

## Chapter II

# The Selection of the IT Platform: Enterprise System Implementation in the NZ Health Board

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## ABSTRACT

*The Health Board<sup>1</sup> is one of the largest public health care providers in New Zealand (NZ). In early 1999, a supply chain optimization review recommended an enterprise system (ES) implementation to provide better control and reporting of organizational finances. The focus of this case is the IT platform decision made in conjunction with the ES implementation process. This decision was thoroughly considered by all Health Board stakeholders and the final choice was made in alignment with the Board's strategic IT policy. Nevertheless, initial testing two months prior to go-live revealed major performance problems with the new system. The case documents the events that led up to the selection of the original IT platform and the challenges the project team faced in deciding what to do when the platform did not meet contractual specifications.*

## ORGANIZATIONAL BACKGROUND

The Health Board is a non-profit public organization that is one of New Zealand's (NZ) largest providers of public hospital and health services. The Board has approximately two million patient contacts annually and provides regional services for 30% of NZ's population. The organization is structured around seven business units that include four specialist teaching hospitals and other facilities offering community health services, mental health services, and clinical support services. The Health Board vision focuses on patients' needs. Being a non-profit organization, surplus funds are allocated to supporting patients, research, and education. Table 1 provides the organization's profile.

Health funding in NZ is disseminated through 21 district health boards (DHBs). Each DHB is responsible for improving, promoting, and protecting the health of the population it serves. For their catchment area, each DHB is delegated the responsibility for making decisions on the mix, the level, and the quality of the health services that are publicly funded. They are also responsible for entering into agreements with providers for health service delivery. DHB decisions are made on the basis of local needs, within national guidelines. Funding is based on the size and characteristics of the population of the district each DHB serves; however, a few nationally funded services still exist.

The Health Board is one of three DHBs in the same region that share a vision to promote close cooperation for the provision of health services. The Board is made up of 11 members: seven elected and four appointed. All Board members report directly to the Minister of Health.

*Table 1. Organization profile*

Categories	Health Board Profile
Core business	The provision of public hospital and health services
Type of organization	Non-profit organization
Ownership	Public organization
Business units	Four specialist teaching hospitals and facilities offering community health services, mental health services, and clinical support services
Mission statement (1999-2000)	"The <a href="#">Health Board</a> will provide <a href="#">New Zealand's</a> finest comprehensive health service through excellence and innovation in patient care, education, research, and technology" ( <a href="#">Health Board Annual Report,1999-2000</a> ).
Customers	Patients (two million patient contacts annually)
Reach	Regional (within <a href="#">NZ</a> )
Organization size	8,500 employees \$600 million budget for the year 2000/2001

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