



Kaiser Permanente Undertakes a Seismic Shift in Capital Planning Management

Skire Unifier™ standardizes management for a \$36 billion capital plan.

Executive Summary

Organization

Name	Kaiser Permanente
Industry	Healthcare
Location	Oakland, California, USA
Members	Approx. 8.7 million

Business Challenges

- Manage a ten-year, \$36 billion capital plan
- Standardize project management processes and definitions
- Simplify reporting and deliver greater visibility into cost and risk management

Solution

Skire Unifier capital planning and capital project management solution

Business Results

- Provided immediate visibility into critical project data for capital planning
- Delivered process consistency across regions for improved decision-making
- Expected to reduce costs and risks through improved cost control

Quote

“Unifier brings structure to our processes while enabling the flexibility to easily create our own capital planning business processes. The system enables us to track projects from an owner’s perspective, giving us deep visibility when we need it while simplifying reporting and decision-making.”

—Kathy Nickelberry, project manager, Kaiser Permanente

Kaiser Permanente is America’s leading integrated health plan. Founded in 1945, it is a not-for-profit, group practice program headquartered in Oakland, California. Kaiser Permanente serves more than 8.7 million members in nine states and the District of Columbia. Nationwide, Kaiser Permanente includes approximately 156,000 technical, administrative and clerical employees and caregivers, and 13,000 physicians representing all specialties. They operate over 1,100 facilities across their 8 regions, totaling over 70 million square feet.

In 1998, California Senate Bill 1953, the Seismic Retrofit Program for hospitals, became effective and required all hospitals to retrofit their buildings in order to withstand a major earthquake. Because Kaiser facilities in California represent 85-90 percent of its capital plan, the effect was seismic. Within two years the annual capital plan escalated from \$600 million to \$3.1 billion. Kaiser’s National Facilities Services (NFS) department is responsible for planning and executing its capital plan, which now exceeds \$36 billion for seismic retrofit, renovation, and new hospital and medical office construction.

A Need for High-Capacity Planning Capabilities

In late 2005, Kaiser determined that its legacy planning system lacked the capacity to manage a \$36 billion capital plan over ten years. In California, 37 capital teams managed projects, each with its own processes, Excel spreadsheets, and management tools. The remaining six regions outside of California also had their own project management methods. Without formal processes, project data was tracked and reported in multiple ways—and some data was not tracked at all.



When the Kaiser leadership team required project information making decisions, it had to contact every capital team and request data. Frequent requests for information distracted project managers from their work, delayed decisions, and resulted in 43 different reports for the leadership team to review. And without standard project definitions, report data was open to interpretation—the leadership team rarely had all of the facts associated with a specific project and its risks. A lack of standards resulted in high risk exposure, difficulty in comparing similar project activities, and minimal predictive capabilities. Projects encountered delays, cost overruns or even cessation.

Seeking Standardization and Cost Control

Kaiser began looking for a new standards-based, commercially available capital planning and project management solution that would deliver strong cost and schedule controls, combined with automated cash flow analysis and reporting capabilities. The search took 12 months, the team evaluated numerous products, and unanimously chose Skire Unifier™ as the only solution to achieve the right fit with the NFS' objectives.

“Unifier brings structure to our processes while enabling the flexibility to easily create our own capital planning business processes,” said Kathy Nickelberry, project assurance project manager, of Kaiser Permanente. “The system enables us to track projects from an owner’s perspective, giving us deep visibility when we need it while simplifying reporting and decision-making.” Unifier is being deployed in a phased implementation. First phase deployment began in mid-2007 with full deployment projected for early in 2008.

Initiating New Construction

Kaiser first launched Unifier in Hawaii, where it is being used to manage construction of the Moa Tower, an addition to the Kaiser Honolulu Clinic. Kaiser has implemented Skire Unifier Cost Manager, Document Manager, and other modules for managing risks, RFIs, transmittals, submittals, and project documents. Kaiser also uses Schedule Manager to load existing P3 and Microsoft Project files into Unifier for improved visibility and access. The new solution enables Kaiser to easily manage its multimillion dollar monthly payout, and track and control a dynamic program environment to maintain control over costs.

In addition to Kaiser facilities staff, project managers, and finance employees, external project partners such as architects, contractors and engineers all use Unifier. Users have visibility into critical project information over the Web, and project managers have gained valuable reporting capabilities for keeping medical center staff apprised of project progress.

A Capital Planning Solution

Kaiser also created its own capital planning business processes in Unifier, which allows the leadership team to monitor, track, and make investment decisions based on current membership and revenue data. Data from Kaiser’s estimating tool and 178 financial systems is centrally available in Unifier, enabling users to gain comprehensive visibility into approved projects, project requests, and project estimates.

Next Steps

With continuous deployment across all Kaiser regions, the organization is realizing significant gains in productivity and process consistency. Unifier business process flexibility allows Kaiser to map successful processes into workflows and standardize them across regions for greater management consistency and improved decision-making. With the ability to access current, consistent data in Unifier, the leadership team can gain immediate insight into project status, freeing project managers to focus on projects instead of having to continuously respond to requests for information.

Through the phased deployment by region, Kaiser is now managing over \$6 billion in projects, and will continue deploying Unifier across all regions by 2008.

“Our users see the benefits of using Unifier,” said Nickelberry, “and they are excited about the long-term possibilities. Unifier is making a fundamental improvement in our project control and risk management capabilities.”