

Cardinal Health



Project: Value Proposition Modeling Tool

Cardinal Health provides healthcare solutions, which help its customers reduce costs while delivering better care to their patients. The company offers a range of clinical services and automation products that improve the management and delivery of supplies and medication for hospital pharmacies.

Overview

A healthcare industry leader with a broad portfolio of products and services, Cardinal Health recently recognized that it had no automated process for assembling integrated service solutions for its customers based on individual client needs and lacked the ability to demonstrate value propositions for the solutions it did recommend.

Cardinal Health sought to develop a custom application that would accurately and efficiently identify the ideal products and services solution for any client scenario – achieving maximum safety compliance for the customer, while at the same time doing so profitably. Additionally, the application had to illustrate client cost savings and overall solution value.

Automating a manual process presents a unique challenge, particularly when adding new functionality. Stakeholders often find it difficult to look beyond the existing system and visualize an entirely new application. Cardinal Health addressed this common issue by simulating the system with iRise before writing a single line of code.

With iRise, Cardinal Health stakeholders could interact with a high-fidelity simulation of the tool during the requirements phase, and the application was built right the first time, which led to time- and cost-saving benefits:

- 15%-25% reduction in definition time
- Eliminated separate visual design phase, speeding time to market
- No changes to functionality during coding
- No rework after project completion

Challenge

Prior to the Value Proposition Modeling Tool, Cardinal Health's solution-evaluation process was inconsistent and incomplete. Sales people met with clients to assess their needs and built spreadsheets to manage client data. Value pricing partners used the spreadsheets to assemble a products and services solution and calculate the program cost.

Due to the lack of evaluation standards, client needs were often overlooked, which led to incomplete customer profiles, and spreadsheets were not submitted in a uniform manner, resulting in pricing delays.

On the solution-recommendation end, the manual process led to missed services opportunities, and any modifications to a solution required a full cycle of rework.

Cardinal Health needed a custom application that would transform the broken evaluation process from an obstacle to an asset by delivering against key requirements:

- **Process Standardization:** Ensure all data transmits from sales people to the pricing team in a consistent format with uniform nomenclature.
- **Needs Assessment:** Expose all potential customer needs based upon key performance indicators (KPI) defined by healthcare experts including doctors and pharmacists.
- **Output Programs:** Automatically associate related services and products with KPI data to build comprehensive solutions, customer histories and sales reports.
- **Monetize Value:** Establish a value pricing model that clearly demonstrates solution cost savings to customers and customer value to Cardinal Health.
- **Solution Flexibility:** Enable multiple scenarios per customer including future growth paths.
- **Tool Flexibility:** Allow updates as new KPIs are identified and additional services offered.

Solution

Cardinal Health's internal medication solutions team, a component of the Clinical Technologies and Services group, was responsible for defining and developing the Value Proposition Modeling Tool.

Transitioning from an established, manual process to a Web-based solution was a challenge for project stakeholders. According to applications development manager Scott Loebig, "No one could picture the solution in their head." In the past, the medication solutions team would write multiple use case documents and code an expensive prototype – on this project, Cardinal Health turned to iRise.

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At steering committee meetings, rather than page through a stack of paper, the team reviewed the simulation and immediately understood the application, resulting in improved feedback and more productive meetings.

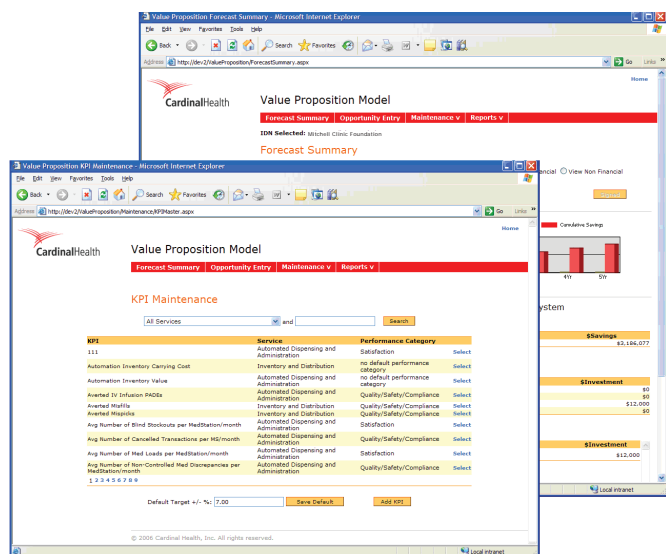
Loebig quickly updated the simulation based on stakeholder feedback, enabling him to schedule multiple reviews in a single day. iRise turned a challenging definition phase into an abbreviated one.

"Stakeholders were very impressed by how significant changes to the simulation could be made in such a short time."

– Scott Loebig, Applications Development Manager
Medication Solutions, Cardinal Health

Because the iRise simulation accurately portrayed the final result to the stakeholder team, the project design phase was eliminated altogether. Loebig simulated the project in high-fidelity, and the design stuck. After requirements approval, the application went straight to development.

Defined functionality did not change after the project was handed off. Loebig presented an iRise iDoc to developers as an accurate blueprint for what to build. Freed from the burden of flipping through a requirements doc, the developers swiftly implemented basic functionality and then went back to do the detailed work associated with specific user scenarios.



Value Proposition Modeling Tool

Cardinal Health found the iDoc so complete that its internal education team actually structured its training documentation based on the simulation versus waiting for the final product. This enabled the team to produce final materials in parallel with application development, which significantly shortened end user ramp time.

Result

Cardinal Health's Value Proposition Modeling Tool, simulated with iRise before it was built, is a marked success.

In addition to delivering measurable gains in accuracy and efficiency, the new application, which is now in production, provides 5x the functionality of the previous manual method.

Cardinal Health now delivers customized customer solutions in a fraction of the time, creating a competitive, time-to-market advantage over its rivals. Customers receive the highest level safety efficacy at the lowest cost, and the company realizes new growth opportunities in both clientele and revenue per customer.

A benchmark project for the medication solutions group, the Value Proposition Modeling Tool was the team's first custom application simulated with iRise, and due to its well received benefits, iRise is now an application development process fixture.

Cardinal Health saw 15%-20% savings up front in the definition phase, and the application was built right the first time – resulting in no project rework.

"iRise improves the stakeholder review process 100% because people now visualize applications without time-consuming, coded prototypes. The iRise simulation made it very apparent to users what they were getting."

– Scott Loebig
Medication Solutions, Cardinal Health

Each day, Cardinal Health:

- Manufactures pharmaceuticals for nine of the top-10 pharma companies and most leading biotech firms
- Manufactures or packages over 500 million doses of pharmaceuticals (6,000 per second)
- Helps caregivers dispense more than 5 million doses of medicine via its Alaris® infusion safety systems or Pyxis® automation solutions
- Manufactures more than 4M medical/surgical products, used in 50% of all surgeries and by 90% of all hospitals in the U.S.
- Employs more than 1,800 pharmacists and 1,000 scientists
- Makes over 50,000 deliveries of pharmaceutical and medical/surgical products to 40,000 customer sites

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