

Press Release

IBM and UPMC in \$402 Million On Demand Agreement to Drive Health Care Transformation

Addresses Biosecurity, Patient Safety, Cancer Care and More

ARMONK, NY, April 28 - IBM and the University of Pittsburgh Medical Center (UPMC) today announced that they have entered into an eight-year, \$402 million agreement to address some of the biggest problems facing health care today. The On Demand agreement will radically transform the ability of the health care industry to create the technology solutions necessary to address the increasingly critical issues of health care quality and cost.

This agreement has two major components. First, UPMC's technology infrastructure will be completely re-engineered to an on-demand environment that is geared to innovation, yet adaptable and flexible to meet ongoing business needs and growth.

This endeavor, valued at \$352 million, builds on UPMC's current electronic health record strategy and takes advantage of existing technology to integrate information from across all of its facilities to ensure patient information is available across its network and assist in improved patient care throughout the system.

In addition, IBM and UPMC will invest in strategic initiatives involving the development of medical technologies and information systems to address specific patient care and public safety initiatives, in areas such as electronic patient records, biosecurity and information-based medicine. IBM and UPMC will collaborate to commercialize these solutions. The two organizations initially will jointly invest a minimum of \$50 million in this initiative, with a total possible joint

investment of \$200 million throughout the life of the contract.

“The health care industry has no hope of dealing with the pressing issues of quality care, patient safety, the threat of worldwide epidemics and bioterrorism or even of bringing the latest in medical research to the bedside, unless information technology is more consistently and rapidly integrated across all health care organizations, allowing for a tightly-interconnected health care industry, ” stated Jeffrey Romoff, UPMC president. “This industry is behind others in information technology development; IBM is the right partner for us, and the right organization to help transform the industry.”

UPMC chose IBM because it is the world’s leader in terms of its research and expertise for finding on-demand computing solutions to complicated and difficult industrial problems, added Romoff.

“Innovation today is about applying breakthrough technology and thinking to solve the most complex problems facing business and society, and clearly, in health care, there are a range of issues where innovation can play a major, transformational role,” said Nick Donofrio, senior vice president of technology and manufacturing for IBM. "UPMC has established itself as an industry leader in the application of technology to health care problems, in such areas as telemedicine, electronic health records and patient-safety related bar-coding, and we look forward to partnering with them to create a unique laboratory for the development of technology solutions that can transform the health care industry.”

At UPMC the on-demand environment will mean that information services will be available in the required amounts whenever needed. When the eight-year transformation project concludes, cost savings of between 15 and 20 percent per year will be realized while at the same time, the system’s functional capacity will increase. The reduction of UPMC’s operating systems from nine to three, the

number of servers from 786 to 305, the storage arrays from 40 to two, and the overall footprint for equipment shrinking by two-thirds are just some examples of efficiencies that will be realized.

In addition to the overall on-demand technology transformation and the development of a marketable model for the entire health care industry, IBM and UPMC will develop technologies to benefit patient care and to improve utilization of medical research information. The products resulting from these strategic initiatives likely will have great commercialization value because of their wide applicability to other health care systems. Some of the many areas under consideration for development are:

Biosecurity Information Project – UPMC and IBM will co-develop information technology tools and systems designed to allow hospitals and health agencies to cope with the consequences of large-scale epidemics or bioterrorist attacks, e.g. systems that efficiently connect health care organizations in a region, that link doctors to other experts from around the world, that allow health leaders to direct the right kinds of resources and interventions to the parts of the health system that need them in a crisis, and allow citizens to access vital health information. Project leaders will rely on expert consultation from The Center for Biosecurity of UPMC, an internationally-recognized, independent and non-profit center of policy research and expertise in biosecurity and biopreparedness.

Intelligent Hospital Project – This joint project would focus on using new technologies and leveraging the electronic health record for more effective patient care, easier communication for hospital staff and better efficiency. Technologies to be employed will include: wireless handheld devices for connection to electronic health records; radio- frequency identification (RFID) tags for tracking personnel, equipment and patients; and monitoring devices in patient rooms to alert nurses of patient status.

Cancer Institute Information-Based Medicine Project – A UPMC team is working with the National Cancer Institute’s caBIG (cancer bioinformatics grid) project, which facilitates the sharing of data and tools for approaches to cancer treatment and prevention. Approximately 50 organizations nationwide are involved in caBIG. IBM will contribute hardware and technical development to UPMC’s effort, creating infrastructure and tools solutions that can be rolled out on a national level to cancer facilities.

Safe and Lean Hospital Project – This project would focus on improving operation safety and efficiency in hospital settings. IBM will employ its proven quantitative tools for modeling and optimizing strategic operational areas such as emergency rooms, operating rooms and ambulatory care. For example, in an emergency room setting, solutions will focus on reduced waiting time, accurate staffing for peak demand times, and enhanced overall efficiency and capacity management.