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## cloud computing: innovating the business of health care

Healthcare finance executives can lead their organizations in exploring ways to use cloud computing for operational success.

Cloud computing is an enabling force for business evolution that goes beyond technology, allowing healthcare organizations to more efficiently and effectively reengineer their corporate strategy. In this extraordinary time, healthcare finance executives may be wondering what cloud is all about, what it means for health care, and why their healthcare organization should consider this approach now. To help their organization succeed in the current environment, finance executives should be driving innovation in reducing cost, using business intelligence, and leveraging data analytics. Cloud may help.

### What Is Cloud?

Cloud is more than virtualized technology. It's an amalgamation of many years of technology innovations and development that has evolved into a model for enabling convenient, on-demand access to a shared pool of virtual computing resources, including networks, servers, storage, applications, and services. Cloud includes business applications deployed and maintained over the Internet on a pay-as-you-go basis. It provides agility like never before, taking people and latency out of systems, thus allowing organizations to adopt new information systems in days or weeks, rather than several months or years. These and other matters around cloud require deep consideration by an organization's finance and technology leaders. Ultimately, cloud is about corporate strategy and business leadership.

### Benefits of Cloud

The cloud technology is affecting strategy and changing business models across many types of business, including health care. Organizations

that recognize and are able to effectively manage risks related to cloud will create a sustainable competitive advantage.

Years of technological advances have allowed the Internet to become a viable backbone for "virtualized" technology. The IT community is well aware of this shift and has largely driven the discussion about cloud and its impact on IT. Less prevalent has been discussion about the much broader impact cloud is beginning to have on business. With the virtualization of technology comes the virtualization of business applications, processes, and services. In effect, it means the virtualization of a business organization. This profound shift is poised to have a transformational impact on business models and core drivers of competitive differentiation.

Cloud allows large organizations to move away from managing their own data centers to focusing their attention and their resources—financial and human—on their core competencies. Smaller players see the dynamic implications of a future unrestrained by the need to build extensive IT infrastructure.

Cloud is bringing about transformational change in value chains, enabling businesses to respond much more effectively to changes in demand. Cloud networks are evolving, linking organizations through complex, multiparty processes into single, virtual organizations.

As with any transformational shift, technical and operational hurdles need to be overcome. Data security, privacy, and a host of other issues need to be considered to achieve the right balance between these risks and performance. Still, at a time of economic recovery as organizations seek new paths to growth, healthcare finance leaders

should consider the possibilities of a cloud operating environment.

### Uses of Cloud in Health Care

Cloud offers innovative ways to capture, manage, store, and share information with potential cost savings in IT infrastructure and staff. Some of its applications are similar to IT optimization in any business enterprise, and others address the current, unique needs of health care. Healthcare finance executives can use cloud computing to help innovate their organizations in several ways.

**Revolutionizing the revenue cycle.** Currently, most (if not virtually all) revenue cycle systems are largely claims-based and processed in traditional IT environments. Several likely changes in this model point toward a cloud application:

- > The transition to mobile devices at the virtual bedside creates new challenges for connectivity and interoperability.
- > The requirements for conversion to ICD-10 and other infrastructure innovations are expected to move individual applications to broader “clinical data” streams.
- > The “do better with less” mandate suggests rethinking the traditional patient financial services system investment and its ROI.

### Reconsidering “big-dollar” IT system investments.

Finance leaders should look beyond the status quo or the obvious next upgrade to consider a significantly different plan. CFOs who wonder how technology can skip a generation should be studying and evaluating cloud opportunities.

### Planning for a more integrated healthcare “ecosystem.”

Health systems and hospitals should be anticipating greater linkage to state governments to manage more health information, including health insurance exchanges. They should be anticipating greater integration with payers and new relationships with drug companies and other suppliers. In this converging ecosystem, finance leaders should be considering how to achieve uniformity of reporting, interoperability, and better return on IT investments. The cloud environment is clearly an option.

**Enabling more efficient connections with physician practices.** When operating as small businesses, physician groups can use cloud-based computing to help avoid building significant internal IT infrastructure.

**Accelerating effective connections between primary care providers and home care.** Wireless devices can provide real-time data to cloud, where they are captured, and can be used for individual care management and consolidated into a broader database for the practice of evidence-based medicine across the broader population.

**Staging and routinely manipulating clinical and financial data across multiple platforms and through multiple channels (e.g., in an early-stage accountable care environment).** Cloud-based applications and reservoirs for data may offer advantages. Here, the first movers will likely need to address issues about business culture and privacy/security. They may need to demonstrate the advantages of the scalable cloud infrastructure for themselves and their stakeholders, including potential acquisition partners, network participants, and other business partners.

### What CFOs Can Do

Finance officers who are grappling with their organization’s change initiatives should look to the cloud as a potential game-changer for their IT infrastructure now and for the future. They should take the lead, working closely with IT colleagues, to consider cloud for all IT planning. They should be evaluating cloud as they look for new approaches to clinical and financial information systems and business intelligence. They should be asking their systems providers and other consultants if, how, and when cloud can make a difference and how their organization can benefit. ●

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