



CG4 SOLUTIONS

Asset Tracking Done Right™



CUSTOMER CASE STUDY

Kaiser Permanente Information Technology — National Operations/Asset Management

Kaiser Permanente's Goals for IT Cost Avoidance Are Being Enabled by Hewlett-Packard and CG4 Solutions

As America's largest non-profit HMO, Kaiser Permanente serves over 8 million members with 11,000 physicians. Not standing on its laurels, Kaiser Permanente aspires to be the world leader in improving health through high-quality, affordable, integrated health care. Although the achievements have been significant over the years, the innovations that made this all possible started small, during the height of the Great Depression. As with so many businesses during that era, just keeping the doors open was challenging, if not impossible. Hospitals were no exception. It was during that time that the forerunner of the Kaiser Foundation Health Plan came into being. By providing medical services based on prepaid fees, thousands of construction workers were provided needed medical attention. This concept evolved into the HMO as we know it today. As important was another innovation: the concept of preventive healthcare that became the core of Kaiser Permanente's philosophy.

Obviously modern healthcare management requires a significant amount of technology and the expertise to manage and operate it successfully. Kaiser Permanente is home to 140,000 dedicated employees, of which 5,000 manage and support the 250,000 computer hardware assets throughout the organization. Managing those assets is an ongoing challenge and Kaiser Permanente delivers the same level of commitment to innovation in asset management as it brings to its world class patient care. And ultimately, efficient and accurate asset management benefits the patient as well because cost containment within the IT department can displace cost increases and/or free up capital for other needs.

As an integral part of their enterprise asset management strategy, Kaiser Permanente has implemented Hewlett-Packard's AssetCenter® product and the CG4 Solutions Asset Tracking System Enterprise Edition as the enablers to process change. Through a strategically phased approach, new capabilities are being added to existing IT business processes along with the expansion into other departments.

Background:

Over fifty years of growth leading up to the mid 1990's, separate Kaiser Permanente organizations had autonomous responsibility and authority for IT budgets and operational decisions. Different organizations made decisions on applications and platforms that made sense for the particular needs of the time. Management processes differed based on the requirements of the individual groups. What was important for a specific group in terms of functionality, support and operating costs didn't always fit the needs of other groups. Not until the 1997-98 time frame did these organizations become part of a national IT management structure, known as Kaiser Permanente Information Technology (KP-IT). KP-IT was tasked with consolidating all IT operations for offices throughout the enterprise. Subsequent to IT consolidation, asset management gained more attention. Many challenges had to be overcome and the following information provides some insight into those challenges as well as the benefits derived from the implementation of Hewlett-Packard's AssetCenter and CG4's Asset Tracking System.



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the largest non-profit
HMO in America.**

The Challenges:

Closely Aligning Financial Data

Accounting entries on a balance sheet, although effective for financial reporting, do not provide the detail needed to efficiently manage IT assets. New assets are allocated to specific business units and cost centers initially, but what happens once that asset is moved, repaired, replaced or retired? Without accurately updated information, the financial management of those assets is limited to the last known entries and often outdated. Misallocation of depreciation, support costs and retirements can be common without processes to accurately track assets. Furthermore, this financial information often affects annual budgets for capital assets and support resources, of which inaccurate information can have a negative impact.

The Challenge – Manual Asset Audits are Lengthy and Expensive

One of the major tasks required for accurate asset management is performing inventory audits. KP-IT previously used outside resources to inventory computer hardware assets in its 30 medical centers, 431 medical offices, warehouses and administrative offices. The audit cycle spanned three years for complete coverage of all offices at significant expense. The obvious challenge was to reduce the duration and cost by improving the efficiency of the overall process.

The Challenge - Maintaining and Updating Data during Servicing & IMAC's (Installations, Moves, Adds & Changes)

Accurate administration of service management is a daunting task for any organization of this size. The challenge is to provide an efficient means of updating and maintaining asset data every time an IT employee touches a piece of equipment. Instead of IMAC's causing data to become outdated, because the related service ticket process was lengthy or cumbersome, it should become an opportunity to maintain accurate asset data.

The Challenge - Linking Contracts / Leases / Warranty Agreements to Physical Assets

Contracts, Software Licenses, Leases, and Warranty Agreements are typically managed based on the overall financial data from the vendor contracts. Expanding on the information currently being managed to include specific asset data down to the location, user and machine level would provide significant benefits. Identifying and maintaining additional asset data is an opportunity for cost containment of non-utilized and under-utilized resources

The Solution and Benefits:

Enabling Process Change

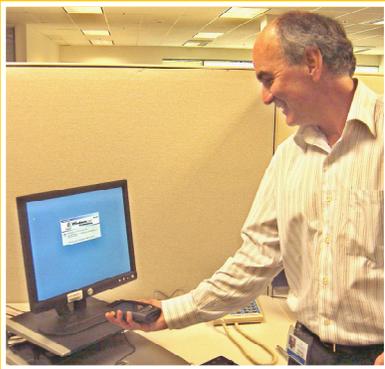
One of the significant benefits of the implementation of AssetCenter and CG4's Asset Tracking System was that it enabled the process changes that were critical to the success of the KP-IT asset management initiatives. These applications provided significant functionality at a very attractive cost.

Increased Asset Database Accuracy

CMDB, (Configuration Management Database, ITIL), data accuracy has improved by 8-17% within some locations. KP-IT is targeting 95% accuracy of the asset database and is well on their way to achieving that goal. Thierry Guichard, Configuration Manager/Quality for Kaiser Permanente's National Operations/Asset Management stated "We are able to measure the quality of data, using CG4 in a random audit – absolutely".

Improved Management Confidence in Data Quality

Management confidence of the data quality is on the rise because tangible savings and results are being delivered. One example is in the preparations for a technology refresh of computer equipment. Determining the number of devices for a particular PC platform scheduled for an upgrade had historically taken days by KP-IT staff to pull the data together, including onsite visits to validate the information. Today, this task can be accomplished in a couple of hours with accurate data accessed from AssetCenter.



“We are able to measure the quality of data, using CG4 in a random audit – absolutely.”

**Thierry Guichard
Configuration
Manager/Quality
Kaiser Permanente IT
National Operations/
Asset Mgt.**

Reduced Inventory and Audit Disruption to Users

An often overlooked benefit is the disruption to end users. Based on more accurate data being maintained through the newly implemented process of monthly sampling audits, fewer users are affected during the audit cycles.

Service Resource Planning

Departmental resources for IT and related administrative support are based on the quantity and complexity of the devices being maintained. Estimates can't properly justify for support resources. Accurate asset data can assist department managers in planning and justifying support personnel head count that is consistent with needs.

Cost Avoidance:

Streamlined Inventory & Audit Processes

KP-IT is enjoying a significant decrease in the previous 3 year duration of the audit cycle. In addition these services are no longer outsourced and are now performed by in-house KP-IT personnel.

Redeployment of Under-utilized Assets

As the new KP-IT audit processes were being implemented enterprise-wide, under-utilized assets were identified. These included items that were purchased for a specific purpose and not deployed or devices that had been removed from service and stored because of changing business requirements. This has led to the idea of a "virtual store" to be implemented that would publish the availability of these assets so that they may be redeployed.

More Effective Software License Management

The typical scenario when a PC is replaced would be to include a new software load on the replacement computer to assure software license compliance. However, by increasing the amount of information that is tracked in the asset database down to the location, user and machine level, KP-IT can redeploy existing licenses more efficiently.

Improved Warranty Tracking

KP-IT is also focused on warranty tracking to reduce costs. An example would be a component failure on an existing PC that is out of warranty. By redeploying an existing asset that is idle but still under warranty, repair costs are reduced.

Proactive Service

Based on the trend to standardize on a particular manufacturer and model of PC's and other devices, there can be hundreds or thousands of the same type of device in service. When a defect is identified that is universal throughout a particular series of equipment, reactive service does not prevent downtime for unidentified devices prone to future failure. Through expanded information capabilities being tracked in AssetCenter, KP-IT is able to be pro-active in these types of service issues and avoid the possibility of greater loss to productivity.

Increased Technology Refresh Accuracy

As obsolete equipment is scheduled for an upgrade to newer technology, device quantities were subject to error and the tendency to over-estimate requirements was an acceptable practice. Through the improved accuracy of the KP-IT asset database, this practice can be avoided and subsequent cost savings enjoyed.

KP-IT Asset Management Future Plans

KP-IT has chosen to implement the specific functionality, available within AssetCenter and CG4's Asset Tracking System, in phases that align with its business requirements. Plans are being developed to expand the asset tracking capabilities to its biomedical equipment of approximately 100,000 assets. Other plans include tracking additional software license information down to the location, user and machine. Additionally, integration is being planned for their legacy procurement application into AssetCenter. Finally, the finance group is implementing an internal "customer invoice" process for the allocation of IT costs to the appropriate organization, which was made possible by the increased accuracy of the asset database.



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KP-IT Lessons Learned

Per Thierry Guichard, "Do your homework. It's easy to get caught up in the granularity of data that is non-essential to the goal of improved asset management accuracy through process change. We are able to implement the feature sets needed for our current business requirements and add further AssetCenter and CG4 feature sets in a phased approach. We've enjoyed excellent customer service from CG4 from the initial stages of the project and it has continued to our current upgrade. The technology has not been a burden to implement or manage which was a very important consideration in selecting CG4."

Bill Ours, Configuration Manager/Quality for Kaiser Permanente's National Operations/Asset Management stated "Of the many factors that we considered when selecting a mobile application, I'd say the maturity and simplicity of CG4's application was a major decision point. There was no complicated middle-ware to configure and maintain. And the clean, straight-forward user interface allows training with ease. It only takes about an hour of instruction to our technicians and they are self-sufficient to begin working."

About Kaiser Permanente

Kaiser Permanente is America's leading integrated health care organization. Founded in 1945, it is a nonprofit health plan, with headquarters in Oakland, California. Kaiser Permanente serves the health care needs of members in nine states and Washington, D.C.

Today, it encompasses Kaiser Foundation Health Plan, Inc., Kaiser Foundation Hospitals, and the Permanente Medical Groups, and it has an affiliation with Group Health Cooperative, based in Seattle, Washington.

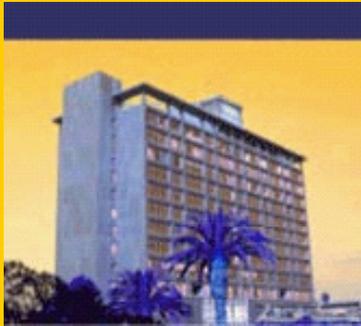
Kaiser Permanente aspires to be the world leader in improving health through high-quality, affordable, integrated health care. We are distinguished by our strong social purpose, physician responsibility for clinical care, and an enduring partnership between our health plan and our medical groups. For more information, please visit <http://www.kp.org>.

About Hewlett-Packard Inc.

HP is a technology company that operates in more than 170 countries around the world. For 70 years, HP has helped people, businesses, and communities around the world apply technology in meaningful ways by harnessing new thinking and ideas to deliver reliable products and services. We base our solutions on intuitive technology that hides complexity inside, where it belongs, so our customers' lives are enriched and their IT experiences are simpler, smarter, and more manageable. This allows them to spend less time worrying about technology and more time focusing on what really matters.

About CG4 Solutions Inc.

CG4 Solutions is a leading provider of mobile business applications for enterprise asset, service, inventory and manufacturing management. The CG4•Central integration platform provides patented data modeling, and communication technologies to provide a very robust mobile integration capability for business critical applications. CG4's Asset Tracking System integrates mission critical business applications with Palm, Pocket PC, barcode and RFID handheld and wireless devices, out of the box. The Asset Tracking System is used by a broad range of global health care, financial services, manufacturing, energy, government and other enterprises. CG4 Solutions products are available for most business critical applications and are offered from a growing list of reseller partners globally. For more information go to www.cg4.com or call (801) 294-4244.



**Kaiser Permanente
operates 30 medical
centers and 432
medical offices.**

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