

# IT outsourcing projections for 2016 bring pros, cons

By [Heather Caspi](#) | December 2, 2015



Increasingly demanding IT requirements are driving more hospitals and physician practices toward further outsourcing, finds a new [Black Book survey](#). It's not just for traditional functions; it's for everything from applications development to complex infrastructure services.

The driving influences include technology changes from ICD-10 implementation, EHRs, big data, interoperability, value-based reimbursement reforms, decision support, revenue cycle, and patient marketplace shifts, Black Book says.

"Most hospital leaders see no choice but to evaluate and leverage next generation information and financial systems as an outsourced service in order to keep their organizations solvent and advancing technologically," said Doug Brown, managing partner of Black Book Market Research, in a prepared statement.

"The reimbursement and population health challenges ahead to get paid may require several new applications, and the frank reality is that outdated, understaffed, and failing current solutions will close marginally performing hospitals for good," Brown suggests.

Among its respondents, the survey found 73% of hospitals and health systems over 300 beds are looking at complex IT outsourcing for 2016, and 81% of organizations under 300 beds are doing so.

Numerous health IT leaders weighed in with Healthcare Dive on what they see for the trend.

Bill Huber, a managing director at global outsourcing advisory firm Alsbridge, says the atmosphere of hospital and provider consolidation is also a contributing factor in the trend toward overhauling IT structure and prioritizing interoperability.

“In this environment, an outsourcing strategy should focus on three objectives,” Huber says. They include:

- Cost savings;
- Improving availability and quality of data; and
- Providing security and resiliency to mitigate risks and threats.

He suggests the pros of increased outsourcing include speed to results driven by proven cost effectiveness, as well as process improvement and data management capabilities.

The cons, he suggests, include the difficulty of the cultural shift and the risk of “losing connectedness” through a potentially factory-like service model.

“The keys to success include effective strategic vision and governance to drive toward a balanced model, well-designed and aligned service provider contractual structures, a strong change management regimen, and effective operational vendor management,” Huber says.

Dr. David Whitehouse, chief medical officer of IT services and solutions provider UST Global, notes not only are the new IT business drivers such as interoperability becoming mission critical, but consumer engagement needs are also playing an increasing role in IT decisions for functions such as digital data access, wearables, personalized medicine, and more.

“Today, healthcare IT is undergoing a massive change in focus and scope,” Whitehouse says. “With all of these factors coming into play at once, finding the right talent is a challenge.” However, he suggests it’s also the only way to get a workforce that can meet the current and rapidly evolving demands.

“Healthcare companies are asking themselves, how can you flex capabilities? How can you create teams for rapid assignment and redeployment? How can you build small teams that are highly experienced in handling the dynamic nature of projects? Static, defined projects are history,” he says.

Through outsourcing, companies are able to get new insight into their challenges, and assemble and reassemble the most qualified teams targeted for each new job, Whitehouse adds.

“Without outsourcing, Healthcare companies are paralyzed by the need to handle technology problems instead of their core business of providing quality healthcare to patients,” he says.

Dr. Alan Pitt, chief medical officer for telehealth solution provider Avizia, is also a proponent of evolving health IT roles into more effective collaborations that focus not only on technology, but processes.

“The current transformation of the business of healthcare requires IT to extend their role from one of fulfillment to more of an innovation partner with clinical executive leadership,” Pitt says. He suggests collaboration adds value to the data by allowing the right people to get engaged at the right time in a “mash up” of both technology and the cultural norms.

Tim Cannon, vice president of product management and marketing at [HealthITJobs.com](http://HealthITJobs.com), sees pros for health systems as well as health IT professionals—even if outsourcing does mean changing jobs.

“Hospitals and health systems notoriously lag behind in technological advancements, but with access to highly skilled, always available, outsourced teams, they can improve their services much faster,” Cannon says.

“The increased demand for outsourced health IT teams is also good news for health IT professionals,” he suggests, because the [2015 Healthcare Information Technology Salary Report](#) found health IT pros who work for consulting firms make the most money. “Professionals will have more opportunities to earn a higher salary in a fulfilling career,” he suggests.

Daniel Piekarcz, vice president of business development, life sciences from technology consulting firm DataArt, highlights the potential for savings as hospitals come under increasing pressure and scrutiny to find cost savings.

“Hospitals have found themselves in the difficult position of having to provide more care, to more people, at a lower cost, while achieving higher quality outcomes,” he says. “Efficiency and quality is the name of the game, and most hospitals have already or are currently looking towards outsourcing to help find greater efficiencies.”

Piekarz suggests hospitals should look for outsourcing lessons learned by corporate America over the last 25 years so they can focus on their core mission of providing care. “When done right, the hospital experiences decreased costs while providing a more focused and improved level of service to their patients,” he says.

Some are more cautious about the trend, however. While there are many clear pros, notes Harish Pai, senior vice president & chief technology officer for Infinite Computer Solutions, security will remain a concern, particularly for any systems moved overseas.

“The healthcare industry must remain vigilant in maintaining regulation and compliance across geographies,” Pai warns.

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