



SCOTTSDALE INSTITUTE

COLLABORATION • EDUCATION • NETWORKING

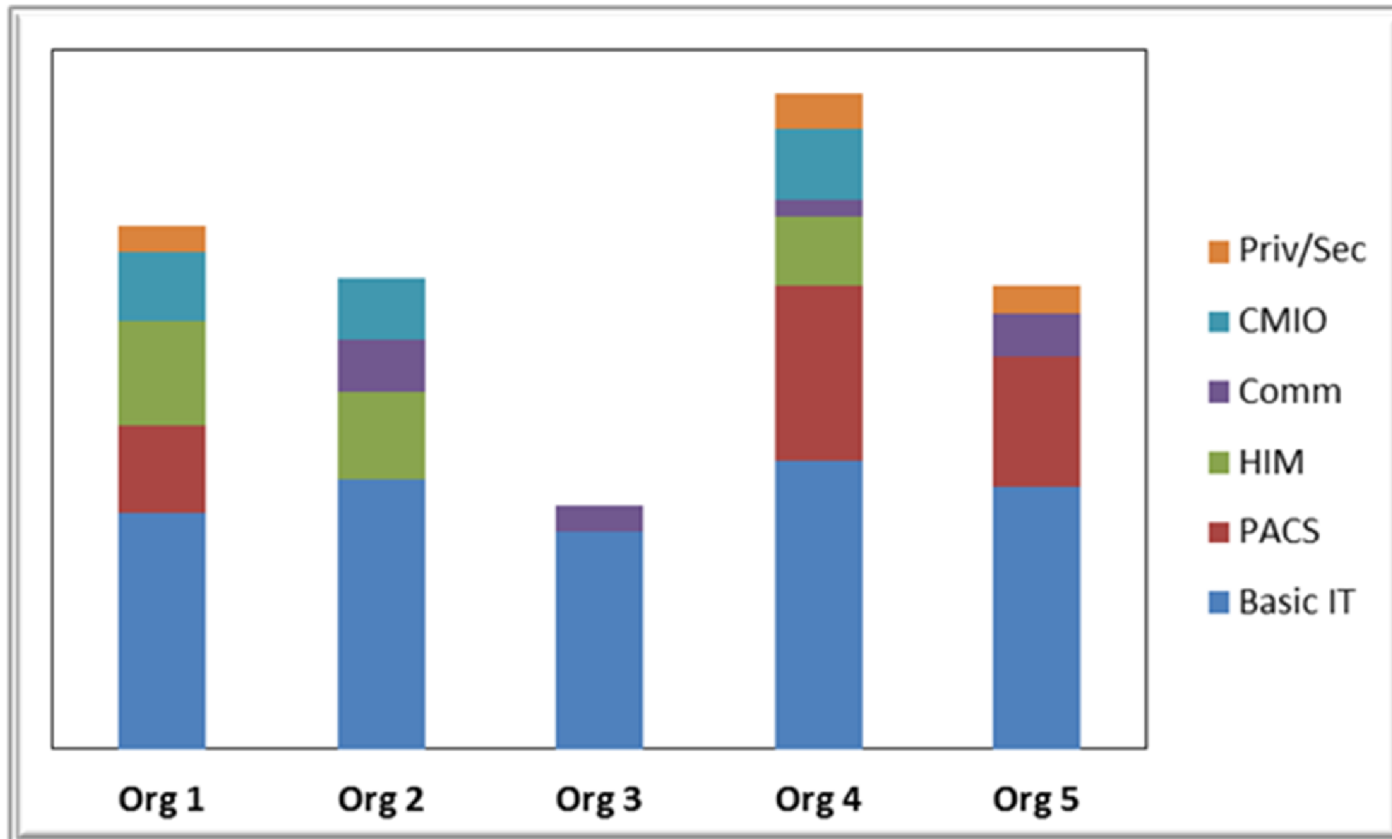
SCOTTSDALE INSTITUTE IT BENCHMARKING





APPLES TO APPLES

IT costs are different things in different organizations





RAW VS. NORMALIZED DATA EXAMPLE

Raw Data

	Organization A	Organization B
IT Operating Expense	80,441,357	123,747,006
IT Op Exp as % of Org OpEx	2.12%	3.45%
Users Supported per IT FTE	134.84	135.44
IT FTEs as % of Org FTEs	1.31%	1.84%

Normalized Data

	Organization A	Organization B
IT Operating Expense	80,096,120	82,040,723
IT Op Exp as % of Org OpEx	2.11%	2.29%
Users Supported per IT FTE	134.20	161.73
IT FTEs as % of Org FTEs	1.31%	1.54%





BACKGROUND

- Exclusively designed for healthcare
- Originated by Spectrum Health in 2006 - consensus was the industry lacked a good source of healthcare IT cost data for accurate peer comparisons, collaboration and networking
- Database now represents 60 health systems, covering 650 hospitals and 4500 outpatient sites
- Predominance of large health systems and large academic medical centers reflects SI member profiles
- Takes into account IT costs, level of sophistication of use, and IT department structural variation
- There is no cost to participate and SI membership is not required
- SI does not sell the data – sole purpose is for value to participants





WHY IT COST BENCHMARKING?

- Healthcare organizations utilize SI's IT Cost benchmarking to:
 - Inform decision making to IT investment relative to peers
 - Identify opportunities for efficiencies and optimizing IT expense
 - Identify peer collaborative opportunities to improve overall IT effectiveness
- Common C-Suite Questions:
 - How does our spending compare to our peers? Are we comfortable with what we're spending relative to what we are getting?
 - Does this comparison take into account unique factors such as our stage of IT sophistication, our size or revenue, scope of IT support, and how we categorize IT spending?
 - What are potential areas for improvement in our IT cost management?
 - How are our peers managing some of the common IT challenges we face?





WHY USE SI?

- “Gartner is good for some aspects, but there are other areas unique to healthcare such as application support and staffing.”
- “Most Wired” listings are suspect - we don’t bother with it anymore, and it’s very resource intensive to complete.”
- “ActionOI and AHA data are great for operations, but not specific enough in IT.”
- “SI is a better comparative resource and is more useful.”
- “The value is comparing to your true peers.”
- “The normalization feature is helpful as this removes major differences such as BioMed, PACS, HIM, and Telephony.”
- “It helps us tell/sell our story internally; we use it for leadership and the board.”
- “It’s the best program out there to compare costs across nursing staff per bed, adjusted patient days, capital and operating expense, etc. It’s normalized data – better than gross numbers.”
- “Participation has helped our leadership understand IT cost drivers while highlighting outliers and anomalies, and allows our CIOs to investigate and discuss performance with internal and external peers; proactively identifying areas for improvement.”





USER VALUE

- CIOs are reporting strong benefits from using SI. Among those is Brent Snyder, CIO of the 43-hospital Adventist Health System.
 - “In comparing costs with other entities, most other databases don’t identify what’s being supported in the IT budget. SI’s design seems to provide a nice middle ground. It segments the organizations into relevant groups so you can see which organizations are at about the same level of clinical IT development as yours, or who are using the same vendors.”
 - “You can compare and see whether your costs are reasonably in the ballpark with your peers. And that’s been very helpful internally: it’s shown that yes, our costs have been increasing, but our cost increases have been right in the ballpark. There are some peers with higher IT costs than ours, and there are some with lower costs.”





USER VALUE (CONT'D)

- “The data is granular - it’s the best comparative data I’ve seen from similar complex environments,” says Mary Alice Annecharico, Senior VP and CIO at Henry Ford Health System.
- “We use it a lot,” says Marc Probst, CIO, Intermountain Healthcare. “I belong to other smaller organizations that do benchmarking, but they lack the volume to perform this kind of survey. When you get the broader base it’s a lot more justifiable. Benchmarking offers us a common currency; it serves as a common language. When we say we’re 4 percent of operating budget we know that’s about where we should be, high-middle, 60th to 70th percentile.”
- “It was the normalization feature that spurred us four years ago to participate in the SI collaborative program,” Tom Langston, senior VP and CIO, SSM Health Care.





HOW TO LEVERAGE THIS RESOURCE

- Select comparison organizations based on any criteria
- Automated tool provides comparisons for raw data and normalized data (accounts for IT Department structure differences)

Options:

- Database is anonymous, but SI facilitates peer introductions
- Create your own peer group for collaboration and sharing practices
- Systems can submit at the facility level, allowing for internal as well as external benchmarking





RECENT ADDITIONS

- Staffing detail and org chart sharing are being added
- Private collaboratives have emerged - sharing identified data so governance can clearly identify with the compare organizations
- Other collaborative groups can be formed on request
 - Large health systems including Sharp, Northwestern, CHRISTUS, Texas Health, Advocate, Seton, Integris, and 5 others
 - Academic Medical Centers including VCU, Emory, Loma Linda University Health, Northwestern, and Houston Methodist.
 - Discussions may include governance structures, value measurement, application selection control, allocation approaches and recruiting scarce resources





PARTICIPATION PROCESS

- Data may be submitted any time during the year
- SI sends the data collection tool, a macro-enabled Excel workbook
- Participant completes the data collection and returns to SI
- SI reviews data for completeness and reasonableness, and questions are resolved
- SI adds the organization's data to the database and the database and automated normalization and comparison tool is provided immediately to the participant
- Updated database is released quarterly to all participants

For information or to participate see www.scottsdaleinstitute.org/itbm/
or email scottsdale@scottsdaleinstitute.org.

