The Selection of the IT Platform:  
Enterprise System Implementation in  
the NZ Health Board  

Maha Shakir, Zayed University, United Arab Emirates  
Dennis Viehland, Massey University, New Zealand  

EXECUTIVE SUMMARY  

The Health Board is one of the largest public health care providers in New Zealand (NZ). In early 1999, a supply chain optimization review recommended an enterprise system (ES) implementation to provide better control and reporting of organizational finances. The focus of this case is the IT platform decision made in conjunction with the ES implementation process. This decision was thoroughly considered by all Health Board stakeholders and the final choice was made in alignment with the Board’s strategic IT policy. Nevertheless, initial testing two months prior to go-live revealed major performance problems with the new system. The case documents the events that led up to the selection of the original IT platform and the challenges the project team faced in deciding what to do when the platform did not meet contractual specifications.  

Keywords: IS project risk management; IT decision process; IT platform; MIS implementation  

ORGANIZATIONAL BACKGROUND  

The Health Board is a non-profit public organization that is one of New Zealand’s (NZ) largest providers of public hospital and health services. The Board has approximately two million patient contacts annually and provides regional services for 30% of NZ’s population. The organization is structured around seven business units that include four specialist teaching hospitals and other facilities offering community health services, mental health services, and clinical support services. The Health Board vision focuses on patients’ needs. Being a non-profit organization, surplus funds are allocated to supporting patients, research, and education. Table 1 provides the organization’s profile.  

Health funding in NZ is disseminated through 21 district health boards (DHBs). Each DHB is responsible for improving, promoting, and protecting the health of the population it serves. For their catchment area, each DHB is delegated the responsibility for making decisions on the mix, the level, and the quality of the health services that are publicly funded. They are also responsible for entering into agreements with providers
for health service delivery. DHB decisions are made on the basis of local needs, within national guidelines. Funding is based on the size and characteristics of the population of the district each DHB serves; however, a few nationally funded services still exist.

The Health Board is one of three DHBs in the same region that share a vision to promote close cooperation for the provision of health services. The Board is made up of 11 members: seven elected and four appointed. All Board members report directly to the Minister of Health.

**SETTING THE STAGE**

In 1999, ConsultCo, a big-five consultancy firm, was engaged to assess the strengths and weaknesses of the supply chain management function at the Health Board, with a view to provide recommendations for the improvement of that function. The product of that engagement was a supply chain optimization (SCO) review report. The SCO review identified problems in business operations and suggested a combination of an organizational restructure, business process reengineering (BPR), and ES (ERP) implementation to accomplish the change program.

The core financial modules of Oracle 10.7 ERP system had been implemented in 1997 and were operational at the time the SCO review was conducted. However, that implementation was heavily customized and could not provide for realizing the new strategic vision that aimed to “standardize, consolidate, and integrate services … and control finances” (Strategic Plan for the Health Board 2002-2007).

In addition to the recommendation of the SCO review, in early 1999 the Health Board was informed that Oracle 10.7 financials was going to be de-supported by Oracle.

---

Table 1: Organization Profile

<table>
<thead>
<tr>
<th>Categories</th>
<th>Health Board Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core business</td>
<td>The provision of public hospital and health services</td>
</tr>
<tr>
<td>Type of organization</td>
<td>Non-profit organization</td>
</tr>
<tr>
<td>Ownership</td>
<td>Public organization</td>
</tr>
<tr>
<td>Business units</td>
<td>Four specialist teaching hospitals and facilities offering community health services, mental health services, and clinical support services</td>
</tr>
<tr>
<td>Customers</td>
<td>Patients (two million patient contacts annually)</td>
</tr>
<tr>
<td>Reach</td>
<td>Regional (within NZ)</td>
</tr>
<tr>
<td>Organization size</td>
<td>8,500 employees</td>
</tr>
<tr>
<td></td>
<td>$600 million budget for the year 2000/2001</td>
</tr>
</tbody>
</table>
Related Content

Perturbations, Accuracy and Robustness in Neural Networks
www.igi-global.com/chapter/perturbations-accuracy-robustness-neural-networks/14599?camid=4v1a

Training Sequences and their Effects on Task Performance and User Outcomes
www.igi-global.com/chapter/training-sequences-ther-effects-task/22850?camid=4v1a
Web-Based 3D Real Time Experimentation
www.igi-global.com/chapter/web-based-real-time-experimentation/14190?camid=4v1a

Critical Success Factors in the Development of Folksonomy-Based Knowledge Management Tools
www.igi-global.com/chapter/critical-success-factors-development-folksonomy/54480?camid=4v1a