

Scaling value through managed services: Shifting health IT from an expense to an asset



Table of Contents

03 | The Gist

04 | Health IT as a simple expense cannot scale

05 | Changing the story: health IT as a valuable asset

07 | The impact of managed services and scale-to-value

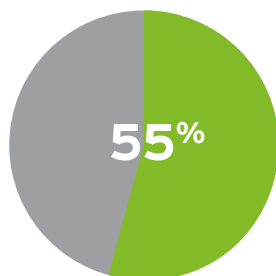
08 | Research Spotlight: The evolving role of managed services and cloud in healthcare

09 | Transforming expectations through a comprehensive managed services strategy

This white paper highlights research-based insights that demonstrate:

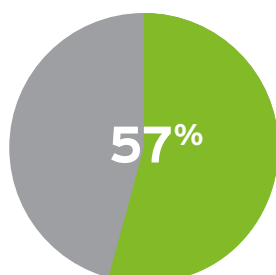
- The benefits of health IT when leveraged as a real asset.
- Why healthcare providers should consider strategic partnerships to secure the greatest possible value for their systems over time instead of prioritizing short-term savings.
- How a comprehensive managed services program can help organizations realize the true promise of IT through a scalable, end-to-end program designed for healthcare and committed to excellence.

The Gist



Healthcare providers prioritize a connected and efficient healthcare enterprise

According to Gartner®, 55% of healthcare providers in 2023 described their top objective of digital investments over the last two years as “improve operational excellence”.¹ The need for cohesive and sustainable operations is emphasized by growing virtual care models, patient demand for better digital engagement, and the enterprise-wide data capabilities within cloud technology.



IT service providers continue to demonstrate value

Over half of healthcare provider respondents planned to increase the number of service providers in 2023.² This demonstrates a trend where external IT services are identified as strategic partners to meet the need in carrying digital investments to full value.



Gone are the days where short-term and commoditized thinking will meet the need for health IT's full realization of value

Healthcare providers can have the best of both worlds - cost savings and long-term value if they flip the script and treat IT as a key asset to integrate into the healthcare enterprise. A narrow focus on short-term savings pulls the rug out from underneath medium and long-term growth. IT is an investment for the future.

Read on to explore how your organization can unlock the true potential of technology by viewing IT costs not as an unwelcome burden but as an investment in the future.



Health IT as a simple expense cannot scale

In the post-pandemic era, the role of health IT systems is experiencing a dramatic shift. The demand for a data-driven health enterprise goes beyond the capabilities of the electronic health record (EHR) towards new care models, innovative technologies, integration, interoperability, and more. Managing IT systems is a significant endeavor amid transformation, and a parallel shift in thinking is vital to scale the value of IT into a larger long-term role.

Most organizations acknowledge IT as an integral part of every function across the enterprise. Yet, the IT department is frequently staffed with the sole intention of ensuring IT systems are consistently running, deployed, and configured for continuity across operations and care delivery. Under this kind of thinking, IT is commonly viewed like a utility; money and resources spent are an expendable commodity and just “the cost of doing business.”

It's understandable in the face of post-pandemic financial constraints that healthcare organizations may have an eye on cost savings. According to data from Definitive Healthcare³, estimated

hospital IT expenses at U.S. hospitals have increased annually by 5% on average in recent years. IT systems have developed significantly, and leaders face increasing pressure to identify short-term savings through cuts in staffing and service delivery while simultaneously managing provider and patient satisfaction. As a result, the “IT as an expense” concept can lead some organizations to engage managed services providers with a single goal to lower overall IT spend. However, doing more with less is not a model that can scale as the needs of the organization grow. A managed services partnership designed to simply reduce costs does not allow for the continual and inevitable enhancement and optimization of platforms and workflows.

Changing the story: health IT as a valuable asset

In 2024, health IT leaders are tasked with making the most of their budgets while combatting inflation. According to Gartner®, “46% report that they expect their IT budget to stay the same or decrease in 2024.”⁴ Amid such changes, now is the time for IT leaders to optimize their IT budgets so value can be scaled and produce greater outcomes for the business compared to the short-term outcomes evident from an expense mindset.

Shifting the perspective of health IT from a necessary expense to an asset can bring major rewards: better clinical outcomes and patient experiences can lead to improved growth, retention, and financial sustainability. The strategic use of managed services can optimize operational efficiency and serve as a catalyst for achieving overarching organizational goals within the healthcare landscape.

Is Your IT Delivery Model an Asset or an Expense?

COMMODITY	ASSET
<ul style="list-style-type: none"> IT costs are an unwelcome burden. Short-term cost reduction is the priority. Stagnant IT strategies are limiting innovation and new sources of value. Homogenized IT solutions are driving inefficiencies and friction for patients and providers. 	<ul style="list-style-type: none"> IT costs are an investment in the future. Operational excellence, medium, and long-term growth are the focus. Transformational technologies are enhancing clinical, operational, and financial outcomes. Customized, integrated, and healthcare-sensitive tools are improving the care experience across the ecosystem.

With a strategic approach and an eye toward long-term benefits, healthcare IT leaders can maximize value from managed services partners, including:

- 1. Ability to focus on core competencies:** Outsourcing IT capabilities allows healthcare providers to focus on their core competencies, such as delivering high-quality patient care. Instead of allocating resources to manage IT infrastructure and support, they can redirect their efforts towards improving clinical outcomes and enhancing patient experiences.
- 2. Access to specialized expertise:** Managed service providers typically have a team of skilled professionals with expertise in various aspects of IT management. Healthcare organizations can benefit from specialized knowledge without having to invest in extensive training or hiring additional staff. Whether implementing modern technologies, ensuring regulatory compliance, or optimizing IT workflows, access to expert support can help streamline operations and drive innovation.
- 3. Scalability and flexibility:** Healthcare needs are dynamic, with demand fluctuating based on factors such as patient volume or emerging trends. Managed services offer scalability and flexibility to adapt to changing requirements efficiently. Providers can easily scale IT resources up or down as needed, without the burden of managing infrastructure upgrades or downgrades internally.
- 4. Cost efficiency:** Managed services typically operate on a subscription or pay-as-you-go model, allowing healthcare organizations to predict and control IT costs more effectively. By outsourcing IT management, providers can avoid upfront capital investments in hardware and software, as well as ongoing operational expenses associated with maintaining IT infrastructure. This cost-efficient approach enables healthcare organizations to allocate resources strategically and invest in initiatives that directly contribute to improving patient care and organizational growth.
- 5. Enhanced security and compliance:** Data security and regulatory compliance are paramount in healthcare given the sensitivity of patient information and the strict regulatory requirements governing the industry. Managed service providers employ robust security measures and adhere to industry standards to protect sensitive data and ensure compliance with regulations such as the Health Insurance Portability and Accountability Act (HIPAA). By entrusting IT security and compliance management to experienced professionals, healthcare organizations can mitigate risks and safeguard patient privacy more effectively.



Strong collaboration between healthcare organizations and trusted managed service providers can enable technology as a catalyst for driving innovation, improving patient outcomes, and achieving sustainable growth in a rapidly evolving healthcare landscape.



The impact of managed services and scale-to-value

A comprehensive managed services strategy can provide opportunities for scale that are often not possible when IT delivery is solely done in-house. The ability to quickly scale to meet changing operational pressures can be difficult. When immediate needs arise, organizations must rapidly accelerate their talent acquisition capabilities and outfit new staff members with all the necessary hardware, software, and connectivity. Training and onboarding timeframes must also be considered.

During the COVID-19 pandemic, many communities required healthcare providers to quickly activate new capabilities for virtual care. For example, a primary and specialty care practice serving half a million patients started rolling out virtual visits just before the pandemic. Overnight, the organization went from an average of 100 visits a week to

thousands each week, creating numerous challenges. With the help of a managed services partner, the practice was able to quickly scale up a dedicated support line staffed by trained analysts, allowing the organization to complete over 5,500 virtual visits in less than two weeks – nine times the amount completed prior to the support line being open.

Research Spotlight: The evolving role of managed services and cloud in healthcare

Doing away with the “IT as an expense” perspective opens the door to understanding how cloud and managed services are well-suited to advance the future of healthcare.

In 2023, global enterprise IT spending in healthcare grew faster than many other industries. A healthy spending focus on IT services, particularly intertwined with digital investments in cloud technology, creates a perfect opportunity for managed services to complement and accelerate cloud possibilities. With over half of healthcare providers adopting or piloting an industry-specific cloud, managed services can provide the volume of support and services required for cloud adoption, reaching far beyond the capacity and ambition of services offered by cloud providers.

According to Gartner®, the top objectives for digital investments between 2021 and the present have been improving operational experience, improving customer (citizen) experience, and ensuring business continuity. As cloud technology offers the agility to quickly scale an organization within applications, infrastructure, and data capabilities for decision-making, it's imperative that cloud is an integral part of the future. Managed services, a component of IT services within an enterprise IT budget, complement cloud by offering tailored solutions, such as infrastructure management, to alleviate the burden on healthcare organizations. This interplay optimizes operational efficiency, enhances scalability, and ensures the delivery of high-quality care while navigating the complexities of healthcare regulations and evolving technological landscapes. As cloud technology advances and managed services evolve, their synergy continues to provide innovative solutions that prioritize patient-centered care and organizational efficacy.

Since more cloud providers now offer vertical-specific solutions, managed services have an opportunity to create a value proposition that addresses healthcare elements in regulatory, organizational, technical, geographical, partnership, and marketing aspects. While healthcare providers may choose

service offerings by a major cloud provider, the increasing trend of industry-specific solutions makes the case for consultants and managed service providers to offer mature expertise within healthcare.

Enterprise IT spending in healthcare is increasingly prioritized due to the post-pandemic urgency to accelerate technology and operations. Both healthcare providers and consumers now expect enhanced technical capabilities that support real-time and remote activities. The pandemic showed the industry's ability to accelerate technology beyond the barriers of unprecedented disruption. Now, leaders are strategically aligning enterprise IT priorities with digital investments for proactive, long-term future sustainability. Cloud and end-to-end managed services are a perfect pairing, moving the needle on what is possible.

“Gartner forecasts the IT spending for the healthcare provider market to increase by 9.5% in 2024.” ^{5a}

“Healthcare provider organizations are also expected to continue to invest in cloud-based infrastructure services at an elevated level, from 26.8% to a total of \$12.9 billion in constant U.S. dollars.” ^{5b}

According to Gartner®:

“76% of healthcare providers do not manage their own environment.”⁶

Transforming expectations through a comprehensive managed services strategy

The transformative potential of IT can be realized through a comprehensive managed services strategy. A strong approach should bring three distinct elements of service together into a balanced model, prioritizing and bucketing these services based on the health system's unique challenges.

These three distinct elements are:

1. The power to scale.
2. The power to perform.
3. The power to deliver excellence.



3 key approaches for a comprehensive managed services strategy



Transforming expectations through a comprehensive managed services strategy continued...

Comprehensive managed services can empower healthcare organizations to develop, implement, and refine applications and technology seamlessly. This expert guidance encompasses application management, updates to common master files, meticulous testing and upgrade management, comprehensive training, proficient data analytics and reporting, and responsive service desk assistance.

IT leaders striving to use this end-to-end support should understand the three distinct elements of a comprehensive managed services strategy. Knowledge of these three elements will aid in conversations across the enterprise to gain buy-in, as well as in choosing the most appropriate managed services partners for their unique needs.

In conclusion, shifting health IT from an expense to an asset is a powerful approach to realizing long-term, enterprise-wide benefits that align with evolving clinical, operational, and financial needs. Partnering in this effort with a strategic team of managed services professionals can reduce the burden on healthcare organizations and ensure the full value of health IT investment is realized.

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