
Who calls the shots in healthcare IT purchasing?



A recent survey study by [Black Book Market Research](#) provides interesting insights into how digitalisation is radically transforming not just the healthcare delivery process but also hospital "business" operations, i.e., transforming RCM, financial, and other administrative processes. With this tech-driven transformation, the strategic role of CIOs is markedly decreasing as the shift towards decentralised tech management moves to department heads and LOB (line of business) executives from the CIO.

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The Black Book study found 88% of non-IT hospital leaders in Q4 2018 see the demand for their technology expertise radically intensifying. In addition, 45% of all respondents expect that more than a third of all dollars spent on IT will originate from outside the IT department in 2019 and beyond. Back in 2015, [CIOs](#) held the balance of power over IT purchasing decisions, controlling 71% of decisions. But this year that figure fell to just 8%.

"Traditionally, CIOs called the shots in IT purchasing after aligning with the department on its need, but digitalisation is making a permanent change to the health systems IT purchase process," explains Doug Brown, managing partner of Black Book. "As healthcare organisations transform work processes through digitalisation the department leaders involved must logically uphold the authority of those processes."

In 2018, as noted by Brown, only 21% of CIOs felt they were meaningfully involved in the creation of market-facing innovations and strategic departmental software selections. Of **CEOs surveyed, 29% think of their CIOs as tactical — but not strategic enough** to navigate the complex healthcare business systems to drive financial success. The likelihood that hospital CIOs are left out of the IT purchasing loop increased significantly since 2016. The majority (90%) of CIOs surveyed report they were bypassed by LOB management when making technology investments in 2018, as compared to 17% in 2016 when last surveyed.

"Lately, [CIOs have been running IT more as a supply function](#) — as order takers and implementation coordinators — than micromanaging IT costs," says Brown. "As more and more healthcare providers are buying cloud-based services and turning to self-service models, IT decision making is spreading across the health system." With the rise in urgency to engage patients and improve consumers' technical experience with health systems, still only 24% of hospital executives said that the IT department facilitates their entry into new markets and initiatives. This is down from 80% in 2014. For 84% of hospitals surveyed, the **role of traditional CIO as it exists today — internally focused on project delivery, service and support of the organisation — is declining**.

The digital ecosystem is exploding and strategic decisions are being made by others than the CIO. Hence, the role of the CIO in hospitals is changing dramatically towards information management. According to Black Book study, more than half of the IT projects underway in Q4 2018 are collaborative ventures handled at all stages across the healthcare continuum. The days of **silo decision making, where the CIO or IT department has control of a purchase, are nearly gone**, study authors point out. This is being replaced by "collaborative" purchasing — i.e., LOB leaders collaborating with the CIO as the go-to person for help integrating health system technologies, meeting corporate policies and spending within budgets. Although there is greater involvement in security and implementation functions, LOBs see the role of CIOs lessening in complexity as compared to the technology-expertise requirements of LOB leaders.

Other important findings of the study are:

- 64% of CIOs reported that they communicated directly with boards on enterprise-wide and high-dollar purchases in 2017. In 2018, just 39% of CIOs report having board-level communications on technology strategies, a major decrease in interactions.

- CIOs ranked artificial intelligence and cybersecurity (94%), internet of things (IoT) (90%), and interoperability (82%) as the most problematic technologies to implement in 2019, while 24% of current healthcare CIOs admit having little to no expertise managing the demand for new skills.

- **82% of CIOs say they cringe at the thought of outsourcing their IT operations** to a managed services provider; however, operations and financial executives feel differently.

- 81% of LOB and departmental leaders say they are often frustrated with the autocratic IT divisions and believe outsourcing would resolve these issues.

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