

The Copperwood Group

Innovative Healthcare Strategies

Capturing the Maximum Value from IT Outsourcing

Outsourcing Opportunity / Failures

Many hospitals have realized significant economic, operational and technological benefit through outsourcing of information systems (IS) function. Unfortunately some hospitals have pursued the promise of outsourcing only to be frustrated by their failure to achieve the expected benefits.

Outsourcing offers a number of different benefits depending on the particular needs of the hospital and the structure of the outsourcing arrangement. Potential outsourcing benefits include reduced and predictable operating costs, technology and/or clinical transformation, access to capital and access to resources, among others.

Outsourcing succeeds when the client's objectives and expectations match the supplier's capabilities and the outsourcing agreement is balanced and captures the expectations and objectives. Outsourcing fails when there is a mismatch.

Experienced Advisors

Maximizing the positive impact of outsourcing requires that you have the *right motives*, the *right expectations*, the *right supplier* and the *right agreement*. Working with a sourcing advisor who has practical experience in structuring successful outsourcing transactions will help you avoid the pitfalls and realize the maximum value through outsourcing.

We formed **The Copperwood Group** after spending more than 20 years in executive positions with leading healthcare outsourcing and information technology companies including CSC, Health Encounter Systems, Compuware, and Superior Consultant.

As the architects of several hundred million dollars worth of IT outsourcing agreements, we will work with you to define goals for outsourcing that are realistic and achievable, find or confirm that you have the right supplier and help you structure a workable agreement designed to ensure that those goals and objectives are attained.

We know that experienced, knowledgeable and objective sourcing advisors working on behalf of buyers of outsourcing works to the advantage of both the buyer and supplier. **The Copperwood Group** leads all activities related to the procurement, negotiation, finalization, transition and ongoing management of the outsourcing agreement between our client and the chosen outsourcer.

Structured Framework

Our experience indicates that the most successful outsourcing relationships have Four Rights as their underpinnings – the *right motives*, *right expectations*, *right supplier* and *right agreement*. We lead our clients who select outsourcing through a structured, disciplined process to make sure that the Four Rights are in place.

Our six stage framework for evaluating and implementing information systems outsourcing solutions is tailored for each client and includes:

Education – we help our clients understand the benefits, pitfalls, and challenges of information systems outsourcing for healthcare enterprises. We explain the critical success elements and what causes outsourcing relationships to fail. We teach our clients how to evaluate and, if appropriate for them, pursue outsourcing. We know that with the right education, negative factors typically associated with outsourcing relationships can be avoided.

Evaluation – we work with our clients to build a business case that objectively assesses the value of outsourcing for them. We look at all of the elements including financial, operational and cultural.

Design – For our clients who decide that outsourcing is the right solution, we help them design an appropriate outsourcing strategy for their specific situation and objectives.

Fulfillment – we help our clients identify the best supplier for them and negotiate the right kind of agreement to meet their outsourcing goals and requirements.

Transition – we guide our clients through the transition of personnel, assets and operational responsibility. Because we have worked with our clients to design and negotiate the agreement we can ensure that the terms and the spirit of the relationship are maintained through transition.

Outsourcing Governance – we view our client relationship as one that continues through the life of the agreement. We stay engaged with our clients as initial governance is established and participate in planned governance activities through the term of the agreement to make sure that the outsourcing relationship evolves to meet the future needs of our clients.

In addition to our six stage framework for evaluating and implementing information systems outsourcing solutions, we work with clients to enhance their existing outsourcing arrangements. Specific service offerings include audit and benchmark, operational assessments, renewal and renegotiation.

We provide another unique advantage to clients during the evaluation and procurement process. Our affiliation with Jorden Burt, LLP, a leading law firm with specialization in outsourcing is readily available for every project. We have closely integrated outsourcing business and legal advisory services resulting in reduced procurement times and better outsourcing agreements for our clients.

The three main reasons for hiring a sourcing advisor were to: Leverage Outside Expertise, Mitigate Risk and Instill a Disciplined Process

Ross Research, 2002

Half of surveyed outsourcing buyers got a payback on the advisory firm's fees through cost savings gained from outsourcing within six months or less

Ross Research, 2002