Course title: Digital Strategy and Action

Strategic planning for digital

Dr. Shakhlo Ergasheva

The IT Strategic Plan

Why Plan?

What Does Strategy Look Like?

The Strategic Planning Process

- A Brief Case Study
- Your THoughts
- What We Did Right, Where We Missed the Boat, and the New Picture.

The CHAOS Report

• User Involvement	19 points
• Executive Mgt Support	16 points
• Clear Statement of Requirements	15 points
• Proper Planning	11 points
• Realistic Expectations	10 points
• Smaller Project Milestones	9 points
• Competent Staff	8 points
• Ownership	6 points
• Clear Vision & Objectives	3 points
• Hard-Working, Focused Staff	3 points

Source: The Standish Group International

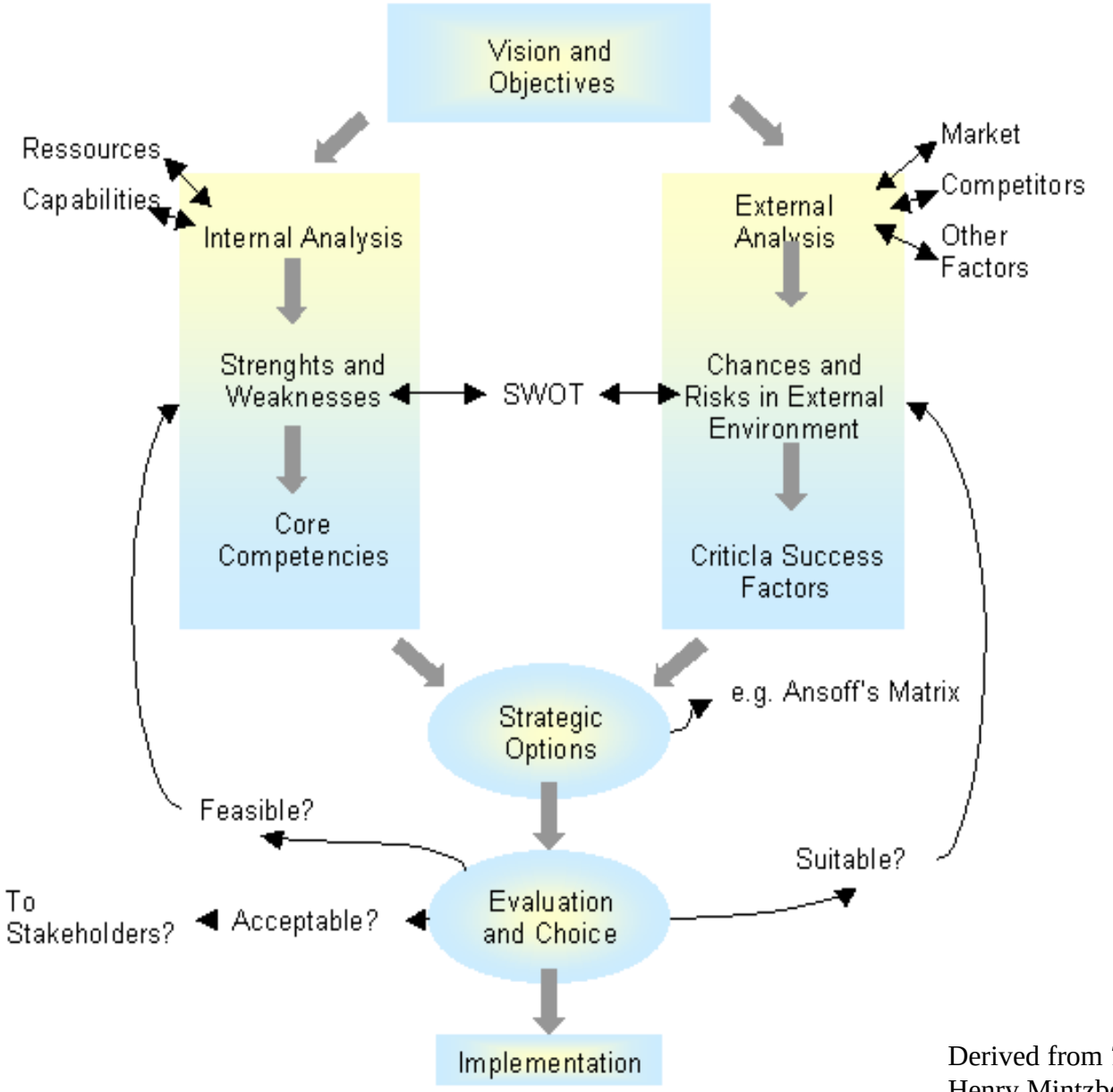
Mintzberg’s Strategy Types

♦ *Prescriptive* (in which normative assumptions derive from a view that the environment is relatively constant and the challenge for strategy development is to respond or adjust to the environment)

- Design school
- Planning school
- Positioning school

♦ *Descriptive* (in which the approach is derived from empirical findings or disciplinary perspectives and methods)

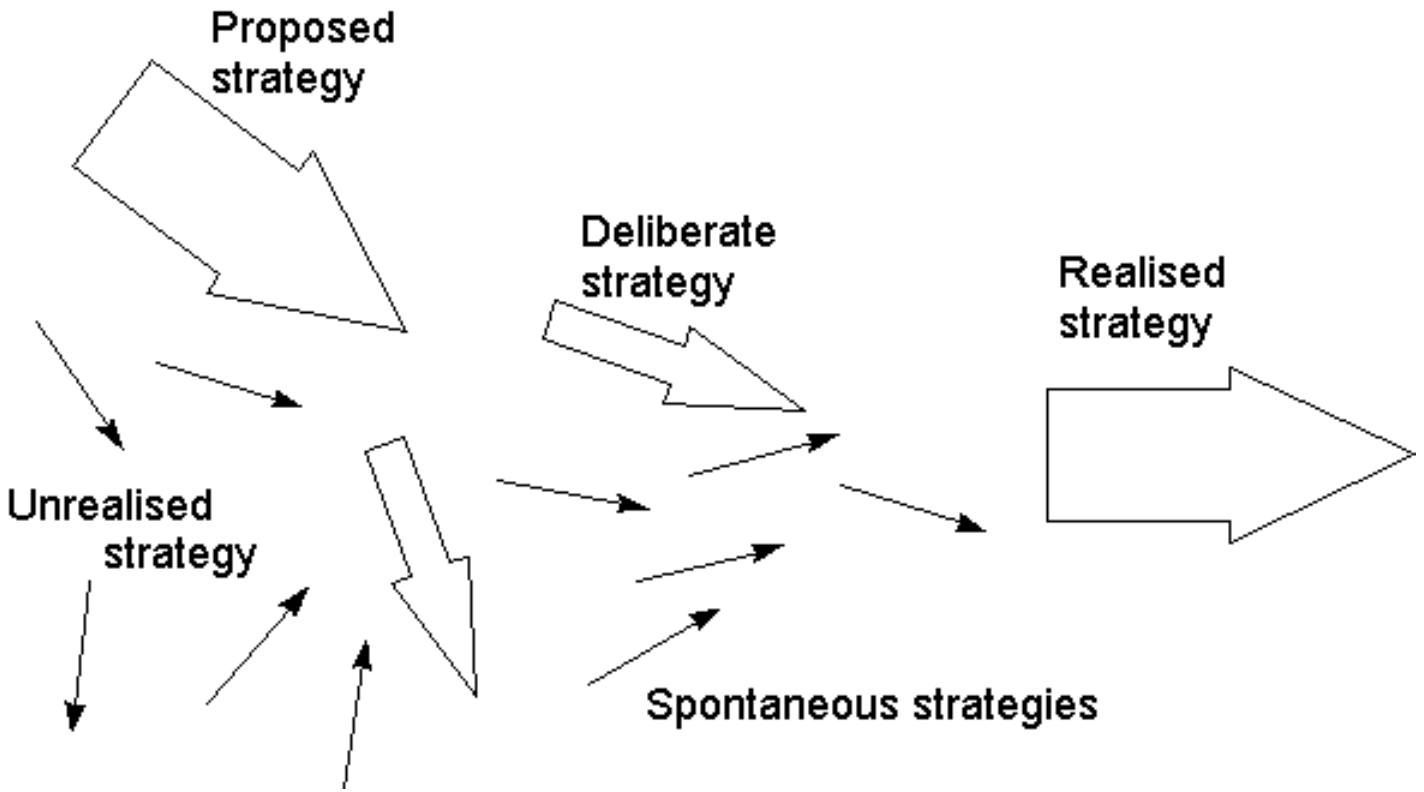
- Entrepreneurial school
- Cognitive school
- Learning school
- Cultural school
- Political school
- Environmental school



Core "Design School" Model of Strategy Formulation

Derived from *The Rise and Fall of Strategic Planning*, Henry Mintzberg

Is IT Planning Worth IT?????



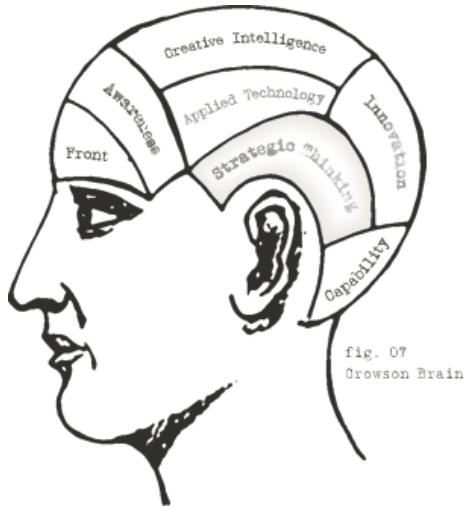
What Does Strategy Look Like?

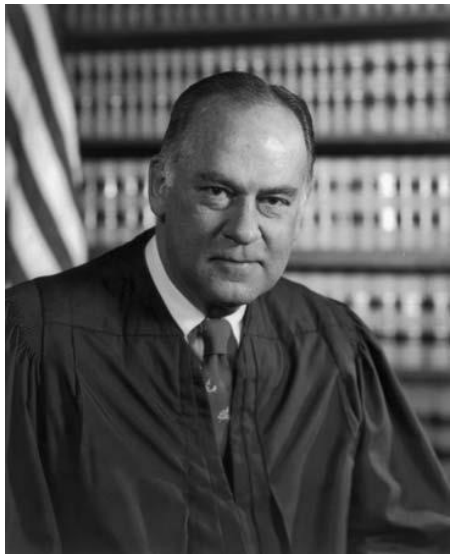
Strategic Choice Making

Strategic Business Systems

Committed To Our Customers' Long Term Success

STRATEGIC COMMUNICATIONS GROUP

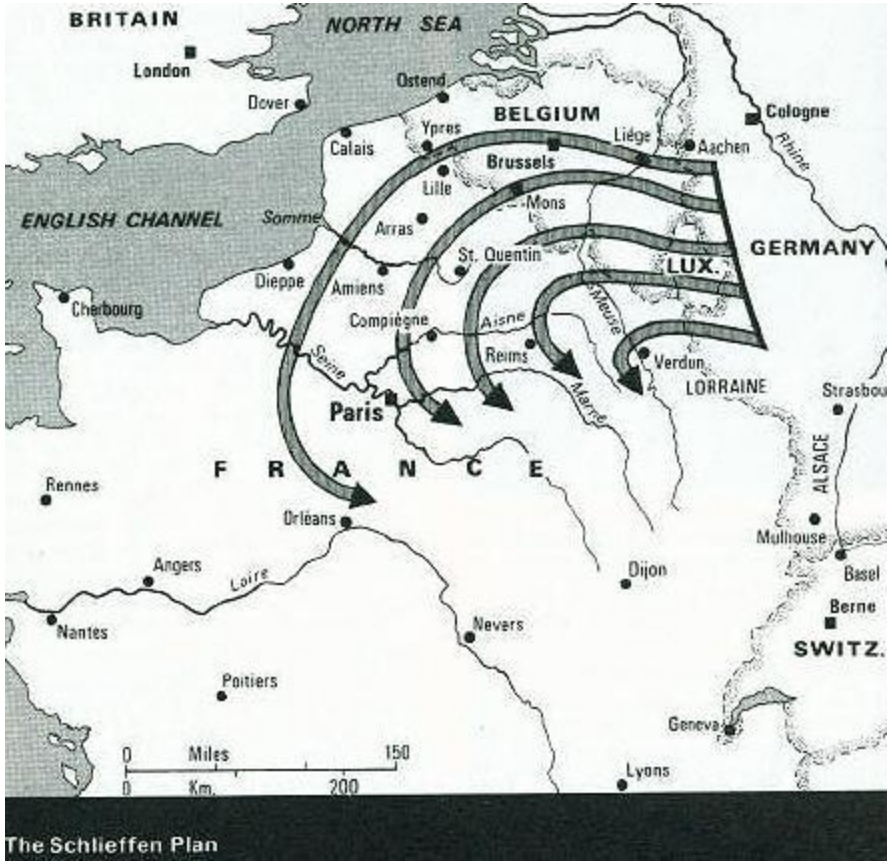




Supreme Court Justice Potter Stewart

"I Know It When I See It”

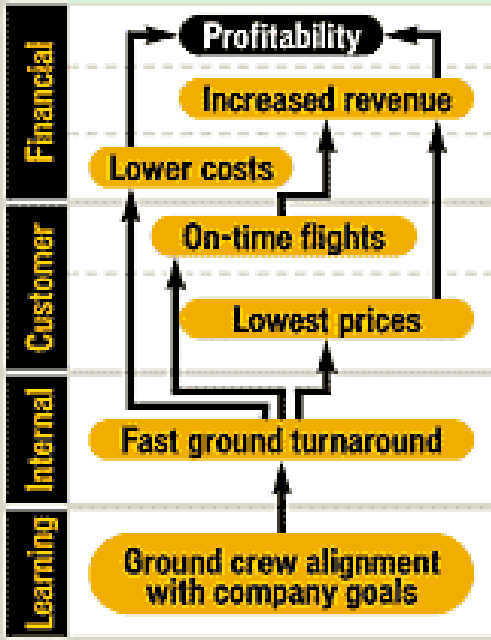
The Von Schieffen Plan



Strategy Map and Balanced Scorecard for Southwest Airlines

SOUTHWEST AIRLINES' BALANCED SCORECARD:

What It Looks Like



Objectives	Measures	Targets	Initiatives
Profitability	Market value	30% CAGR*	
Increased revenue	Seat revenue	20% CAGR	
Lower costs	Plane lease cost	5% CAGR	
On-time flights	FAA on-time arrival rating	No. 1	Quality management
Lowest prices	Customer ranking (market survey)	No. 1	Customer-loyalty program
Fast ground turnaround	Time on ground	30 minutes	Cycle-time optimization program
	On-time departure	90%	
Ground crew alignment with company goals	% ground-crew shareholders	Year 1: 70%; Year 3: 90%; Year 5: 100%	Employee stock option plan
	% ground crew trained		Ground-crew training

* CAGR = compound annual growth rate

■ A balanced scorecard takes a broad, holistic look at organizational goals – not just the financials. For example, this Southwest Airlines scorecard shows that well-trained ground crews mean faster turnaround and more on-time flights, which lead to higher customer satisfaction, lower costs and greater profits.

Position and Perspective

Strategy as Perspective

Strategy as Position

	Old	New
New	 Recognizable Product New Market Position	 Same Markets New Perspective
Old	 Big Mac Original	 Could This Work?

WalMart – What were they thinking????

SUPERCENTERS

a). All things to all people.
b). Average size 187,000 sqft
c). Preferred access – major transport artery

NEIGHBORHOOD MARKET

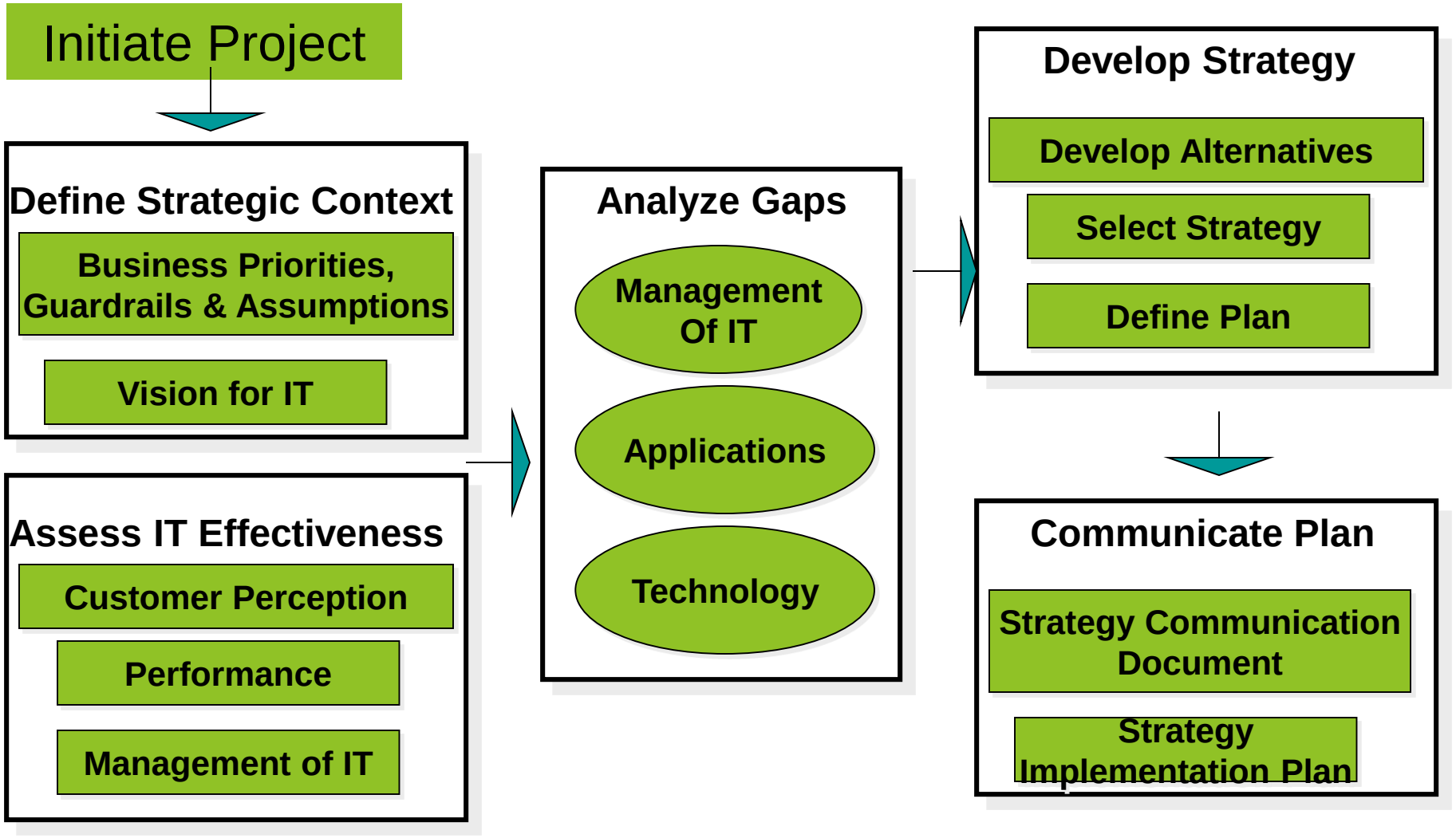
a). Grocery/pharmacy combo.
b). Average size 43,000 sqft
c). Preferred access – neighborhood access
d). Same Stuff

The IT Strategic Plan

Start with the End in Mind
The Strategic Plan Table of Contents

- The Glue (NOT the Mission/Vision Thang)
- List of proposed projects, budgets and timelines supporting vision and goals of the organization.
- The technology organization needed to successfully deliver these projects
- Governance structure capable of implementation and enforcement

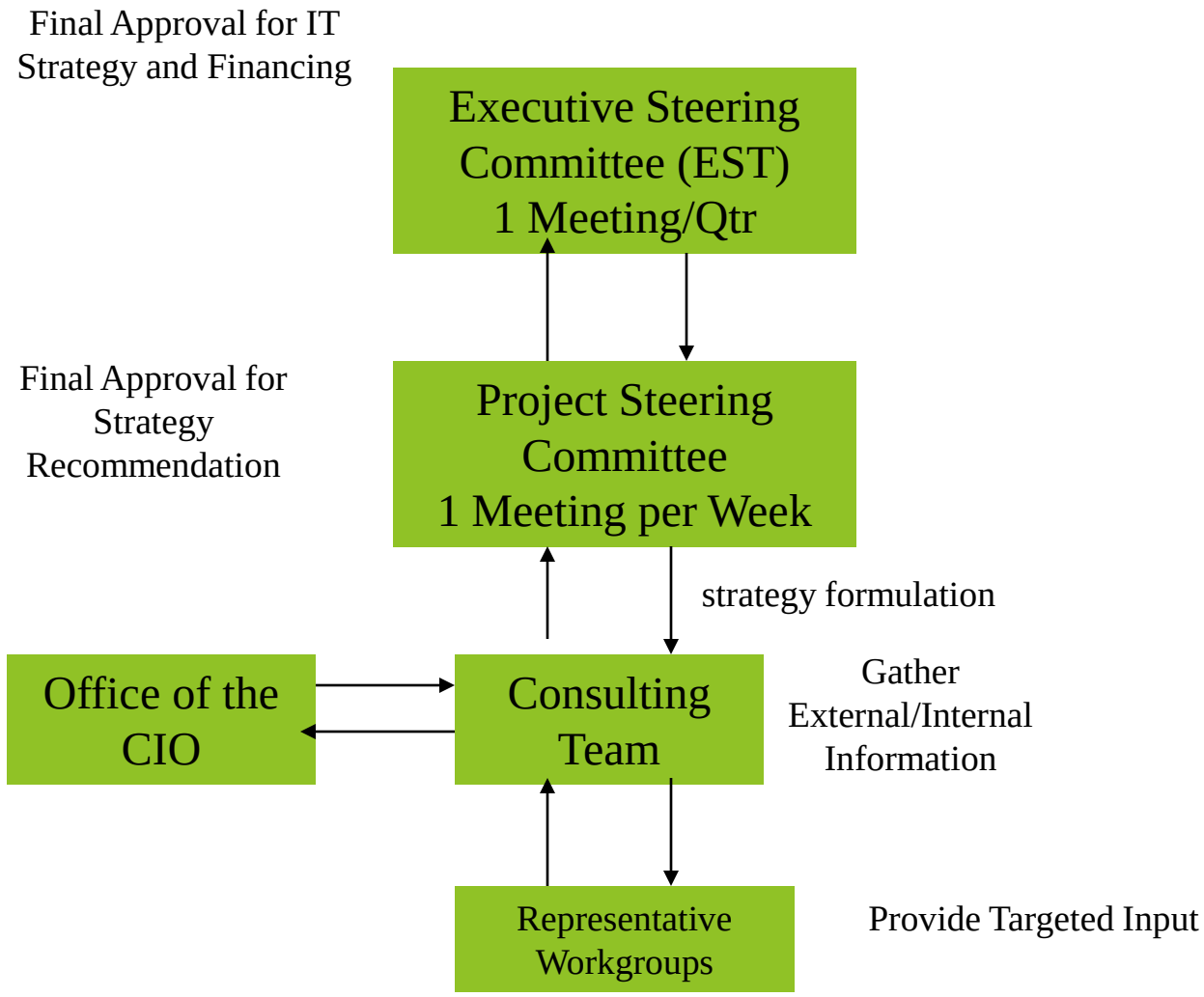
UTSW IT Strategic Planning Approach



Establishing Strategic Planning Governance

- Scope (what is being governed)
- Decision (who makes decision)
- Input (who has input)
- Mechanisms (more meetings)

The Governance of Strategic Planning

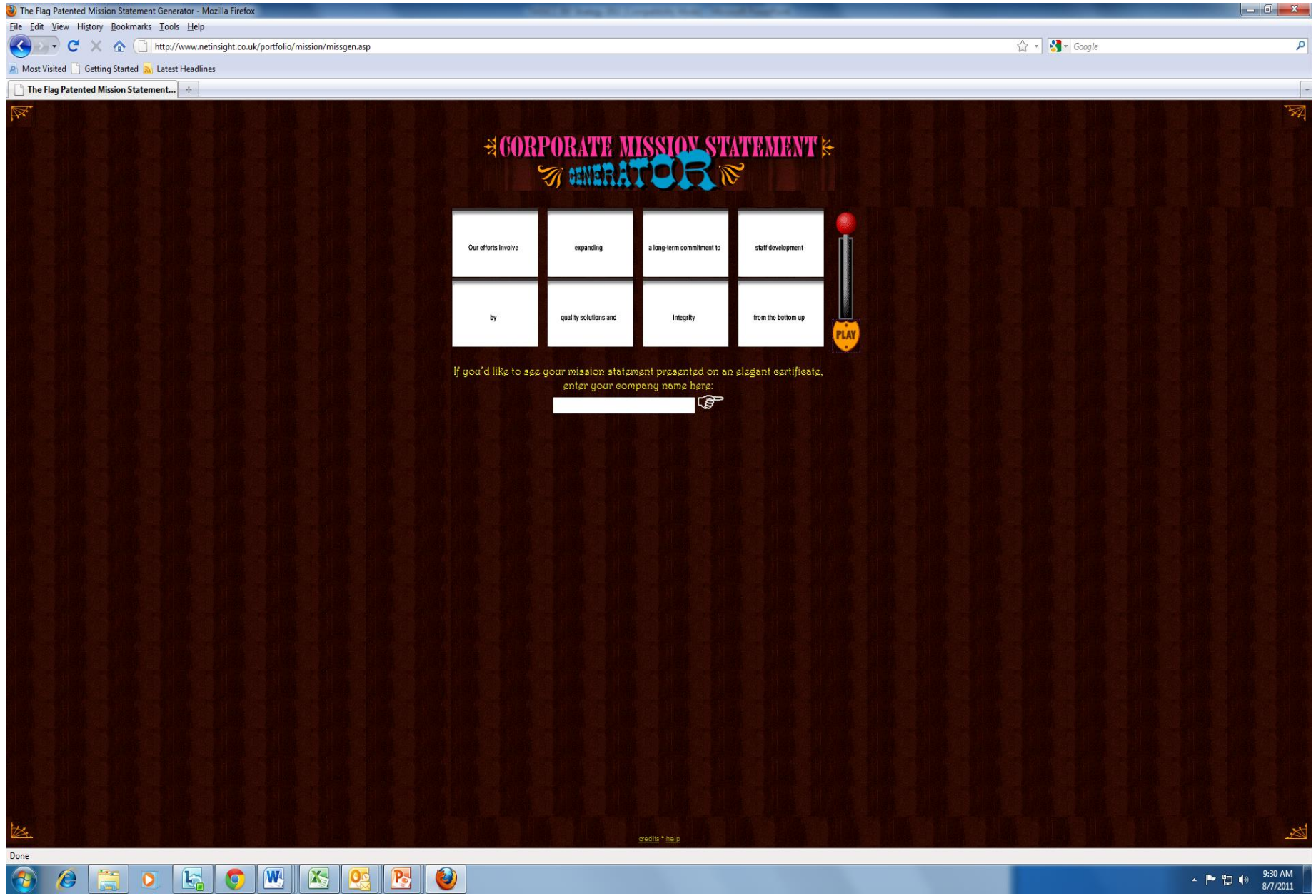


Glue vs The Inarguable Option

To attract, recruit, and hire quality individuals to be employees of the City of XXX; and develop, motivate, reward, and recognize City of Dallas Employees.

At Microsoft, we work to help people and businesses throughout the world realize their full potential. This is our mission. Everything we do reflects this mission and the values that make it possible.

To be, for the long term, our customer’s primary trusted technology partner.


The Flag Patented Mission Statement Generator - Mozilla Firefox
File Edit View History Bookmarks Tools Help
http://www.netinsight.co.uk/portfolio/mission/missgen.asp
Most Visited Getting Started Latest Headlines
The Flag Patented Mission Statement...
CORPORATE MISSION STATEMENT
GENERATOR
Our efforts involve
expanding
a long-term commitment to
staff development
by
quality solutions and
integrity
from the bottom up
PLAY
If you'd like to see your mission statement presented on an elegant certificate,
enter your company name here:
credits * help
Done
9:30 AM
8/7/2011

Where’s the Glue??

Recognizable Product
New Market Position

Our Glue

- The 2004 IT Strategic Plan
  ‘Systemness” – Create a seamless experience for physicians and patients across our clinical delivery enterprise.”

- The 2010 IT Strategic Plan
  “Mission Integration” – Create a computing environment capable of securely integrating the clinical, education and research missions of UTSW.

Assess IT Effectiveness

Customer Perception

Moderate to high marks for ambulatory and university customers. Perceived as poor performers by hospital customers.

Performance

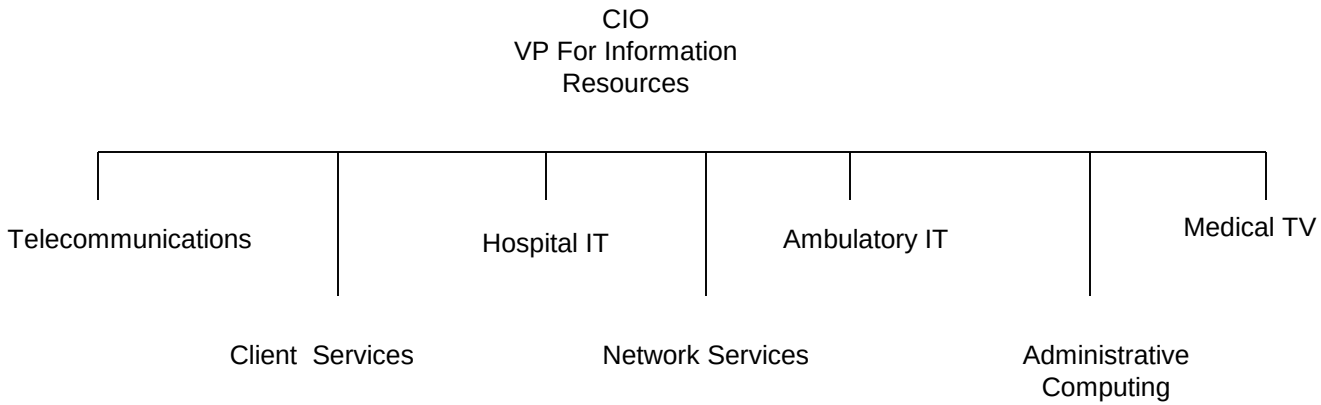
Variable performance based on ambulatory/inpatient boundaries.

Management of IT

Separate strategies for separate facilities.

Little leverage of common resources.

The Information Resources Organization

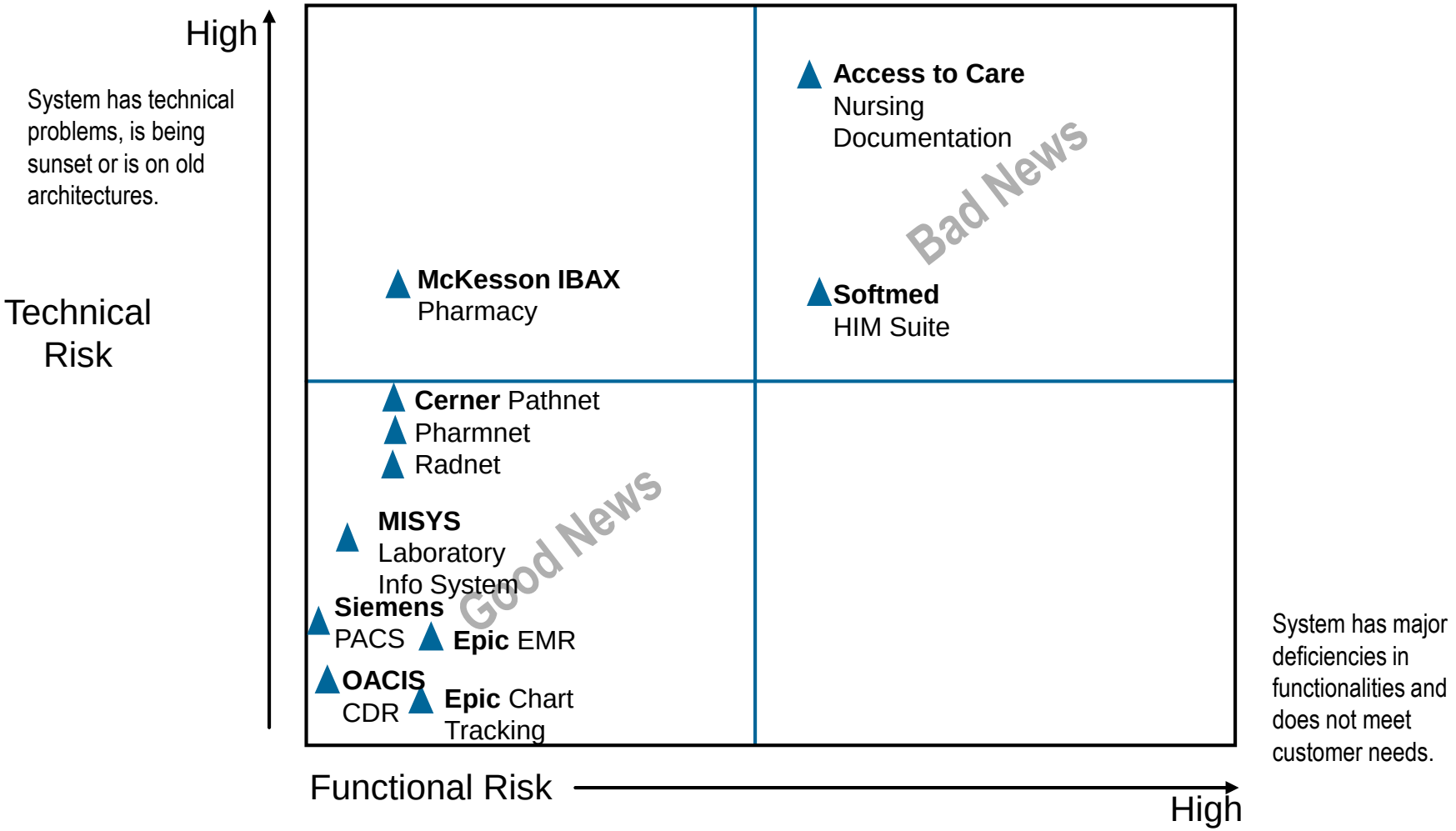


300 Employees
$40M Operating Budget
4% of Institution Operating Budget (1.2b)

Analyze Technology Gaps

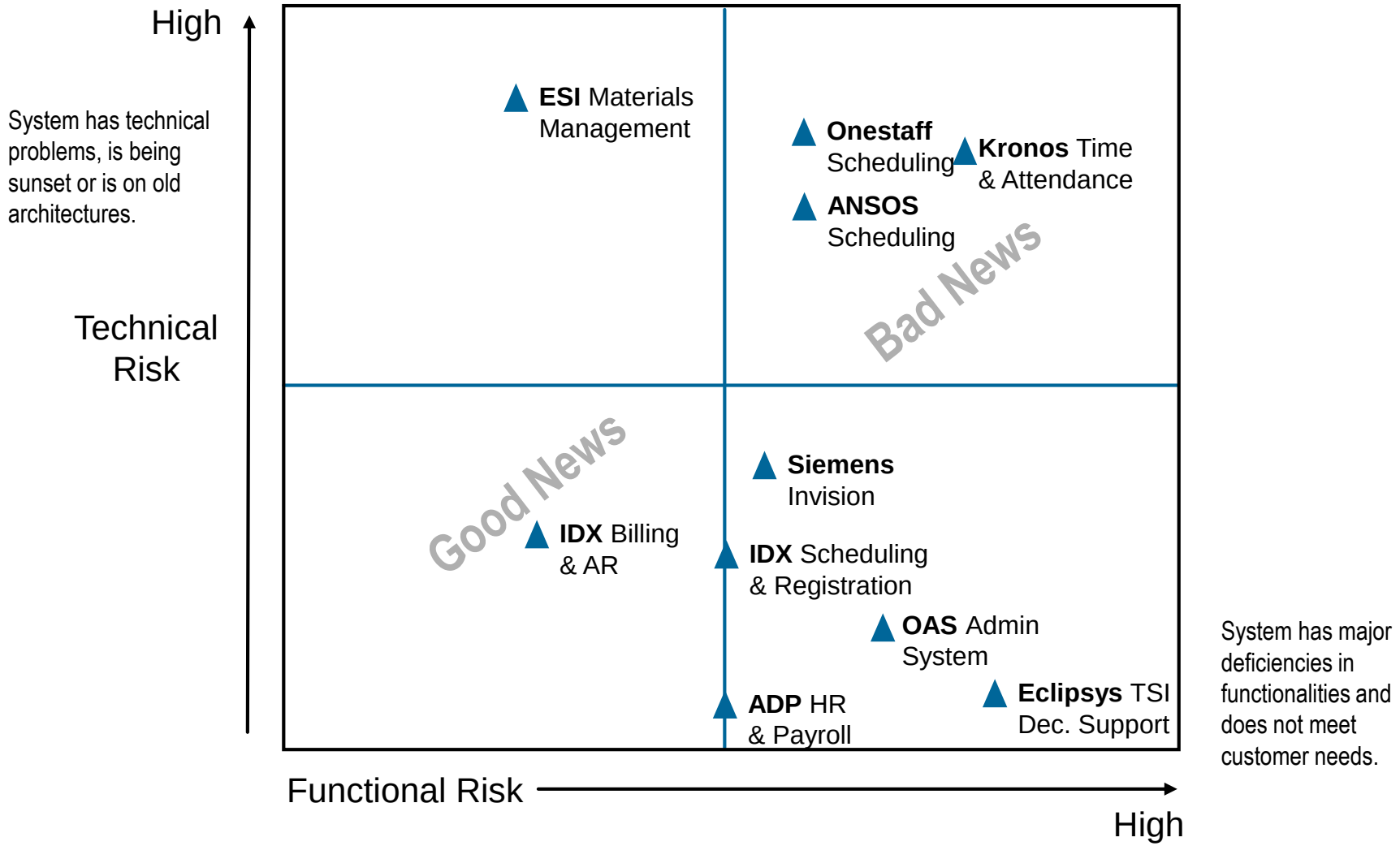
Application Vulnerabilities – Clinical

"Lots of Stable Applications, But They Are Old"



Application Vulnerabilities – Financial

"Many Applications That Do Not Meet Customer Needs"



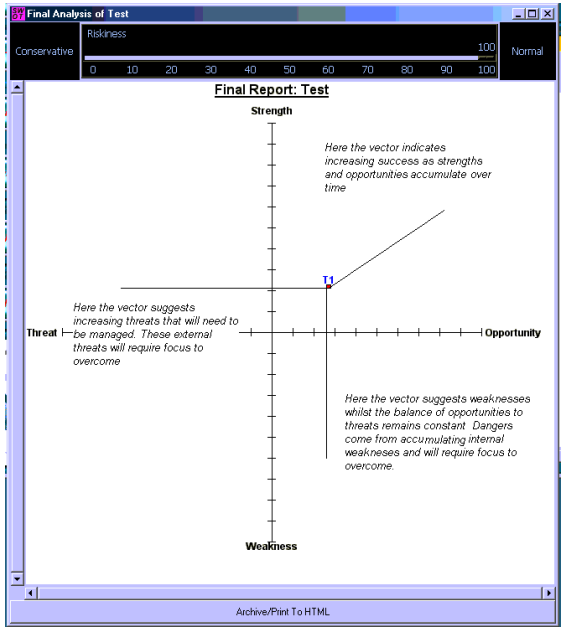
SWOT Solution Matrix

SWOT ANALYSIS	**Strengths** *(Internal)* Positive characteristics and advantages of the issue or situation	**Weaknesses** *(Internal)* Negative characteristics and disadvantages of the issue or situation
Opportunities *(External)* Factors that can benefit, enhance or improve the issue or situation	S-O Analysis How can strengths be employed to take advantage of development opportunities?	W-O Analysis How can weaknesses be over come to take advantage of development opportunities?
Threats *(External)* Factors that can hinder the issue or situation	S-T Analysis How can strengths be used to counteract threats that tend to hinder achievement of goals and pursuit of opportunities?	W-T Analysis How can weaknesses be overcome to counteract threats that tend to hinder achievement of objectives and pursuit of opportunities?

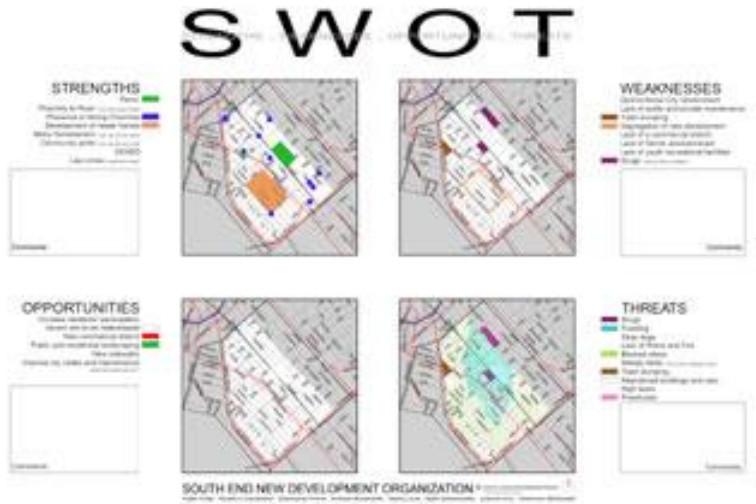
The Many Faces of SWOT

Scenario	Strength	Weakness	Opportunity	Threat
2. Do minimum	Funding is based upon conservative projections, and therefore the strategy is deliverable.	This will not meet the transport needs of the North-east over the next fifteen years. Serious economic, environmemntal and social consequences.	Maintain city and town centre environments and economic potential.	May not meet Council's statutory obligations due to low level of funding, leading to accusations of not tackling congestion.
3. Integrated Transport	Provides revenue source and allows local government to take control of its own area, while meeting Government priorities and benefiting both the urban and rural areas.	Requires considerable up-front spending and should include links to railheads, harbour and the airport as part of the strategy. Clarity explicit demonstration of practical integration.	Land issues can be resolved and economic, social and environmental benefits demonstrated.	Local economic predictions may reduce benefit of increased land values, while a fine balance is required in the level of charge applied to the cordon. Success of the scheme is dependent upon the delivery mechanism.
4. Roads Based	Provides a revenue source and improves accessibility by facilitating spending on transport infrastructure.	Does not meet Government policy for traffic reduction, and includes limited public transport investment. Relief of current congestion may lead to new "pinch points".	Land values adjacent to new roads could be enhanced, and may be released through the infrastructure.	Social exclusion may arise from the tacit promotion of car use, and it would be necessary to demonstrate an equitable distribution of investment since most schemes are located in Aberdeen city.
5. Public Transport	Relatively inexpensive strategy that includes large increases in provision for cycles, while offering a contribution to mode change through multi-modal schemes.	Few real new schemes in the strategy and no new corridor space for public transport.	Charging mechanism provides revenue source, which may fund substantial future works or provide for public transport fare subsidies.	Public transport measures are likely to be inadequate to tackle congestion, and may lead to accusations on not tackling this concern.

City of Aberdeen Local Transport Strategy



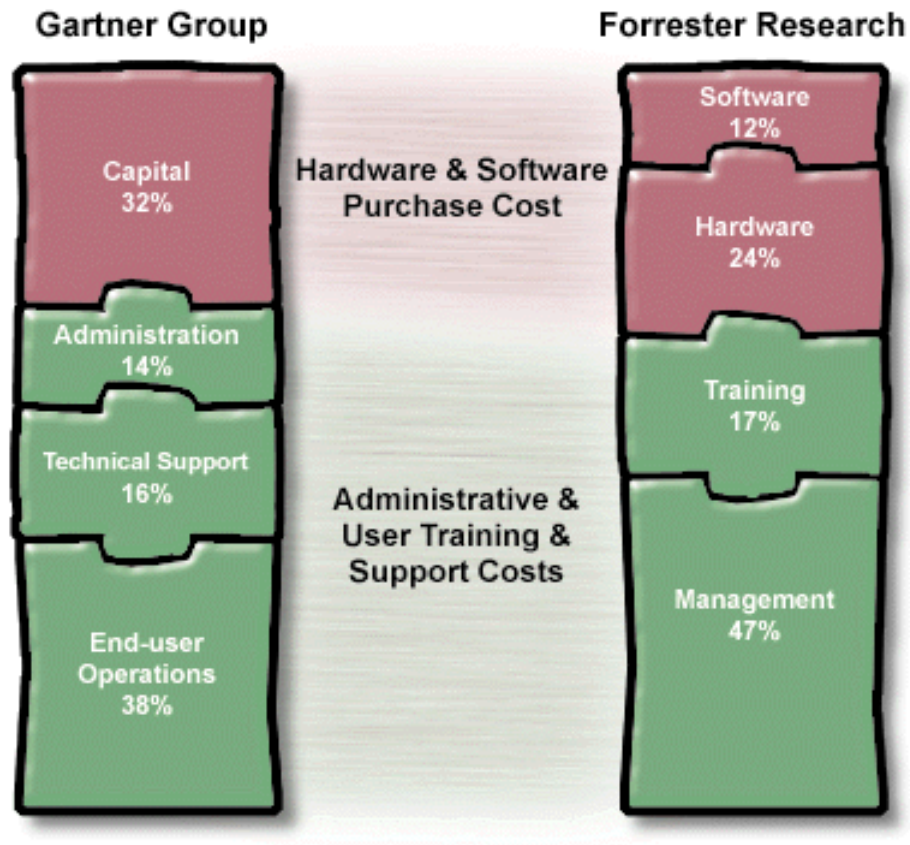
Screen Shot of winswot (www.cymeon.com)



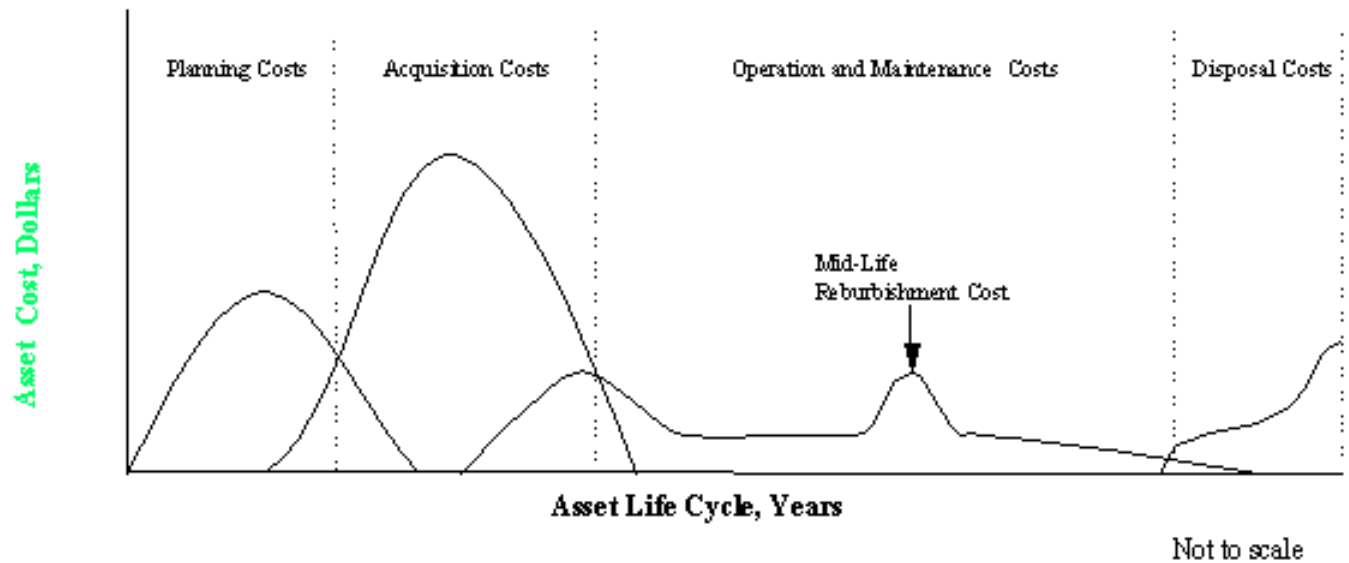
Strategic Plan – East St. Louis

The PEST Analysis

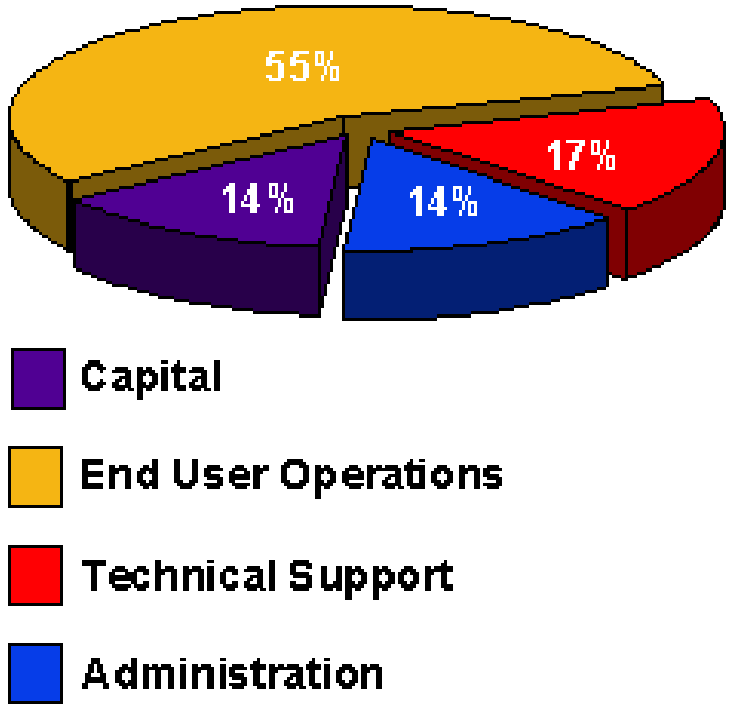
Political ecological/environmental issues current legislation home market future legislation European/international legislation regulatory bodies and processes government policies government term and change trading policies funding, grants and initiatives home market lobbying/pressure groups international pressure groups	**Economic** home economy situation home economy trends overseas economies and trends general taxation issues taxation specific to product/services seasonality/weather issues market and trade cycles specific industry factors market routes and distribution trends customer/end-user drivers interest and exchange rates
Social lifestyle trends demographics consumer attitudes and opinions media views law changes affecting social factors brand, company, technology image consumer buying patterns fashion and role models major events and influences buying access and trends ethnic/religious factors	**Technological** competing technology development research funding associated/dependent technologies replacement technology/solutions maturity of technology manufacturing maturity and capacity information and communications consumer buying mechanisms/technology technology legislation innovation potential technology access, licensing, patents


Gartner Group
Forrester Research
Capital
32%
Administration
14%
Technical Support
16%
End-user
Operations
38%
Hardware & Software
Purchase Cost
Administrative &
User Training &
Support Costs
Software
12%
Hardware
24%
Training
17%
Management
47%

Hardware TCO



The Total Cost of Ownership Pie



Source: The Gartner Group

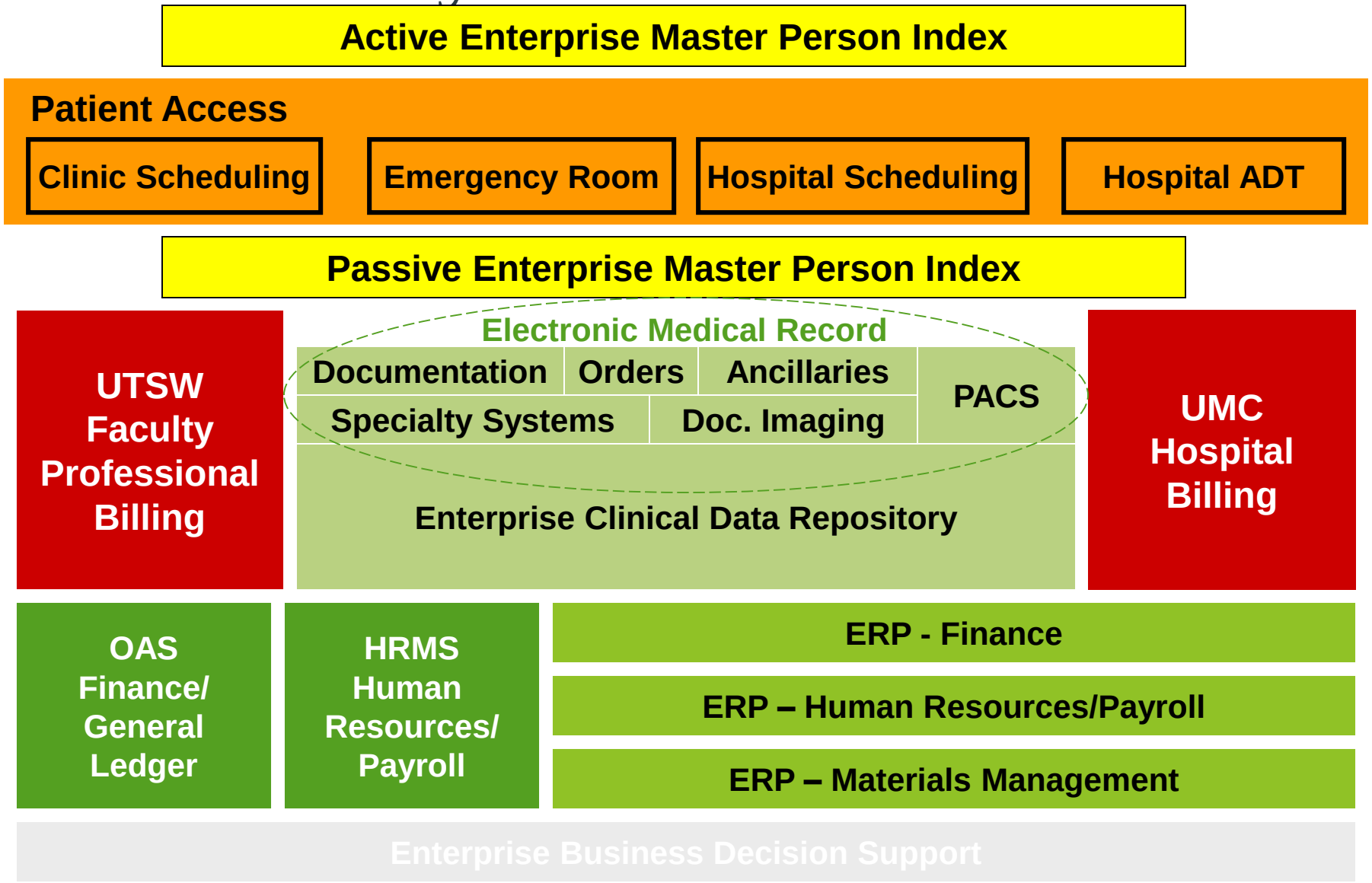
Costs - Initial Investment

- Hardware (platforms, networks)
- Software base price (operating systems, layered products, product license)
- Licensing approach (perpetual, seat, site, concurrent use)
- Vendor/consultant implementation fees
- Interface fees
- Education and training
- Personnel and salaries
- Ancillary personnel required (network, help desk, security, desktop support)
- ASP, outsoursing fees
- Can system be outsourced or ASP’s

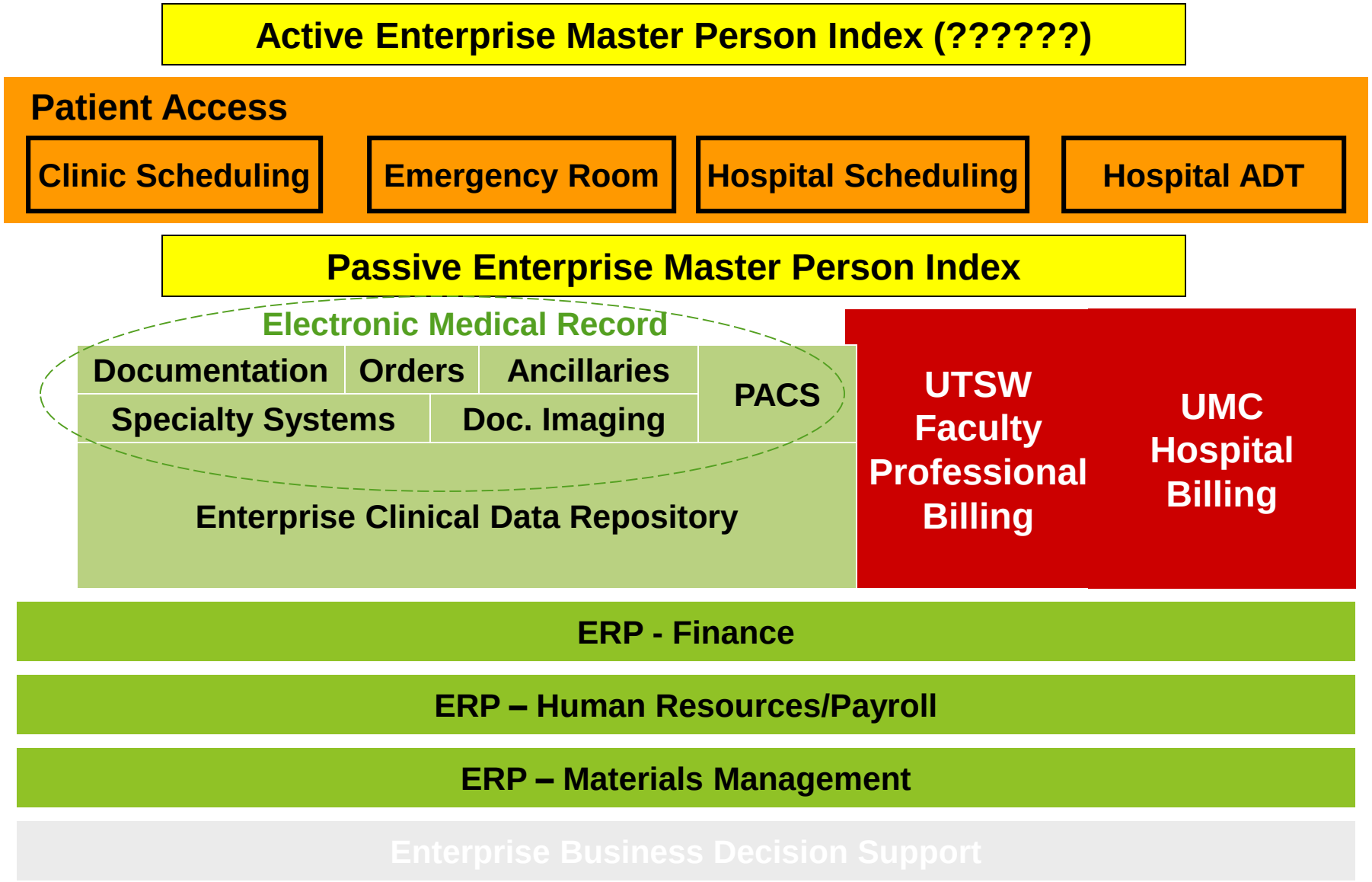
Costs – Total Cost of Ownership

- Maintenance and support fees
- Support service levels (7X24, business hours)
- New version upgrade costs (included in maintenance?)
- Ongoing training
- Ancillary personnel (e.g. network, help desk, desktop support)

Health System IR Vision - 2010



New Health System IR Vision - 2010



Free Consulting

- Where would you focus your efforts Year 1
- What is the weakness of the IR Vision Picture
- What projects would contribute to the creation of ‘Systemness’
- How could you break down the ‘Us and Them’ barriers rampant in IR personnel?

‘Systemness” – Create a seamless experience for physicians and patients across our clinical delivery enterprise.”

What Really Happened

- The Glue (NOT the Mission/Vision Thang)
- List of proposed projects, budgets and timelines supporting vision and goals of the organization.
- The technology organization needed to successfully deliver these projects
- Governance structure capable of implementation and enforcement

“Systemness” – Create a seamless experience for physicians, administrators, and patients across our clinical delivery enterprise.”

OVERALL BUSINESS VISION

To operate as one unified University Health System for our patients and faculty.

CURRENT BUSINESS STRATEGY

To improve patient and physician service as put forth in the Clinical Services Initiative.

To achieve the financial/operational sustainability of Zale Lipshy & St. Paul University Hospitals.

OVERALL INFORMATION RESOURCES VISION

To provide our faculty with world-class IT to improve patient safety & clinical quality.

The List

UTSW Health System IR Strategic Plan Total Cost	$97,125,286.00

I. Hospitals - Financial/Revenue Cycle	**$7,023,000.00**
Optimize Revenue Cycle & Select Scheduling	$4,700,000.00
Implement Scheduling at Hospitals	$1,400,000.00
Select and Implement Staff Scheduling System	$431,000.00
Upgrade Kronos Time and Attendance System	$492,000.00

II. Ambulatory Services - Financial/Revenue Cycle	**$4,552,000.00**
Continue Epic Rollout in Ambulatory Services	$2,496,000.00
Health System: Select & Implement EMPI across Health System	$2,056,000.00

III. Hospitals - Clinical	**$27,501,000.00**
St. Paul Results to OACIS CDR	$50,000.00
Develop Enterprise Clinical Systems Strategy	$496,000.00
Consolidate Lab Systems: Select & Implement	$488,000.00
Complete PACS Rollout: SPUH/ZLUH	$7,000,000.00
Implement Core Clinical Suite for Hospitals	$16,477,000.00
Implement Replacement Laboratory Information System	$640,000.00
Implement Replacement Radiology Information System	$1,518,000.00
Standardize on Pharmacy Dispensing System	$192,000.00
Select and Implement Surgery Scheduling System at UMC	$640,000.00

IV. Ambulatory Services - Clinical	**$20,553,000.00**
Deploy UT Smart EMR to Ambulatory Services	$20,553,000.00

V. Health System - Cancer Registry	**$1,346,286.00**
Deploy Unified Cancer Registry Application	$1,346,286.00

V. Health System - Administrative Management	**$9,150,000.00**
Select ERP System: AP, GL, MM, PR, HR, Budgeting	$350,000.00
Implement ERP for the Health System	$8,800,000.00

VI. Enterprise Decision Support	**$700,000.00**
Create Clean Hospital Reporting Through TSI	$600,000.00
Create Ambulatory P & L	$100,000.00

VII. Upgrade Campus-Wide Technology Infrastructure	**$26,300,000.00**
Upgrade Non-Standard Cabling Health System-Wide	$11,000,000.00
Implement Integrated Voice/Data System Health System-Wide	$12,000,000.00
Review/Update Security Program	$3,300,000.00

Our CEO

8 IR Strategic Priorities For Yr 1

- **Hospitals: Optimize Revenue Cycle & Implement Hospital Scheduling ($6.15M)**
- **Hospitals: Create Clean Hospital Reporting Through TSI Optimization & Standardization ($0.6M)**
- **Ambulatory: Create Improved P & Ls ($100K)**
- **Health System: Develop Comprehensive ERP (Finance, HR, Payroll, Supply Chain) Bid – ($350K)**
- **Health System: Upgrade Infrastructure For Phones, Cabling, & Networking ($4.93M)**
- **Ambulatory: UT Smart Medical Record, Registration & Scheduling Rollout ($20M – Already Funded)**
- **Hospitals: Continue Expansion of Clinical Data Repository to Include Reporting From SPUH ($50K – Already Funded)**
- **Health System: Implementing Campus-Wide Cancer Registry ($1.3M)**

Health System Infrastructure Plan

PROJECT #1: Phones

New Phone PBX System For University, SPUH & ZLUH

•Current equipment is at end of lifecycle and becoming unreliable for service needs and anticipated growth.

•ZLUH is a node off of Parkland system that Perot will charge us for

PROJECT #2: Cabling

Upgraded Cabling In Every Building To Support High Speed Connection

•Current building network cabling and network closets are inadequate to support industry standard high-speed network connection and to meet demands of Internet2, PACS, and other bandwidth intensive applications.

PROJECT #3: Secure, Redundant Campus Network

Redundant, Tiered Network To Safeguard University Resources

•Current network does not provide adequate security/redundancy to protect network resources into future.

PROJECT #4: Consolidate & Upgrade Data Centers For Health System

Upgrade data center for Health System with 24X7 operations model

•Consolidate UMC data centers into UTSW data center, and upgrade technology to allow 24X7 network operations model necessary for ERP & clinical systems.

Revenue Cycle/ Patient Access Optimization

$6.15M

PROJECT DESCRIPTION

Redesign our front-end and back end business processes with associated configuration of existing information systems and implementation of new scheduling system to promote more accurate registration, increased charge capture, improved cash collections, and timely billing and reimbursement.

PROJECT OWNER

CFO, Health System

INTERNAL IR RESOURCES

Siemens Resources (3)
Softmed Resources (2)
Interface Resource (1)
Technical Resource (1)

TARGETED INFORMATION SYSTEMS

Siemens Invision
Softmed HIM Suite
New Scheduling System
New Document Imaging For Hospitals

ADDITIONAL RESOURCES

Project Manager (1)
Front-End Process Expert (1)
Scheduling Specialist (1)
HIM Re-Design Expert (1)
Document Imaging Expert (1)
Siemens Resource (1)

BUSINESS UNITS INVOLVED

Admitting, Medical Records, Business Office, Pre-Registration, All Hospital Departments Performing Scheduling

TECHNOLOGY COSTS

Siemens ZLUH Upgrade/Conversion
New Document Imaging System

Develop Health System ERP Strategy

$300K

PROJECT DESCRIPTION

Work with University administrative departments and Health System leadership to determine appropriate information system solution(s) to meet both administrative needs of University and management needs of clinical practice. System functional requirements will be determined, vendors evaluated, and system recommendation will be made with ROI justification.

TARGETED INFORMATION SYSTEMS

OAS Administrative System
Siemens GL/AP
ESI Materials Management
ADP Human Resources
New ERP System

BUSINESS UNITS INVOLVED

University Finance, Human Resources, Materials Management, Hospital Finance, HR, & Materials Management

PROJECT OWNER

CFO, University
CFO, Health System

INTERNAL IR RESOURCES

OAS/HRMS Director (1)
Hospital Apps. Director (2)

INTERNAL UTSW RESOURCES

Finance Analyst (1)
Human Resources Analyst (1)
Materials Management Analyst (1)

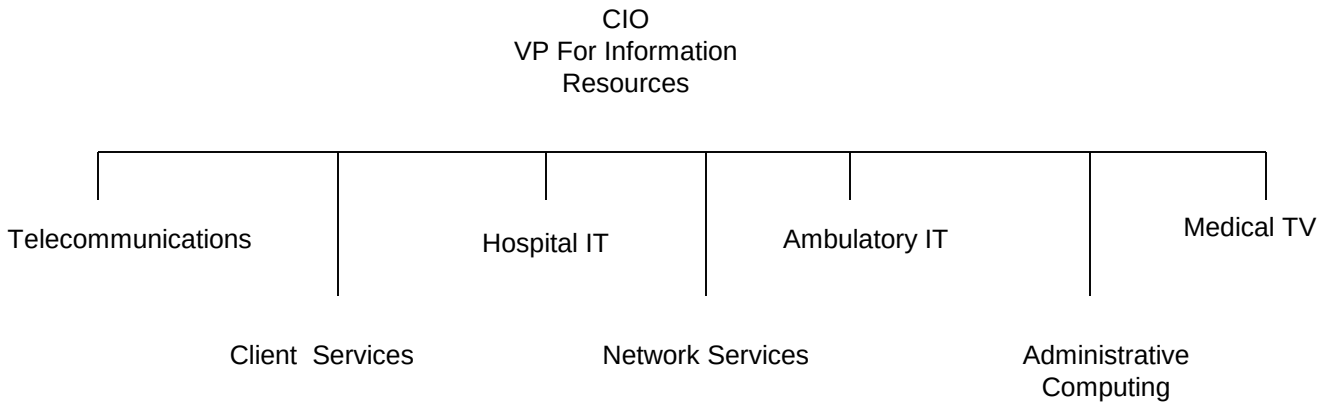
ADDITIONAL RESOURCES

Project Manager (1)
Finance Expert (0.25 FTE)
Human Resources (0.25 FTE)
Materials Management (0.25 FTE)

TECHNOLOGY COSTS

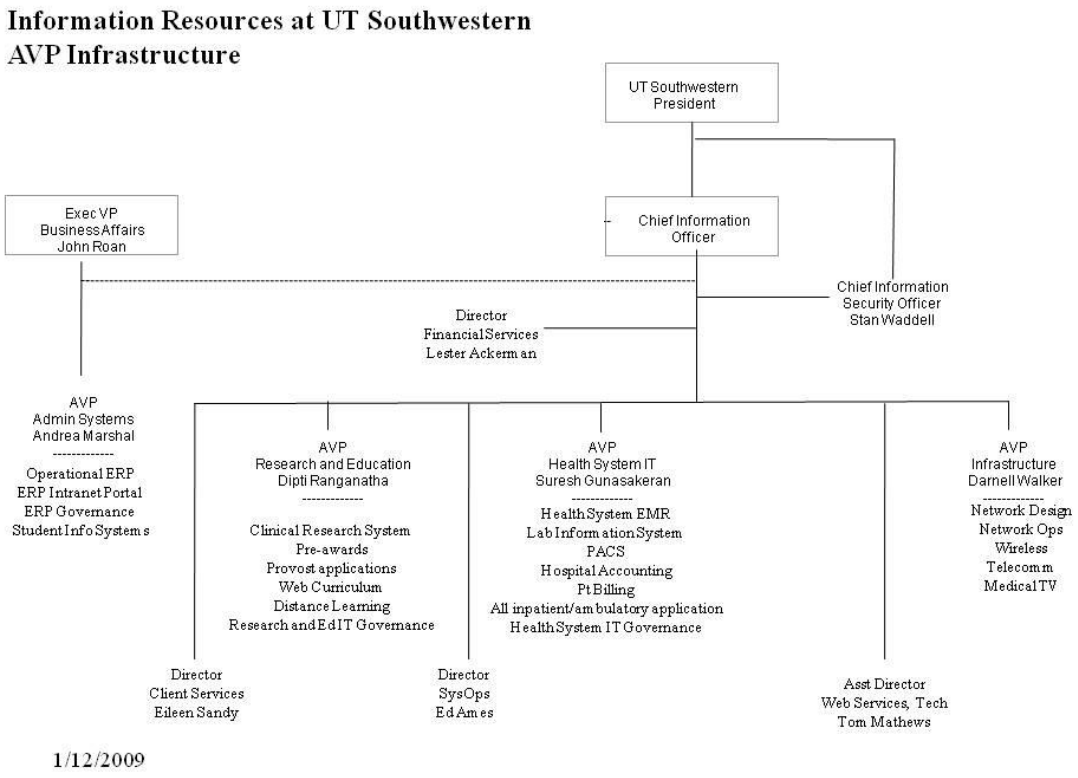
None

The Information Resources Organization



330Employees
$55M Operating Budget
4% of Institution Operating Budget (1.2b)

Restructured IT Department



Governance

French Infantryman
(Pantalon Rouge)

German Machine
Gun Crew

The IT Governance Landscape

Defined governance

- Scope (what is being governed. What is not being governed)
- Who makes the decision
- Who has input
- Who enforces the decision
- Governance mechanisms
- Governance style

Consolidation of redundant governance structures to match ‘systemness’ theme

Introduction of the Project Management Office with standard IT project reporting/time reporting framework

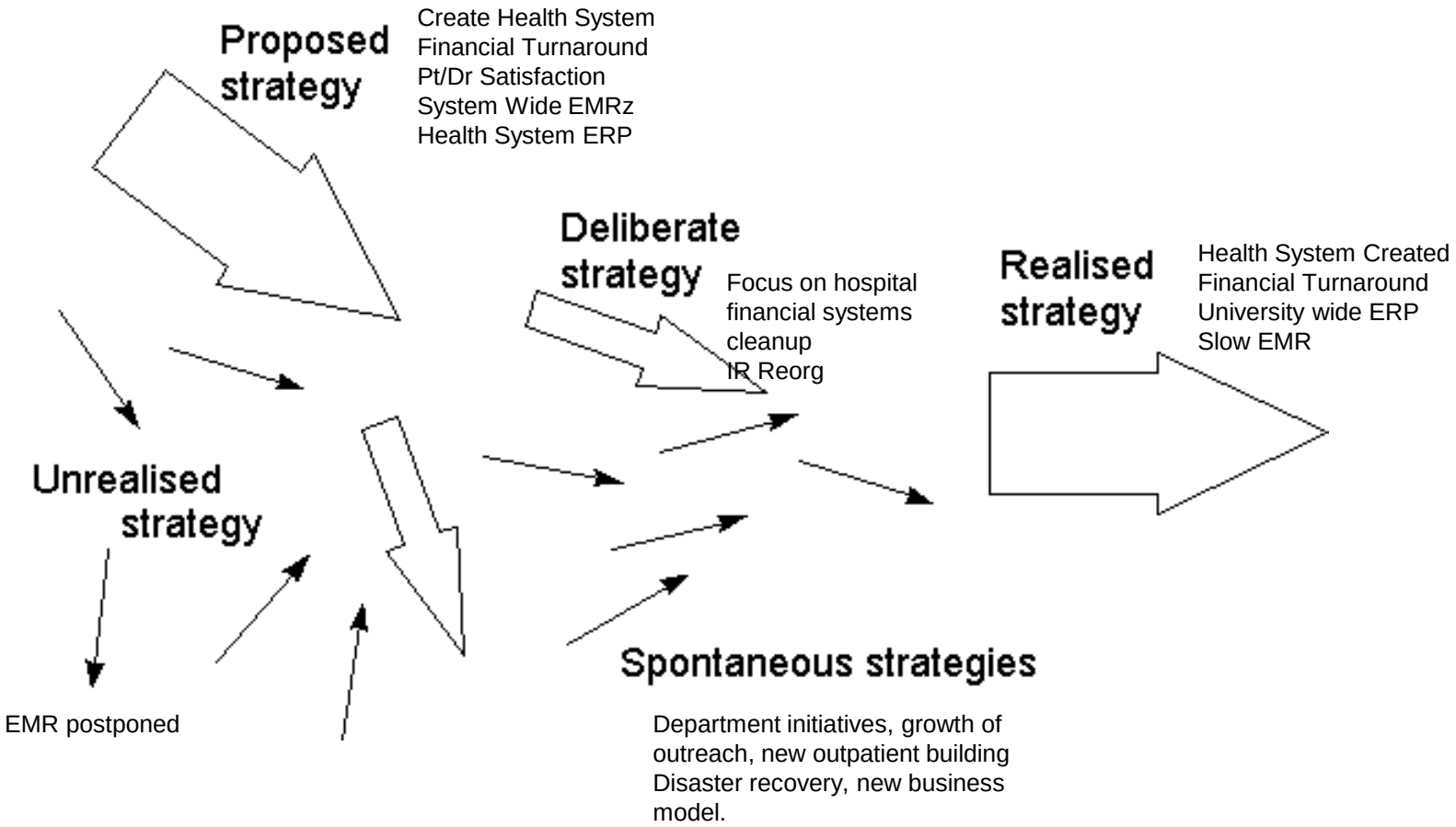
Successes

- Revenue cycle reworked in re-implemented in record time. Hospitals at break-even with slight profit. Consolidated billing system increased professional fee revenues
- De-install unsafe electronic medical record
- VoIP with wireless installed
- Campus infrastructure upgraded
- Cancer registry implemented (avoided de-certification)
- St. Paul integrated into UT Southwestern's patient data warehouse and master person index
- Information Resources reorganized
- New data center operational

Not So Success

- ERP discovery phase doubled. Culture clash of University and Health System
- Old clinical system governance still in place. Now ineffective
- Allocation of costs a continual issue. Slows IT projects
- Strategic Plan scope creep
- Organizational capacity to change

Remember Mitzner's Strategy Types?



Planning Pitfalls

- Commitment at the Top
  ("Where's the money?")
- Commitment Lower Down
  (Planning for others lowers productivity and satisfaction)
- Decentralized Planning
  (It's my P&L and those pesky spontaneous strategies)
- Too Many Planning Constraints
  (A wired plan is no plan).
- Deterministic vs Contingency Planning
  (Planning for multiple scenarios)
- Bad Data
  (Too aggregated, limited scope, too late, unreliable)
- Understanding governance and the political will to change
- Bad pictures
  (Show causal drivers. Read Tufte)

10 Ten Issues

- Reduced tax revenues will lead to continued cutbacks.
- Security will drive the re-centralization of the IT organization and governance
- LTE and reduced latency will drive delivery of true applications to cellular.
- Retro-fitting cellular infrastructure.
- How will we deal with the ‘Cloud’?
- Antiquated IT organization structure and processes.
- Control of mobile devices and the further dispersion of corporate information.
- Dependency on vendor supplied software reduces ability to innovate.
- Analytics will be the ‘new frontier’.
- The rise of the Project Management Office.

Questions

Reference and source

1. Banking on Digital Growth: The Strategic Marketing Manifesto to Transform Financial Brands by James Robert Lay | May 8, 2020
2. Digital Transformation: Survive and Thrive in an Era of Mass Extinction by Thomas M. Siebel and Condoleezza Rice | Oct 1, 2020
3. High Performance Through Business Process Management: Strategy Execution in a Digital World by Mathias Kirchmer | May 4, 2018
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