

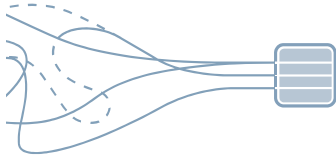
eHealth: What happened and what can we learn from it?

The recent news about eHealth in Ontario was disturbing to many because of the fact that more than \$15m in consulting contracts were awarded without a competitive process. Those of you in the private sector are thinking, “what is the big deal? We do that all of the time.” The big deal is that public sector organizations, like eHealth, are spending tax payers’ money, so are subject to scrutiny that private companies cannot imagine. However, in the case of eHealth, we are talking about only \$15m in contracts for an organization that is responsible for a budget of over \$700m per year. So why are we even talking about this? I wanted to write this article to comfort those public sector executives that may be unsure of what they can and cannot do within the scope of public procurement, as well as a way to educate people on what eHealth did wrong and what we can learn from it.

Before going any further, it is important to clear up some of the facts that many publications have forgotten about, chose to conveniently ignore, or did not know about. I will discuss some of these in more detail later in the article:

- Government procurement policies allow for awarding of contracts without competition in specific circumstances and urgent need is one of those circumstances;
- The eHealth Board of Directors and its CEO inherited an organization that had spent more than \$650m over the previous 5 years with virtually nothing to show for it and a reputation as an ineffective organization;
- They brought on consultants with experience in implementing electronic health records and the rates that they paid are the going rates for top consultants in any field. They needed the best to get eHealth back on track.

A typical competitive process takes a minimum of 2-3 months, depending on the size and scope of the engagement. By going to competitive tender for every initiative, many smaller, easier to implement initiatives would be delayed by weeks if not months. It is for this reason that most procurement policies have a provision that allows an organization to engage services for urgent needs where it is in the public’s best interests to bypass the competitive process. This of course, only applies when companies being awarded the untendered contracts are compliant with identified requirements and the companies are qualified to do the work. These provisions usually have an approval process where backup documentation is required. The eHealth officials were well within the scope of their responsibilities to exercise these provisions to begin work quickly on their mandate of implementing electronic health records quickly and properly.



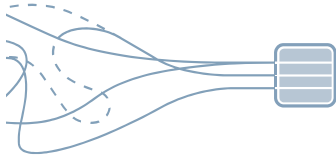
I will not disagree that some of the procurement guidelines were relaxed in some of the decisions made by eHealth and that generally, a competitive tendering process provides the best benefit for the buying organization. Competitive tendering processes will certainly make the environment more transparent, it is however, much more time-consuming and labour intensive. I don't think anyone can argue against the fact that eHealth needed to make some successful strides quickly and were given a mandate to do so. The executives at eHealth were trying to make up for the ineffectiveness of eHealth's predecessor organization SSHA by moving forward with conviction and strategic direction. It will be interesting to see how (and if) eHealth can recover from this and continue its mandate of reducing wait times and moving to electronic patient records. Unfortunately, we have lost our focus on the objective of this organization and focused on the \$1.65 coffee and doughnut instead of ways to make the eHealth organization more effective.

So what could eHealth have done to avoid this situation? Here are three things eHealth officials could have done:

1. Ensured that there was backup documentation to justify why they were single-sourcing from these consulting companies. This would include the level of experience, any unique expertise and the specific value that these companies have, their ability to implement more quickly than others as well as the impact of having to wait to make a decision as compared to starting immediately;
2. Been more transparent and formal about what the consultants were being hired to do. This would have required more specific documentation on scope of responsibilities, accountabilities, desired outcomes, etc.
3. Spent more time ensuring support from the various stakeholders, including the Ontario Ministry of Health and Long-Term Care. This would have raised any issues earlier in the process and possibly avoided the controversy that ensued. It certainly would have helped to avoid the finger-pointing and blame game that is going on now.

So what can we learn from this controversy? There are a few things:

- Be transparent in your decision-making and know the policies that you need to follow. This is applicable for any organization, but especially important for organizations funded by the public sector;
- Have backup documentation for all decisions that you make in case they are disputed. This means that you should always assume that you are going to need to justify the decision to someone, so be prepared.
- Know the environment that you are in and adjust to it. Make sure your primary stakeholders are on board and be aware of the public perception of what your organization is doing.



The key point is to remember that any buying decision made in the public sector will need to be justified to someone. As long as you have a defensible position and the appropriate documentation, you will be able to justify the decision that was made and how it was made. Moving forward, the eHealth situation brings the subject of public procurement to the forefront of our minds. Unfortunately, it is not something that a lot of people know about, so one of the first things we need to do is educate ourselves on government rules and policies. I have tried to give you some insight in this article, as I believe that we need to be careful how we treat our public sector employees. If we continue to publicly berate them and blame them for everything, how can we expect to attract top people into government positions? There is a balance to everything and eHealth has shown that we are sometimes too quick to react before finding out the facts. That does not bode well for the eHealth organization, which has already spent too much money and is too far behind schedule.

About the author

Andrew Miller is President of ACM Consulting Inc. and helps clients increase profit and operate more efficiently by aligning processes, people and technology. For more than a decade, Andrew has been providing valuable operational and procurement advice to companies of all sizes around the globe, with a focus on bottom line results. Sometimes referred to as the Procurement Guru™, Andrew has been featured in numerous national and international publications including the Globe and Mail newspaper, IndustryWeek magazine and Purchasing magazine. Andrew is an active speaker and writer and donates much of his time to fundraising for Mount Sinai Hospital in Toronto.

Previous to starting his own company, Andrew held various senior consulting positions with IBM Global Business Services and PriceWaterhouseCoopers Consulting. Andrew has an International MBA with majors in Logistics and Marketing from the Schulich School of Business in Toronto. Andrew can be reached at andrew@acmconsulting.ca.

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