

Using Alight for Long Range Capital Planning

The Company

Founded in 1945, Kaiser Permanente is the nation's largest nonprofit health plan, serving 8.2 million members, with headquarters in Oakland, California.



The Voice Larry Van Kuran, Senior Consultant, Pharmacy Strategy & Operations

The Problem

I needed a software package to rationalize a complex business case for spending hundreds of millions of dollars to replace a legacy information system. We had given up on spreadsheets. The scenarios and underlying analysis requirements were just too complex.

The team process and underlying model needed to document the financial impact of scores of benefit and cost avoidance programs across eight operating regions. The analysis had to incorporate multiple scenarios with alternative implementation timetables with on/off switches for testing the sensitivity of individual benefit and savings programs.

Implementation

I had proposals from several big name consulting firms—all too expensive, all spreadsheet based and all requiring too much time to implement. Then we found Alight.

We had developed a set of soft benefits that could result from moving Kaiser to a single Pharmacy Information Management System (PIMS). The objective of the Alight model was to quantify benefits and build the financial case for the national PIMS.

Leveraging Alight's units-rate-amount (URA) structure, we quickly created a series of benefits models that spanned our eight operating regions. The URA structure gave visibility into key drivers such as prescription volume and co-pay amounts.

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It was also clear that Alight's structures for scenarios would be an important tool for real time "what-if" analysis. Using on-off switches, we could analyze the impact of specific benefit programs as each region was scheduled to go-live on the new PIMS system. With scenarios and switches, we could address key business questions such as: what if only certain regions participate? And what would the financial impact of starting one region before another or delaying the project by a year? During executive review meetings, we had top executives modifying model assumptions in real-time using the Key Measures interface!

The Result

One of our key requirements was to communicate the costs and benefits of the business case to each of the eight regions whose buy-in we needed. We did this in a series of meetings with regional executives using Alight Planning as the presentation tool. The project was then approved at corporate and work started.

The Alight implementation team got the job done on a fast track for half the price we were quoted from the national firms. And today, we're using Alight Planning to track actual project performance versus the approved plan.

Building the required analysis model would have been a maintenance nightmare in *Excel*[®], but it was trivial in Alight Planning using the software's capabilities for complex modeling and using its multi-dimensional capabilities for slicing and dicing the data.