

International Hospital Group Improves Financial Applications, Gains Over \$56 Million in Benefits with BMC Software's BSM Solution

IN BRIEF

- Goal:** For a major international hospital group to improve the performance of critical financial applications; align IT with business and medical goals; measure and report on IT performance in a way that business and medical staff understand; and deliver better patient care through empowering IT.
- Solution:** BMC Software's Business Service Management (BSM) solution, including PATROL for Windows, PATROL SLMe, PATROL End-to-End Response Timer, Patrol Enterprise Manager, Patrol Central Alerts, PATROL for Unix, PATROL for Unix Perform & Predict, PATROL for MQ Distributed Systems, and PATROL for Exchange, PATROL for SQL, PATROL Express, Remedy HD, Remedy CM, Remedy SLA.
- Results:** A projected cumulative five-year net benefit of \$56M driven by increased user productivity due to greater application availability, more consistent application performance, and an improved ability to deliver new and updated applications to users. An annual ROI of 186%, a payback period of 13 months, and an annual value per user of \$178. Improved performance and availability of critical financial applications, and greater business value delivered through a higher quality of service.

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An international hospital group headquartered in the United States, in pursuit of operational excellence, was looking to provide IT services that operate in a predictable way. In the short term, it wanted to improve the performance of critical financial applications, and set and meet service level goals for those applications. In the long run, it wanted to align its business and medical goals with its IT strategy and infrastructure. So it turned to BMC for a Business Service Management (BSM) solution. As a result, the hospital group has increased the availability and responsiveness of its financial applications, set and met service level goals, and laid the groundwork for an enterprise-wide BSM strategy that will gain the group a projected \$56,112,000 over five years.

NOTE: This case study was authored by the Case Study Forum. The Case Study Forum is dedicated to writing and publishing case studies for the IT community. The financial analysis that appears in this case study was powered by Precision IQ, the leading project evaluation & selection software. Precision IQ is provided by ITCentrix, the premier software and services company for measuring and managing the business value of information technology investments. Results shown are not a guarantee of equivalent performance.

Benefits

Objective	Benefits Achieved
Improve the availability and responsiveness of critical financial applications	Using BMC products, the hospital's IT group has been able to check service availability in real-time, examine past data about availability, and use that information to meet the service level it has guaranteed to users of the applications.
Reduce the time for resolving service disruptions	BMC's tools allow support staff to find and solve problems more quickly and easily, and share and develop knowledge about common problems.
Increase credibility with internal hospital customers	Using BMC's BSM solution, the hospital's IT group has created a way to "keep score" of how well it is delivering services from the perspective of users, and in doing so, has gained their confidence.
Lay the foundation for an enterprise-wide BSM strategy	Tools and lessons learned for solving the problems with the financial applications are being applied enterprise-wide. Over the next several years, BSM will be used in all financial and back office applications, as well as in clinical solutions, resulting in an estimated cumulative \$56,112,000 in benefits over five years, and improved patient care.

The Challenge: Deliver a Higher Level of Service and Lay the Groundwork for a BSM Strategy

A multi-billion dollar international hospital group, with more than several hundred hospitals in the U.S. and Europe, and more than one hundred thousand employees, was at a crossroads in 2003. It was in pursuit of operational excellence, and in order to do that, it recognized, it had to provide IT services that operate in a predictable way.

IT staff motivation was not at peak levels, and hospital staff, especially those who use its financial applications, wanted to have a greater degree of confidence in the IT department. Critical financial applications had availability and performance problems, and staff who relied on the applications were experiencing lost productivity. The problems affected the hospital's revenue because of problems in collecting payments and efficiently ordering hospital supplies.

The hospital group turned to BMC for a three-stage, enterprise-wide BSM solution, designed to help the IT group understand its internal customers and the services they need, better deliver those services, and measure services in a way that business and medical professionals could understand. Ultimately, it wanted to align the hospital group's business and medical goals with its IT strategy and infrastructure.

"We didn't have the right underpinnings and relationship between people, processes and technology. We were not delivering services in a consistent, repeatable, and predictable manner."

HOSPITAL GROUP'S CHIEF OPERATIONS
OFFICER FOR IT

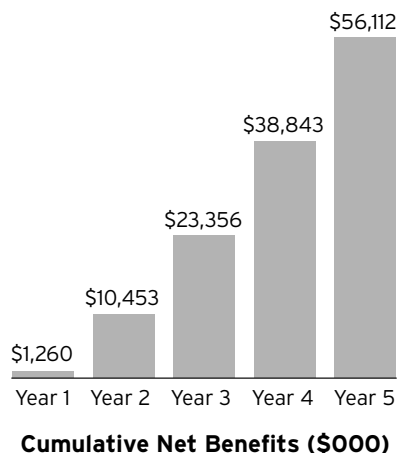
The group chose BMC because BSM provides an incremental approach toward aligning IT with the business. Not only is BSM tailored to meet specific needs and demands of their business, but it also helps them quickly identify and optimize the processes that offer the greatest business impact. The hospital group also determined that BMC's tools were the strongest among any vendor—and that BMC was committed to continue the development of its products to meet the demands of a true BSM organization.

In the first phase of the project, BMC's BSM tools were applied to the financial services applications and other back office applications. In the next phases, the approach will be rolled out to medical and clinical applications throughout all hospitals, facilities and departments in all the hospital group's holdings.

The Bottom Line for the Hospital Group

A detailed analysis of the implementation shows that the hospital group will gain a cumulative five-year net benefit of \$56,112,000, an annual ROI of 186%, and an annual value per user of \$178 for all three phases of the project. The entire project has a payback period of 13 months.

The following chart provides a detailed, five-year analysis.



The hospital group's bottom line for the project: A cumulative five-year net benefit of \$56,112,000, an annual ROI of 186%, an annual value per user of \$178, and a payback period of 13 months for all three phases of the project.

BUSINESS ANALYSIS OF THE SOLUTION

Project Summary

Annual ROI for Change & Problem Management with BMC Toolkit Project	186%
Payback Period for Change & Problem Management with BMC Toolkit Project (months)	13
Cumulative Five Year Benefit for Change & Problem Management with BMC Toolkit Project (\$000)	\$56,112
Net Contribution of BMC Toolset & Services Component of Project (\$000)	\$21,124
Annual Value of Change & Problem Management with BMC Toolkit Project/User	\$178

Project Costs (\$000)

	Startup	Year 1	Year 2	Year 3	Year 4	Year 5
Hardware & Maintenance	\$500	\$90	\$90	\$90	\$326	\$126
BMC - Software & Services	\$4,500	\$0	\$0	\$0	\$1,195	\$1,188
Staff Costs for Implementation & Support	\$1,020	\$340	\$1,120	\$1,120	\$1,120	\$1,120
TOTAL COST	\$6,020	\$430	\$1,210	\$1,210	\$2,641	\$2,434

Benefits (\$000)

	Year 1	Year 2	Year 3	Year 4	Year 5
Improved IT productivity from improved ability to problem solve	\$1,200	\$1,350	\$1,500	\$1,650	\$1,800
Improved user productivity from better availability	\$2,100	\$2,920	\$4,069	\$5,316	\$5,775
Improved user productivity from more consistent performance	\$1,260	\$1,752	\$2,441	\$3,189	\$3,465
Improved user productivity from improved ability to deliver change	\$3,150	\$4,380	\$6,103	\$7,973	\$8,663
TOTAL BENEFITS	\$7,710	\$10,403	\$14,113	\$18,128	\$19,703

Financial Analysis* (\$000)

	Year 1	Year 2	Year 3	Year 4	Year 5	
Net Benefit	(\$6,020)	\$7,280	\$9,193	\$12,903	\$15,487	\$17,269
Cumulative Net Benefit	(\$6,020)	\$1,260	\$10,453	\$23,356	\$38,843	\$56,112
Net Present Value		\$42,248				
Annual ROI		186%				
IRR		149%				
Payback Period (months)		13				

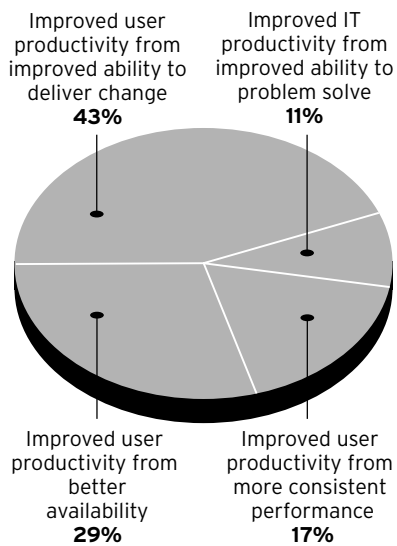
Key Performance Indicators (KPIs)

User days Impacted by:

Net Contribution of BMC Toolset & Services (\$000)	\$21,124
Annual Cost of Change & Problem Management with BMC Toolkit Project/User	\$44
Annual Value of Change & Problem Management with BMC Toolkit Project/User	\$178

*The \$56,112,000 cumulative five year net benefit (as well as ROI, NPR, IRR, and payback period) is for the entire project—the investment in changing their organization, processes and procedures, and the BMC software & services.

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Cumulative 5 Year Net Benefit = \$56,112,000

“BMC has continued to demonstrate that they’re proven thought leaders in BSM; they know how to execute their vision and make it work in a real-world environment.”

HOSPITAL GROUP’S CHIEF OPERATIONS OFFICER FOR IT

The benefits are made up of increased user productivity because applications are more available and more consistent. Additionally, new and updated applications can be delivered more quickly to users. The IT department also increases its productivity and improves its ability to solve problems.

These benefits will accrue over the five years of the project. But the benefits for those using financial applications has already been evident. The IT group built monitors to simulate real-life experiences of users of the financial applications, generated varying workloads, and then monitored how the application ran under those different workloads. That allowed it to tune the applications for better availability and performance. The IT group also created alerts that would inform staff about service degradation, allowing the staff to find and fix problems more quickly. The end result: a more highly available, responsive application.

The IT group also put together performance metrics from the user’s perspective, and has guaranteed a high level of service based on those user-facing metrics. That has not only led to a higher quality of service, but also to users having greater confidence in the IT staff.

The Hospital Group Looks to the Future

After phase one of the project is complete, the hospital group will use the BSM solution in clinical services and throughout all of the group’s holdings. The group expects not only better financial results, but also an improvement in patient care.

As the BSM strategy makes available better medical support applications, the group expects that more high-caliber clinicians will join it, bringing new patients—and new revenue—with them. It also expect specialists who offer high-margin medical services to join as well. Patients will be better served as the bottom line improves.

The ultimate goal: Improving patient care through empowering the IT staff.