KPMG

Transformation Integrity for Healthcare

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Transformation Integrity– The Basics

What is Transformation Integrity?

Transformation Integrity (TI) is a strategic risk management technique employed by executive leadership to gain independent and objective insights in real-time of all key elements related to complex, costly process or technology changes. The role is designed to be the "eyes and ears" during program execution; to provide visibility into potential problems before project-level governance methods would be able to find them and to provide successful mitigation strategies based on historical issues on projects with similar characteristics. In addition, TI offers a conduit of collaboration across all contributing parties, ensuring each vendor is properly engaged and supported throughout the effort.

When to Engage TI

– Implementing emerging technologies with little or no contemporary comparable experiences

– Dependence on external service providers to deliver majority of technology/process scope

– Existing regulatory environments where prudence needs to be proven for cost recovery success

– Continual "Surprises" from in-flight projects that significantly impact scope, schedule, and budget

– Future State creates an environment of change resistance among stakeholders

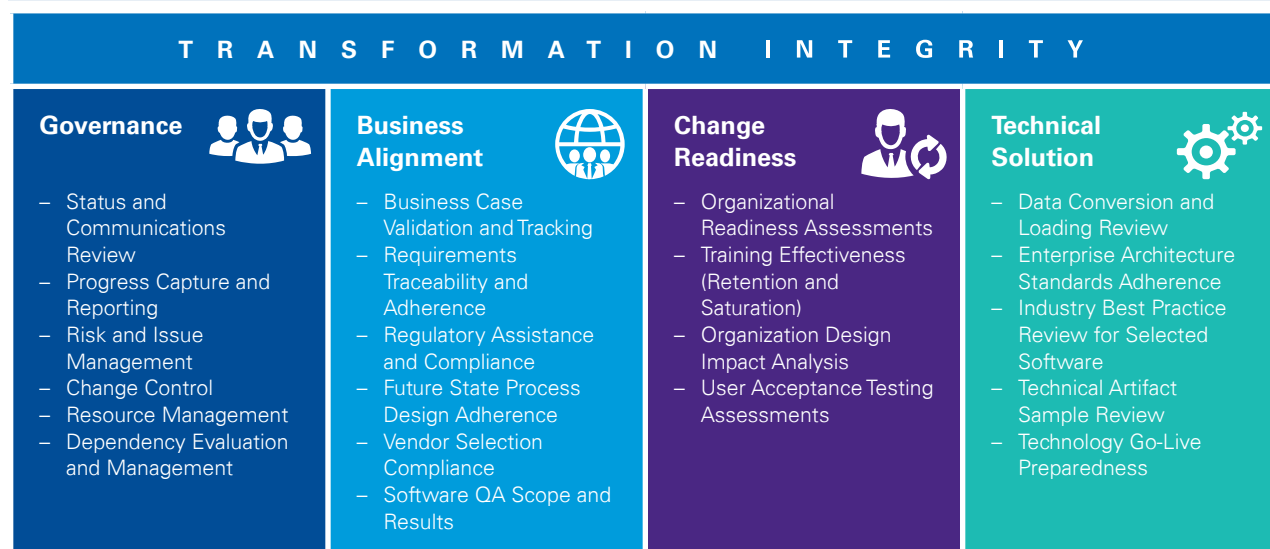– Achieving stated business case benefits are imperative for financial and operational success

TI in Today's Market

– In the U.S. Federal government, large scale State mandated efforts such as Medicaid and ACA related projects (> $500m) are now required to maintain an external transformation Integrity (TI) vendor

– Fortune 500 companies are moving towards a full-time TI approach to move away from reactive, assessment based Transformation Integrity approach used by traditional vendors and Internal Audit functions

– Executives are allocating anywhere from 2-5% of total project budget for external Transformation Integrity

– Brand recognition of external Transformation Integrity providers plays a key factor in executive selection
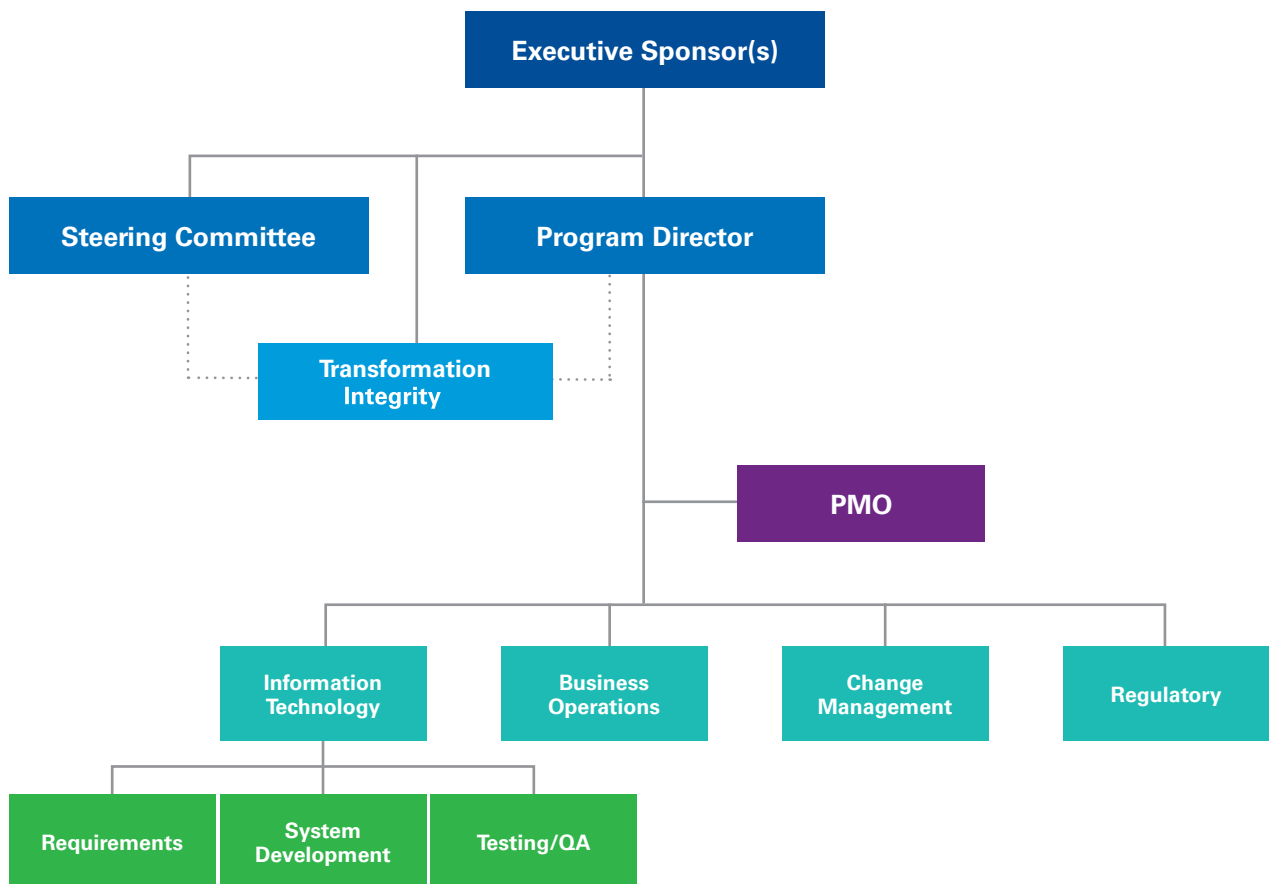
What Drives Great TI

– **Objectivity** – Refuse to gain any favor or advantage from the efforts and outcomes of the role, either in appearance or action

– **Collaboration** – Act as the transparent binding agent for success for all associated parties while still maintaining independence and objectivity

– **Engagement** – Gain near real-time insights into processes and artifacts from being involved in a manner consistent with other contributors

– **Relevance** – Bring a real world perspective of what "quality" means, and that only comes from industry and solution experience

– **Consistency** - Utilize standards-based methods, tools, and artifacts that provide a consistent and accurate outcome every time

Transformation Integrity – What Does it Look Like?

T R A N S F O R M A T I O N   I N T E G R I T Y

Governance

– Status and Communications Review
– Progress Capture and Reporting
– Risk and Issue Management
– Change Control
– Resource Management
– Dependency Evaluation and Management

Business Alignment

– Business Case Validation and Tracking
– Requirements Traceability and Adherence
– Regulatory Assistance and Compliance
– Future State Process Design Adherence
– Vendor Selection Compliance
– Software QA Scope and Results

Change Readiness

– Organizational Readiness Assessments
– Training Effectiveness (Retention and Saturation)
– Organization Design Impact Analysis
– User Acceptance Testing Assessments

Technical Solution

– Data Conversion and Loading Review
– Enterprise Architecture Standards Adherence
– Industry Best Practice Review for Selected Software
– Technical Artifact Sample Review
– Technology Go-Live Preparedness

Transformation Integrity - Where Does it Report?

Sample Transformation Program Org Structure

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                          ┌─────────────────────────┐
                          │  Executive Sponsor(s)    │
                          └─────────────────────────┘
            ┌──────────────────────┬─────────────────────────┐
  ┌──────────────────┐      ┌──────────────────────┐
  │ Steering Committee│      │   Program Director   │
  └──────────────────┘      └──────────────────────┘
            ┆         ┌──────────────────┐         ┆
            └┄┄┄┄┄┄┄┄┄│  Transformation  │┄┄┄┄┄┄┄┄┄┘
                      │    Integrity     │
                      └──────────────────┘
                                              ┌────────────┐
                                              │    PMO     │
                                              └────────────┘
   ┌────────────────┬────────────────┬────────────────┬────────────────┐
┌────────────┐  ┌────────────┐  ┌────────────┐  ┌────────────┐
│ Information │  │  Business  │  │   Change   │  │ Regulatory │
│ Technology  │  │ Operations │  │ Management │  │            │
└────────────┘  └────────────┘  └────────────┘  └────────────┘
┌──────────┬───────────────┬──────────┐
│Requirements│   System    │Testing/QA │
│            │ Development  │           │
└──────────┴───────────────┴──────────┘
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Traditional Stakeholder Engagement Observations	**TI Stakeholder Engagement Approach**

Traditional Stakeholder Engagement Observations

– Engagement in a direct line manner with the program director often results in diluted communications to executives as key risks and issues may be attempted to be resolved locally in order to contain any perceived lack of performance.

– Engagement solely at the executive sponsor level minimizes the interaction with the program team and can create false evidence or reports by not having all of the facts as well as a lack of working rapport with key delivery team members.

– All stakeholders hold valuable pieces of information, but due to the typical urgency related to projects, they seldom have a centralized point of contact to ask questions, discuss risks, or get an independent update on program/project activities related to risk and quality, which in turn creates potential rumors and conflicts.

TI Stakeholder Engagement Approach

– **Executive Sponsors** – A direct line to the Executive Sponsors of the program will allow the TI team to understand core principles of success, and will provide TI with the right level of sponsorship to enable action to provide oversight to minimize risk and maximize the value of the solution.

– **Steering Committee** – A dotted line to the Steering Committee of the program enables the TI team to maintain awareness across the enterprise, including operations and corporate responsibility.

– **Program Director** – A dotted line to the program director proves to the frontline leadership that TI is, although independent, fully invested in and working collaboratively to make the program a success functionally, technically, and financially for all vendors involved.

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