

CANADIAN Healthcare Technology

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Why healthcare providers should consider “Software as a Service”

BY THOMAS HOUGH, CMC

Since the mid 1990s the Internet has brought many things for consideration to medicine. One of them was the Application Service Provider, or ASP for short. There were many different variations on the ASP model in the early 2000s, when vendors thought this would be a good way to get their technology accepted by healthcare providers.

At that time it seemed everyone had a “me too” solution with the ASP moniker hung on its side.

As most of us know, the ASP model had limited success. Now that we are about to start a new decade, the ASP concept is reappearing in a new form – it’s now called Software as a Service or SaaS – that makes it truly worthy of consideration again.

Wikipedia defines Software as a Service, or SaaS, typically pronounced ‘sass’, as a model of software deployment whereby a provider licenses an application to customers for use as a service on demand. SaaS software vendors may host the application on their own web servers or download the application to the consumer device, disabling it after use or after the on-demand contract expires.

The on-demand function may be handled internally to share licenses within a

firm or by a third-party application service provider (ASP) sharing licenses between firms. The key words that make it worthy of consideration are “On-Demand”. The service is provided “on-demand” resulting in a number of benefits:

- Enables institutions to manage costs with 360° visibility;
- No time required to install software;
- No time spent acquiring and testing hardware – machines are virtual and consistently up;
- Operators and managers only have to use the software, not maintain it;
- The system operation is managed so that there is very little down-time;
- There is no impact on internal IT departments;
- SaaS reportedly delivers 2X to 5X annual reduction in hard dollar savings;
- Fees are based on “On-Demand” usage, and can be matched to operational activity;
- Reduction in overall costs – leads to fastest time to ROI;
- SaaS avoids a capital funding requirements – and avoids depreciation issues;
- SaaS model can be scaled to manage virtually any requirement through on-site



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or cloud computing infrastructure within the Internet.

- SaaS provides the required level of security and privacy within the software service;
- SaaS Pricing Model avoids service contracts; and
- SaaS Pricing Model avoids cost of software upgrades with no additional time invested.

The SaaS model addresses a large number of issues that healthcare struggles with on a daily basis. First, the high capital costs of technology and the continual process of prioritizing what to acquire with limited capital dollars, only to have the technology sit in stand-by mode for up to 20 plus hours each day.

Second, on top of the capital expense and the depreciation is the service agreement. This is a form of gambling, as healthcare pays high contract rates in case something breaks, and the vendor accepts the money hoping it will not break. Meanwhile, item sits idle most of the day.

Third, the cost of software for major systems such as Hospital Information Systems have made it impossible for healthcare in Canada to keep up with the new functions and features introduced.

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