

Applied Activity 1

Manage Your Health, Inc. (MYH) is a Fortune 500 company that provides a variety of healthcare services across the globe. MYH has more than 20,000 full-time employees and more than 5,000 part-time employees. MYH recently updated its strategic plan; key goals include reducing internal costs, increasing cross-selling of products, and exploiting new Web-based technologies to help employees, customers, and suppliers work together to improve the development and delivery of healthcare products and services. Below are some ideas the IT department has developed for supporting these strategic goals:

1. **Recreation and Wellness Intranet Project:** Provide an application on the current intranet to help employees improve their health. A recent study found that MYH, Inc. pays 20 percent more than the industry average for employee healthcare premiums, primarily due to the poor health of its employees. You believe that this application will help improve employee health within one year of its rollout so that you can negotiate lower health insurance premiums, providing net savings of at least \$30/employee/year for full-time employees over the next four years. This application would include the following capabilities:
 - Allow employees to register for company-sponsored recreational programs, such as soccer, softball, bowling, jogging, and walking.
 - Allow employees to register for company-sponsored classes and programs to help them manage their weight, reduce stress, stop smoking, and manage other health-related issues.
 - Track data on employee involvement in these recreational and health-management programs.
 - Offer incentives for people to join the programs and do well in them (e.g., incentives for achieving weight goals, winning sports team competitions, etc.).
2. **Health Coverage Costs Business Model:** Develop an application to track employee healthcare expenses and company healthcare costs. Healthcare premiums continue to increase, and the company has changed insurance carriers several times in the past 10 years. This application should allow business modeling of various scenarios as well as tracking and analyzing current and past employee healthcare expenses and company healthcare costs. This application must be secure and run on the current intranet so several managers and analysts can access it and download selected data for further analysis. The new application must also import data from the current systems that track employee expenses submitted to the company and the company's costs to the insurance provider. You believe that having this data will help you revise policies concerning employee contributions to healthcare premiums and help you negotiate for lower premiums with insurance companies. You estimate that this application would save your company about \$20/employee/year for full-time employees over the next four years and cost about \$100,000 to develop.
3. **Cross-Selling System:** Develop an application to improve cross-selling to current customers. The current sales management system has separate sections for major product and service categories and different sales reps based on those products and services. You see great opportunities to increase sales to current customers by providing discounts when they purchase multiple products and services. You estimate that this system would increase profits by \$1 million each year for the next three years and cost about \$800,000 each year for development and maintenance.
4. **Web-Enhanced Communications System:** Develop a Web-based application to improve development and delivery of products and services. There are currently several incompatible systems related to the development and delivery of products and services to customers. This application would allow customers and suppliers to provide suggestions, enter orders, view the status and history of orders, and use electronic commerce capabilities to purchase and sell their

products. You estimate that this system would save your company about \$2 million each year for three years after implementation. You estimate that the system will take one year and \$3 million to develop and require 20 percent of development costs each year to maintain.

Tasks

1. Summarize each proposed project above using a simple table format suitable for presentation to top management. Include the name of each project, identify how each supports business strategies, assess the potential financial and other benefits of each project, and provide your initial assessment of the value of each project.
2. Evaluate the four projects above by preparing a weighted scoring model. Develop at least four criteria, assign weights to each criterion, and then calculate the weighted scores. Also, write a one-page paper that describes this weighted scoring model and the results.
3. Identify Business Objectives, Current Situation, Problem/Opportunity Statement, Critical Assumptions and Constraints, Analysis of Options and Recommendations, Preliminary Project Requirements, Main Project Success Criteria, and project Approach for Recreation and Wellness Intranet Project. Assume the project will take five months to complete and cost about \$250,000.
4. Complete the Team Responsibility assignment and tracking worksheet, so your professor knows who did what.