

## A N A L Y S T   C O N N E C T I O N

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*Judy Hanover*  
*Research Director*

### **Cloud Services Leverage Provider IT Resources and Ensure Continued Service Levels**

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*The biggest challenge facing providers today is the need to deliver safer, higher-quality care at a lower cost. At the same time, providers must demonstrate meaningful use of clinical applications to ensure eligibility for federal meaningful use incentives and prepare for the challenges of healthcare reform. IT is a critical component of meeting all of these challenges, and the time-sensitive IT implementations required to qualify for American Recovery and Reinvestment Act incentives have strained the physical and human resources of IT departments at provider organizations.*

*Healthcare IT professionals are under pressure to deliver complex applications with high performance and security, while tight budgets demand cost reduction initiatives. For this reason, healthcare IT professionals will seek service-based offerings that reduce the infrastructure burden on their organizations while reducing operating costs and the associated capital investment.*

*Labor represents the single largest cost for healthcare providers, and workforce management applications are key to monitoring and managing this cost. Workforce management applications are mature, installed solutions at most healthcare providers; many have an opportunity to outsource their application hosting, management, maintenance, and support to qualified service providers. To maintain workforce management applications and services while leveraging IT staff for new clinical implementations, provider IT departments will seek cloud-based cloud service options that preserve service levels for employees and managers using workforce management applications.*

The following questions were posed by Kronos Incorporated to Judy Hanover, research director at IDC Health Insights, on behalf of Kronos customers.

- Q. In this era of healthcare reform, meaningful use, and electronic health records adoption, how do you see organizations addressing the increased need for IT support that these solutions require?**
- A. Meaningful use and healthcare reform have combined to place hospitals under pressure to manage their revenue and expenses as they prepare for reductions in Medicare and Medicaid reimbursement in the short term and to operate as accountable delivery networks under healthcare reform in the long term. Most approaches to meeting the strategic challenges of cost reduction, meaningful use, and healthcare reform involve IT-intensive solutions such as clinical applications, integration, and analytics. To meet these challenges, provider IT organizations will need to leverage existing resources by moving data,

applications, and services to the cloud and taking advantage of cloud service offerings to maintain and support existing, installed applications. Hosting and cloud services can help free up IT resources to focus on strategic initiatives while controlling costs.

**Q. What are the benefits to organizations that leverage hosting and cloud services for their IT solutions?**

A. Hosting and cloud services can help organizations reduce compliance risk, troubleshoot applications and proactively identify problems, and improve the availability and performance of workforce management solutions. Compliance risk is reduced when organizations keep applications and systems current to ensure consistency and compliance with the latest regulations. By introducing monitoring and performance management tools in the hosted environment, IT managers can proactively monitor, identify, and correct potential issues before they cause problems or affect user productivity. Service providers often can provide a more reliable and available infrastructure for applications than is available in-house, leveraging their application expertise and economies of scale across multiple customer environments to delivery higher service levels and performance to end users. Many cloud services vendors are able to provide critical services at a cost below that of in-house operations while offering improved service levels and allowing in-house resources to focus on core competencies within the healthcare organization.

**Q. How are healthcare organizations changing their approach to managing their IT resources, and how is this affecting their workforce?**

A. Faced with a number of challenges in the marketplace, healthcare organizations are constantly asking IT to do more, despite tight IT and operational budgets. Healthcare IT workers are in short supply, and this demand is leading to high rates of staff turnover and a shortage of personnel available to support and maintain applications. Clinical applications are a clear priority for most healthcare organizations, yet they cannot afford to overlook key administrative solutions like workforce management that can improve their operational efficiency and effectiveness. Workforce management can help control labor costs by better managing scheduling, maintaining staffing ratios, reducing reliance on expensive agency staffing, and balancing skill sets across shifts and at the same time making for a better and safer patient experience. Cloud services can help healthcare organizations remain on track with their road map for workforce management through predictable and controlled change and version management. To leverage resources and budget and remain competitive, healthcare IT organizations will need to leverage cloud services across their application portfolio, including workforce management.

**Q. How does vendor management of IT solutions infrastructure position a healthcare organization for the future?**

A. Cloud services can help free up IT resources to focus on strategic initiatives while ensuring that workforce management applications continue to provide high service levels to the employees and managers using them. Labor is the largest cost in a hospital, and workforce management applications are a critical tool in helping control this cost. By adopting cloud services, an organization can shift the burden of managing its workforce management solution from its IT department to a qualified service provider. This helps ensure that applications will have high availability and performance and that workforce management efforts remain on track and in compliance with regulations.

**Q. How will the move to the cloud affect the healthcare industry?**

- A. Healthcare organizations are faced with a plethora of challenges in today's environment, and the future demands of operating in a networked environment under healthcare reform are top of mind for IT managers. To meet the demands of accountable care, healthcare IT will need to implement applications more quickly and allow for collaboration and sharing of data across the care community. Workforce management is a vital tool for provider organizations, and efficient workforce management tools and processes can go a long way toward reducing labor costs, minimizing compliance risks, improving workforce productivity, and enhancing the ability to remain competitive and deliver quality patient care. The cloud is well suited to meeting the challenges of supporting workforce management applications, and healthcare organizations will need to take advantage of cloud-based services to provide faster deployments, lower costs, and make it easier to upgrade applications to remain competitive.

**ABOUT THIS ANALYST**

*Judy Hanover provides research, market analysis, and consulting on healthcare information technology, strategy, and best practices for the inpatient and ambulatory healthcare settings at IDC Health Insights. Her understanding of healthcare information technology is based on her experience working in the healthcare provider and payer vendor community, as well as her experience with healthcare IT end users.*

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