

Healthcare IT News

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Don't Fire your CIO—Fire your Vendor Instead

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Not that long ago, the axiom “No one was ever fired for buying IBM” held true. Today, a CIO is only as good as the system s/he implements, and many CIO's are losing their jobs because of poor vendor performance.

The general public doesn't often hear about bad implementations or vendors getting kicked out of hospitals, because many of the big vendors have hush clauses in their contracts. They prohibit customers from revealing how poorly the implementation went, or how difficult it was to integrate their newly-purchased HIS solution with their existing systems.

Why is the general marketplace so often willing to settle for the “best of the worst” when it comes to HIS purchases, implementation, and post-implementation support?

In my mind, there are a couple of reasons: Rather than step out on limb and make the choice to go with a smaller, more nimble company or a new technology, they go with the herd. “The herd is buying system XYZ, so my job will probably be safe if I go with them too.”

A second reason (along the same lines) is the bigger-is-better theory. Medical facilities today often purchase software because they figure if a company is big enough, they will be able to get the service and support they need. Once they realize that the product and support don't live up to the sales pitch, they've made a 10-year commitment in which they find themselves stuck.

Unlike a bad marriage that can be over fairly quickly in divorce court, these matters develop lives of their own and cost everyone tons of money and time to resolve. In a lot of cases, customers openly admit they've already spent so much money on implementing their new HIS that they don't have a choice but to spend even more money to complete the project, rather than start over with another vendor.

Typically, HIS vendors require 25 percent payment at contract signing and 25 percent upon software delivery. The hospital has not even touched its software and half the bill is paid up! That's why there's no impetus to run a timely, efficient implementation. These vendors are making money throughout the implementation process, whether it takes three months or three years. Furthermore, the big vendors' implementation staffs usually change over that period of time, either through attrition or assignment to other clients, and the customer no longer knows the people installing their system. The market today should be calling for real software installed by an experienced implementation staff. Customers should no longer accept that they are just a number on a balance sheet, rather they should require their vendors to treat them as the unique, individual customers they are.

It is high time that hospitals demand a higher level of customer satisfaction from their HIS vendors.

Instead of paying half of the software fees before the software is even implemented, hospitals should require vendors to stand behind their products and implementations by offering a 100 percent satisfaction guarantee before any payments are made. This would be the ultimate in risk sharing – something that is frequently promised during the sales presentation, but is sadly lacking in the final contract language. Today very few vendors are beginning to make this offer. It should be the industry standard and not the exception.

