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How to leverage cloud-based ERP for business transformation: Insights from health system leaders

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While Cleveland Clinic's on-premises enterprise resource planning (ERP) solution had functioned well for decades, healthcare leaders became increasingly aware of the technology's limitations that hindered progress and held the health system back from achieving innovation and scalability.

"It really wasn't hard to make a case for change," said Cleveland Clinic Chief Information Officer **Sarah Hatchett**. "But it was more than just technology. We took the opportunity to redefine our operating model by creating alignment between IT, supply chain, corporate accounting, financial planning, and HR. It was a multi-year journey with lots of data migrations, integrations, process development, training, change management, and support."

Cleveland Clinic's efforts paid off as the health system subsequently embarked on an aggressive merger and acquisitions phase, acquiring five additional systems in 5 years.

Hatchett recently recounted her experience transitioning away from an on-premises ERP solution to three integrated cloud-based ERP systems during a Chartis-facilitated webinar with the Scottsdale Institute titled, "Transformation and AI unleashed: Revolutionizing business processes with ERP." Co-panelists also shared their experiences at Memorial Healthcare System in Fort Lauderdale, Florida, and Keck Medicine of the University of Southern California.

Implementing ERP for business transformation starts with a mindful approach

To enable business transformation, today's increasingly integrated healthcare systems must embrace cloud-based ERP solutions that create workflow efficiencies and drive real-time data insights. Without these solutions, they run the risk of continuing to rely on aging technology that won't support strategic business objectives.

“We were not taking advantage of what I would call industry best practices and getting to a level of standardization and consistency,” said **Jeffrey S. Sturman**, Senior Vice President and Chief Digital Officer at Memorial Healthcare System, of their outdated ERP system. “We certainly weren’t leveraging the level of integration that’s so powerful in solutions of today.”

“Looking at supply chain, human resources, and finance data all together [with our cloud-based ERP solution] has been a game changer for us,” said Sturman. “We’ve taken a very tactical view of our ERP and moved it to a much more strategic asset.”

With cloud-based ERP solutions, organizations overcome long-standing data silos to gain big-picture insights necessary for strategic growth. In addition to providing robust business intelligence, the power of these solutions lies in their ability to automate workflows and reports, improve the employee experience, and optimize business processes. Today’s cloud-based ERP solutions transform the way in which health systems operate—but only when leaders take a mindful, informed approach to the transition.

Results can be powerful

As mergers and acquisitions continue to increase, today’s healthcare leaders are eager for solutions and strategies that ease time-consuming tasks related to workforce integration and retention and supply chain management.

At Keck Medicine of the University of Southern California, a cloud-based ERP solution supports efficient employee and contractor onboarding as the university health system continues to expand, said Chief Human Resources Officer (CHRO) **Ekta Vyas, PhD**. The solution has also significantly reduced the number of integrations and interfaces necessary for systems managing human capital, she added.

“As a health system, we are in growth mode,” said Vyas, adding that cloud-based solutions with mobile capabilities offer a huge advantage when integrating a new workforce, especially during open enrollment. “Scalability is very important—onboarding, converting, transitioning, and migrating. We’re looking forward to data analytics and business intelligence, especially as we continue to grow.”

Similarly, Memorial Healthcare System launched the mobile, self-service features of its ERP to enhance employee satisfaction and retention. “We’ve transformed how our employees can access and update [human resources and payroll] information any time on any device,” said Senior Director of Information Technology **Samir Wadhwa**.

Cloud-based ERP solutions are also necessary as growing health systems explore novel ways to maximize data use and increase efficiency while minimizing administrative burden. For example, Ohio-based Cleveland Clinic uses one of its cloud-based ERP solutions to easily gain workflow visibility and transparency.

“We have full visibility into all of our purchase orders, invoices, payment requests, approvals, and projects, including how everything is escalated, managed, and approved,” said Cleveland Clinic’s Executive Director of Digital Business **Keith Givelekian**. “Every step is automated. Our supply chain team can manage its storeroom, supplier onboarding, sourcing, and contracting without highly manual and time-consuming processes.”

The question is not whether today’s healthcare organizations should migrate to cloud-based ERP solutions. It’s this: How quickly and effectively can organizations transition away from on-premises solutions to cloud-based ERP solutions?

Four strategies for a successful transition

Healthcare leaders cannot implement cloud-based ERP solutions successfully without proactive planning. Panelists shared four helpful strategies to transition to cloud-based ERP solutions successfully.

1. Focus on internal alignment and governance. “We took the opportunity to redefine our operating model and create alignment between IT, supply chain, corporate accounting, financial planning, and HR,” said Hatchett.

Sturman, of Memorial Health System, agreed. “It’s not an IT project,” he said, adding that transitioning to a cloud-based ERP requires cross-operational collaboration centered on data governance. Doing so ensures the integrity of information throughout its life cycle.

2. Ensure strategic planning. Having the right expertise before embarking on an ERP project is critical to ensure its overall success, said Sturman. So is a flexible budget that includes “extras” for operational and financial unknowns as well as employee celebrations once certain project milestones are met, he added.

In addition, organizations will not use the same workflows pre- and post-implementation of a cloud-based ERP solution. Plan for workflow analyses and modifications, said Sturman.

3. Build an ERP vendor partnership. Selecting the right ERP vendor partner is one of the most significant decisions for a successful implementation, said Vyas. Quality of thought partnership and open dialogue during the design and configuration phase is critical to lay the right foundation for the user adaptation phase, she noted.

Open the lines of communication to collaborate, communicate organizational needs and priorities, and accomplish shared goals, said Givelekian.

4. Regularly evaluate ERP platforms. Move past foundational integration to meet the complex needs of the healthcare organization and to continually optimize all business processes, said Givelekian. This includes AI-enabled supply chain, finance, and HR capabilities.

Wadhwa agreed, adding that Memorial Healthcare System leveraged its ERP vendor partnership to create AI-enabled chatbots, AI-enabled expense report submissions, and AI-enabled vendor contract summarization.

With chatbots, employees can ask HR- and payroll-related questions or submit inquiries for more information. With expense reports, employees photograph a receipt, and AI populates essential information into specific data fields for submission. With vendor contract summarization, AI summarizes key points in the draft contract and identifies potential information gaps prior to the hospital submitting the contract to legal counsel for review.

Leverage the power of new cloud-based ERP systems

Today's cloud-based ERP systems can improve scalability and increase process transparency. However, internal alignment, strategic planning, vendor partnerships, and ongoing evaluations are critical to ensure sustainable success.

Trying to “get by” with antiquated ERP systems only worsens a health system's technical debt and renders it unable to address big-picture challenges like workforce shortages, margin compression, constrained capital, and patient acquisition and retention.

With the right team in place, cloud-based ERP can be a game-changer and a catalyst to transform the business.

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