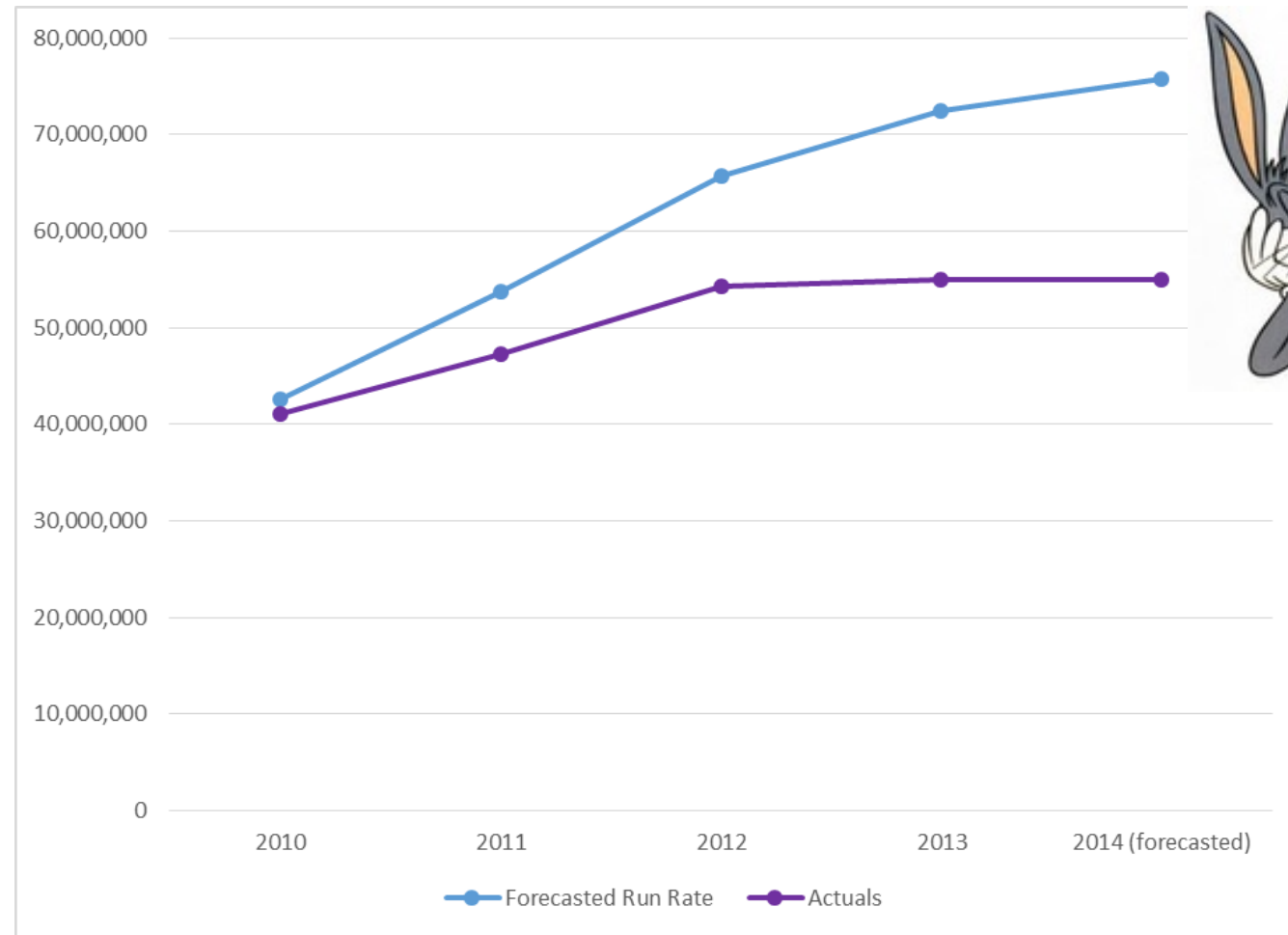
# step 5 – different conversations

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# that's a lot of CARROT\$

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# Key Lessons

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1. Evolution not revolution
2. Take the risk
3. The cultural change is as important or more important than understanding the numbers
4. Being transparent about IT costs were led to better decision making
5. Plan, do, check, act – then repeat

