Healthcare Partnerships:

7 Leading IT Practices to Achieve Goals and Avoid Common Pitfalls Across All Phases

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For most organizations, partnerships are the biggest bet they will make. Leaders are tasked with making critical, timely decisions in the context of significant degrees of uncertainty across all stages of the partnership journey. And as parties move forward to integrate, they face high-stakes expectations to realize the full benefits of integration. Health system leaders planning partnerships should take a holistic approach and early on focus on the areas most critical to achieving the partnership's strategic goals and capturing value.

One such area is information technology (IT)—pivotal not only in achieving direct IT efficiencies and savings but also in enabling strategic, operational, and clinical benefits.

- Significant investments are typically necessary to implement the technology solutions that will allow the partnership to realize its full potential. Conversely, failure to anticipate IT-related risks and resource requirements early in the process can prevent an affiliation from being successful or result in unexpected costs at a later stage.

- Embracing the critical role of IT and including systems and technology design early on will ensure that parties have a complete picture of the investments and timing required to achieve key integration benefits.

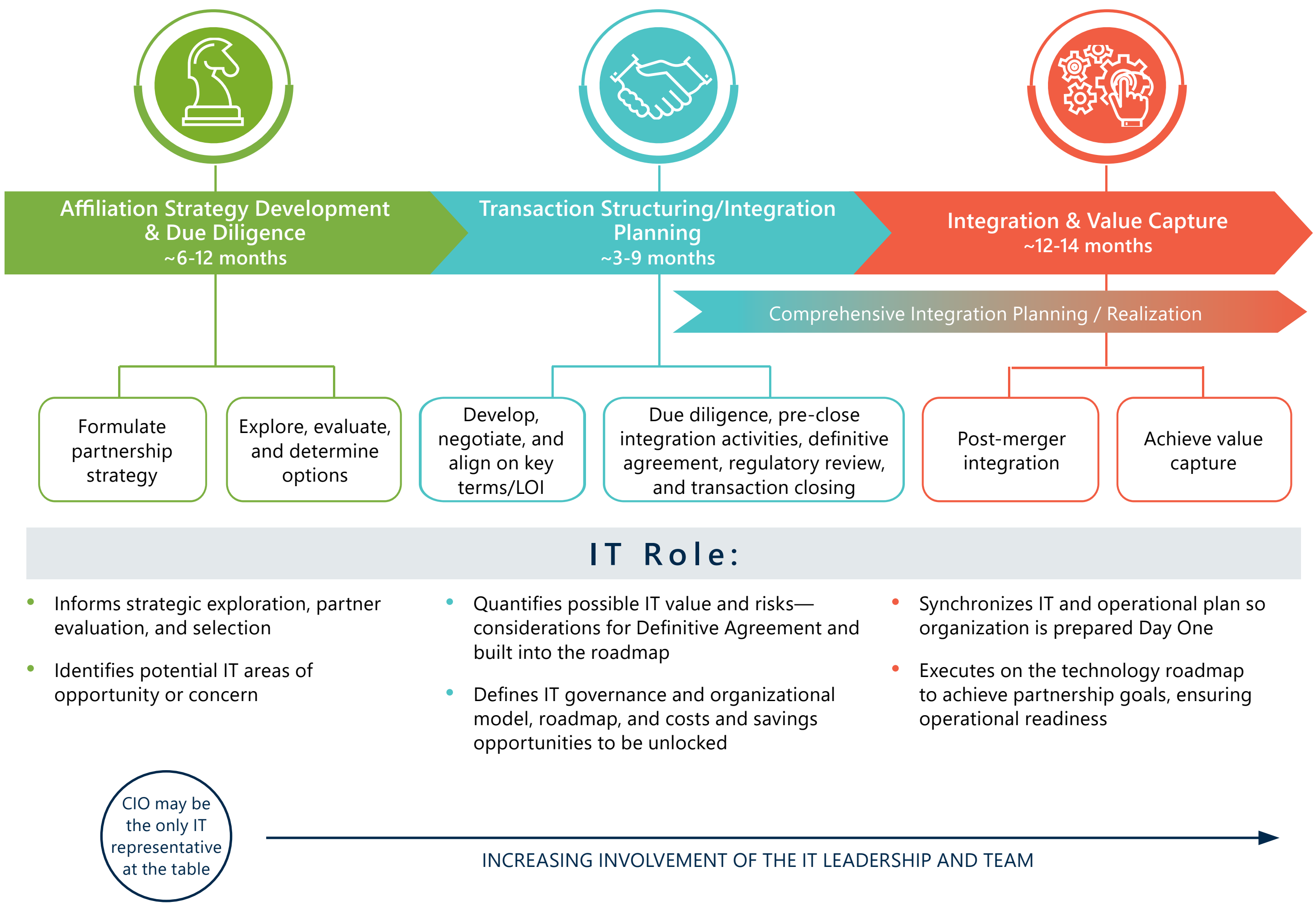
- IT considerations are crucial to defining and executing the strategic goals prioritized by most partnerships—whether for market expansion, to attain financial efficiencies, improve clinical integration, care delivery improvement, or service line expansion. In some cases, technology represents a key driver for the partnership as health systems look for funding and cost-sharing alternatives for IT investments.

Executive leadership must embrace the critical role of IT and identify all related costs and synergies to elevate the value of the combined partnership or new entity. This will require translating business drivers into strategic technology decisions and aligning with the objectives of the partnership to develop an integrated roadmap across all strategic initiatives.

A comprehensive IT assessment in the early stages isn't practical when the group involved in evaluating the partnership is small. An iterative approach is more effective—one that focuses on the IT considerations essential for each stage and addresses the increasing layers of understanding as the deal progresses. Start with a higher-level assessment to ensure key IT considerations are addressed during strategy development and due diligence. Then conduct a more comprehensive assessment further in the integration planning process, after the partnership is further defined and broadly understood. The comprehensive IT assessment should be completed prior to the final closing to ensure both parties fully understand the scope, timeline, budget, and associated implications and risks.

The figure below highlights the role of IT across the various partnership phases:

Role of IT Across the Partnership Phases



As an active participant throughout the phases, the organization will be prepared to make swift decisions to accelerate synergies and lay the groundwork for organizational readiness and change management.

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7 Leading IT Practices to Achieve the Goals of the Partnership and Avoid Common Pitfalls

Across the phases of a partnership, IT should focus on 7 leading practices.

1. Link the IT plan to the strategic goals of the affiliation, and ensure tightly woven IT and operations integration from the start.

As executive leadership develops the future-state operating model and overall transition plan, define the IT capabilities and solutions needed to achieve the strategic, clinical, financial, and operational integration goals. It is essential to verify alignment, ensure coordination, and validate expectations. For example, if consumer engagement is a strategic imperative, the transition to a scalable digital architecture may need to be on the critical path timeline, along with establishment of a single customer relationship management (CRM) and electronic health record (EHR) platform to enable it. The key is articulating the organization's overall transaction or partnership objectives, and then defining required IT goals and priorities.

Aligning IT with the strategic direction doesn't stop there. Throughout all stages, it's critical to ensure that operations and IT are aligned, working toward the overall integration goals. Tight linkage between the enterprise and IT Integration Management Offices (IMOs) is critical, as is scenario planning to help IT and operations align scope and timing expectations. This mitigates risk, ensuring informed decisions are made collaboratively with operations that guide the detailed planning and execution of the IT transition. Additionally, IT and operations together will need to prepare team members for the IT system changes, empower them to assume ownership of the new processes, generate excitement for the change, identify the changes to processes, and provide training on the new systems.

2. Understand all IT investments and cost implications.

Most transactions evaluate the run rate of IT by reviewing staffing levels, capital and operating budgets, and vendor contracts. What is not always known is how many of the current IT assets—software, hardware and networking infrastructure—are at end of life and/or in need of replacement. Is there a well-designed disaster recovery plan in place, or does one need to be developed and tested? Which software applications will require an upgrade soon, and what are those costs? If maintenance has been deferred, or if software applications are several versions behind, the costs of bringing them up to date may be significant. Similarly, harmonizing cybersecurity policies and converging solutions is an important consideration given today's cyber threats. The iterative approach will identify high-level cost implications early on. During integration planning, complete a more comprehensive review to identify all IT investments, cost implications, and resources that need to be addressed in the integration budget.

3. Anticipate and identify risks.

Understanding IT risks is an important step in the due diligence phase. During integration planning, a more comprehensive IT risk assessment model is needed. It should include not only technical risks relating to hardware and networking infrastructure but also risks concerning IT staffing realignments, changes in vendor relationships, data security, disaster recovery, and software implementation project risks. Proactively understand the risks, and share them with the executive team, along with implications, proposed mitigation plans, and associated costs. For example, even when both organizations are on the same vendor EHR, one may be on a recent build, while the other may have been implemented 10+ years ago, having taken only minimal upgrade enhancements. In that case, single or double upgrades may be required, along with a combined clinical governance structure, clinical standardization, organizational readiness, and change management efforts.

4. Define target benefits and the organizational readiness plan to achieve them.

Quickly engage in the definition of the future-state blueprint, and develop a realistic assessment of potential benefits and the timeline for achieving them. Elevate both organizations to a new level. Opportunities include those related to cost savings (such as staff consolidation, remote/hybrid staffing models, and reduced maintenance fees for decommissioned systems) and those related to clinical and operational benefits (such as workflow standardization and enhanced continuity of care via a shared clinical application platform). Work in tight collaboration with clinical and operational leaders to define target benefits. Create a comprehensive change leadership and communication plan to address the cultural integration and organizational readiness required to achieve them. Then measure results and further refine.

For example, combining EHR instances when both organizations in a merger or acquisition have the same vendor or migrating to one organization's vendor both require deep organizational readiness. Clinical and operational teams and leadership must be aligned and engaged from the start to address the required workflow and cultural changes. Actively involving all key stakeholders in cooperative efforts to design future state and prepare for the change is an important step. It cannot be an afterthought because it is key to achieving the target benefits, a more committed and aligned workforce, greater change capability, more sustainable operational performance, and the value creation expectations of the partnership.

5. Clearly define the transaction governance structure and process for IT decision-making.

During the partnership definition and integration planning process, many important IT decisions need to be made. It is important to make explicit what decisions will be made by the transaction governance group and which will be decided as part of the permanent, future-state governance structure. In theory, a process that allows for the development of common guiding principles, goals, and milestones and that has broad representation from clinical, business, and technical stakeholders will produce greater buy-in and commitment. However, this approach can also introduce tensions which may negatively impact the integration timeline and benefits realization schedule.

Consider the scale appropriate for the new organization. Effective decisions can be reached with a disciplined approach to evaluating pros and cons of various options and thoughtful decision-making using defined criteria. The criteria may need to weigh short-term needs versus longer-term objectives, balancing current regional activity and refocusing investments to the enterprise initiatives. Define the IT governance structure with clear responsibilities, and organize and manage the process to drive decisions that accelerate the transition to the future-state model and achieve planned synergies. Where possible, align and integrate it with the overall decision-making process for the affiliation, so IT isn't operating in a vacuum.

6. Establish an IT IMO aligned with the enterprise IMO.

The overall integration will have an enterprise IMO to manage the complexity of pre-close and post-close integration efforts, and IT likewise should have an IT IMO that helps ensure tight coordination with the operations teams. It is critical to have a dedicated team that effectively manages all the various IT components, workgroups, and transition activities defined by the IT integration roadmap. The team should also work to ensure minimal disruption to IT operations priorities. Structure the IT IMO to flow up to an enterprise IMO, so all communication and key decisions are well coordinated across the various operational and executive stakeholders. Leverage a common set of tools, templates, and processes with successive levels of granularity. This will result in executable plans, mitigated risks and issues, transparency around financial performance and forecasts, and an up-to-date understanding of progress, issues/risks, and go-forward plans. The ultimate outcome will be successful operationally aligned integration.

7. Develop an IT partnership playbook that is consistent and adaptable.

For organizations that have forging partnerships as a key strategy, leaders should also develop a long-term IT partnership playbook and a set of guiding principles and scenarios that can be implemented for each type of partnership. Because of the variety of traditional and non-traditional partnership arrangements being explored, it is important to define what technology and process standards will be consistent across all types of affiliations, and which can be adapted as needed. Addressing questions on an ad-hoc basis as each individual affiliation is pursued will likely result in a patchwork of applications, processes, and tools. It also will likely result in increasing cost and complexity, and delayed achievement of benefits.

A playbook helps focus on the critical success factors and avoid pitfalls and obstacles. It helps clarify the "why" and "how to" with tools to streamline work effort, especially helpful for an accelerated timeline. Develop an overarching integration strategy and guiding principles, with a repeatable IT playbook that can be leveraged for current and future potential affiliations. Also build in flexibility to adjust to various potential partnership models and business structures that unfold.

Paying attention to IT early on can mean the difference between success and failure. Embrace the critical role of technology solutions and services to unlock the synergies of the partnership. Following the 7 leading practices for IT integration will help avoid common costly pitfalls and leverage lessons to realize the enterprise strategic goals.

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