

# Chapter 3

## IM/IT Governance and Decision Rights

# Learning Objectives

- Explain why strategic planning has become more important for healthcare organizations.
- Summarize the five major components of IM/IT governance.
- Describe the major elements of a healthcare organization's planning elements.
- Assess the major elements of a healthcare IM/IT strategic plan.
- Describe systems theory and explain why it is vital to healthcare IM/IT governance and planning.

# Introduction to IM/IT Governance

- Responsibilities for IM/IT management
  - Board delegates to CEO
  - CEO delegates to CIO
- Important due to expanding size and complexity of healthcare organizations

# Purpose of IM/IT Governance

IM/IT governance helps the organization make business decisions more accurately and in a more timely manner.

# Steering Committee

- Designed to engage key user groups
- Assures diversity of input to governance function

# Steering Committee Membership

- Executive management (CIO)
- Medical staff
- Nursing staff
- Financial management
- Clinical support services
- Planning and marketing
- Other major system users

# Challenges Faced by Steering Committee

- New and replacement IM/IT priorities
- Infrastructure specifications
- Capital and operating budgets

# Components of Successful Governance

- Consistent strategy development
- Support organizational strategy
- Develop IM/IT infrastructure, architecture, and policies
- Set IM/IT project priorities and monitor infrastructure investments
- Implement IM/IT benefits assessment to enhance accountability

# Consistent Strategy Development

- Historically, IM/IT supported day-to-day operations.
- Healthcare managers today recognize the role of information systems for
  - increasing market share,
  - supporting quality assessment and improvement, and
  - adding value to the organization.
- The IM/IT plan must be consistently applied across the multiple operating units with an organization.
- It must create consistent applications in an environment that has grown piecemeal.

# Support Organizational Strategy

- IM/IT leadership recognizes the importance of the interrelationships between information technology, the rest of the organization, and the external environment.
- Alignment involves three essential elements for success:
  - There must be an alignment of purpose.
  - IM/IT leadership and organizational leadership must agree to work to develop goals and tactics jointly to meet those ends.
  - These two groups must share the responsibility and accountability to achieve the ends.

# Develop IM/IT Infrastructure, Architecture, and Policies

- Healthcare organizations must make choices and set priorities for their information systems.
- Planning should identify the
  - major types of information required to support strategic objectives and establish priorities for installing specific computer applications,
  - the architecture upon which the systems function, and
  - the detailed rules that drive IM/IT operations.
- The healthcare organization must develop blueprints for its information technology infrastructure involving decisions about
  - hardware configuration (architecture),
  - network communications,
  - degree of centralization or decentralization of computing facilities, and
  - types of computer software required to support the network.

# Set IM/IT Project Priorities and Monitor Infrastructure Investments

- The IM/IT function must effectively oversee the purchase and implementation of IM/IT infrastructure consistent with the needs of the organization.
  - The specialized knowledge and skills of IM/IT staff and the growing complexity of the underlying technology make this role vital to the success of IM/IT operations.
  - The infrastructure upon which software and other applications operate in the systems through which data are transmitted remains in the domain of information technology.
- While end users are vital in the priority setting process for projects, governance of IM/IT requires them to effectively manage the priorities among alternative investment options.

# Implement IM/IT Benefits Assessment to Enhance Accountability

- IM/IT planning must provide data to estimate the budget and resources required to meet the objectives and priorities established through the planning process.
- Planning will provide the basis for development of operating and capital budgets for information technology in the organization.
- The importance of this last purpose has increased as CIOs indicate importance of the drive to obtain value from IM/IT.

# Major Elements of Technology Plan

- Statement of IM/IT goals and objectives aligned with the strategic goals of the organization
- Priorities for the portfolio of computer applications to be developed
- Specification of overall system architecture
- Software development plan
- Staffing and management plan
- Resource requirements, including capital and operating budget projections

# 10 Features of Successful Governance

1. Actively design governance
2. Know when to redesign
3. Involve senior managers
4. Make choices
5. Clarify the exception-handling process
6. Provide the right incentives
7. Assign ownership and accountability for IM/IT governance
8. Design governance at multiple organizational levels
9. Provide transparency and education
10. Implement common mechanisms across the six key assets

# Systems Theory

- System acquisition and project management: The system development lifecycle
  - Systems analysis
  - Design specifications
  - System acquisition
  - Implementation
  - Operation and maintenance
  - Evaluation and improvement

# Systems Analysis

- Systems analysis is the process of collecting information about functional information system requirements and the environment in which the system will operate.
- Systems analysis is needed regardless of whether the system will be developed in-house or will be implemented using vendor software.

# Alternatives for System Acquisition

- Purchase or lease of commercial software
- Subscription for use of Web-based software from an applications service provider (ASP)
- In-house design and programming
- Outsourcing
- Combinations of the above

# Software Evaluation Criteria

- **Functionality**
  - Congruence with user requirements
- Ability to interface/integrate with other applications
- Level of satisfaction of users at other organizations
- Financial stability of vendor
- Vendor support available
- **Costs**
  - Cost to lease or purchase the software and costs of implementation and maintenance