

# Case Study: EquaTerra Helps Parkland Hospital Forge New IT Provider Partnership; Strong Service Levels and Sound Governance Keys to Success

## At A Glance

### Company Profile

Parkland Health and Hospital System is the only publicly supported hospital serving residents of Dallas County, Texas. President John F. Kennedy was rushed to Parkland Hospital after he was shot, as was his alleged assassin, Lee Harvey Oswald. The well-known teaching hospital also delivers more infants than any other hospital in the U.S.

### Services Featured

- Contract Review
- Assessment
- Outsourcing
- Supplier Selection
- Due Diligence

### Business Processes Involved

- Information Technology

## Executive Summary

After its IT service provider missed several key service levels, Parkland Health and Hospital System decided it needed to evaluate its provider relationship. The organization retained EquaTerra to assess its contract and make recommendations for improvement. EquaTerra guided hospital officials as they forged an improved relationship with a new provider – a relationship that not only had detailed service level agreements in place, but one that was committed to strong governance.

## Business Challenge

Parkland had been outsourcing its IT organization to a third-party provider for several years. However, mid-way through the contract, the provider missed several significant service levels, one of which resulted in significant business impact for the hospital. Missing its service level agreements also resulted in the loss of critical services and information, leaving the hospital's CIO no other choice but to take action to replace its IT support structure.

## How We Helped

The CIO of Parkland turned to EquaTerra to help him evaluate the contract. Because Parkland is a public hospital, the CIO wanted a third-party recommendation before making such a major decision. Because Parkland's CIO and staff were experienced with conducting sourcing activities, EquaTerra worked in a "consulting light" model, supporting the operations of the internal team who conducted most of the activities, negotiations and interface with suppliers.

To begin, EquaTerra advisors conducted a thorough evaluation of the hospital's existing contract. EquaTerra discovered two key issues. First, there were poorly written statements of work and service level agreements, making it difficult for the client to detect operational problems. Secondly, EquaTerra found that the governance of the contract needed to be strengthened to avoid future reoccurrences of operational problems. Reporting and oversight needed to be improved.

Before embarking on a new provider selection process, EquaTerra made some strong recommendations for improved service levels. Together, EquaTerra and Parkland executives created a series of defined service levels and statements of work

that included clearly outlined responsibilities. EquaTerra then assisted the hospital in its quest to identify qualified providers, advising hospital executives through a formal RFP process, which included evaluation and selection of a provider. EquaTerra helped the hospital come up with standardized criteria for selecting the new provider, as well as assisted the hospital in conducting thorough due diligence.

## Results

As a result of EquaTerra's evaluation and assistance, Parkland was able to negotiate and finalize a contract with a new provider – all within an aggressive timeframe. Jack Kowitt, the CIO of Parkland, said he was exceedingly happy with EquaTerra's "consulting-light" model and the results it produced.

The hospital now has strong service levels that are much more detailed, specific and measurable. Plus, Parkland implemented a functioning governance process, which included the hiring of a dedicated governance officer. According to the EquaTerra advisor who worked with Parkland to forge the new provider deal, "We were able to guide and advise Parkland through the lions share of the work, but at the end of the day, we were empowering them to do the work on their own. It was a partnership where we worked-arm in-arm to make things happen. The result was a knowledgeable team of people able to manage a solid sourcing relationship."

## Advisor Insights

Some key learnings from this project include:

**Don't Underestimate the Importance of Strong Service Levels** – Organizations should be sure to bring on an advisor who truly understands how to develop strong service level agreements and statements of work. Thirty strong and measurable service levels are better than 60 poorly written ones.

**Pay Attention to Governance from the Start** – It's important to pay attention to governance upfront. While it's tempting to put off governance, without a proper oversight function in place, organizations put their entire deals in limbo.

**Understand the Root Cause to Avoid Repeating Mistakes** – It is important that an organization take some blame for a failed relationship. Parkland should have kept a closer eye on what its provider was – and wasn't – doing. The EquaTerra advisor on the deal says, "We helped Parkland understand the root cause of the problem and help them set up ways to avoid it in the future. A good consultant will go in and not just allow the client to repeat mistakes of the past but understand how to prevent them in the future."

## About EquaTerra

EquaTerra sourcing advisors help clients achieve sustainable value in their IT and business processes. Our advisors average more than 20 years of industry experience and have supported over 2000 transformation and outsourcing projects across more than 60 countries. Supporting clients throughout the Americas, Europe, and Asia Pacific, we have deep functional knowledge in Finance and Accounting, HR, IT, Procurement and other critical business processes. EquaTerra helps clients achieve significant cost savings and process improvement with internal transformation, shared services and outsourcing solutions.

[www.equaterra.com](http://www.equaterra.com)

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