Who Moved the Internet Cheese?

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The Internet has brought tumultuous change and complexity to the world economy, to the healthcare industry, and to each of us. To better understand those changes and their effects, I recently read Spencer Johnson's best-selling book *Who Moved My Cheese?* The story is a simple parable applicable to many situations, perhaps none more telling than the Internet phenomenon.

In the story, four characters live in a maze and look for "cheese" to nourish them and make them happy. Two of the characters, Sniff and Scurry, are mice. Two others, Hem and Haw, are mice-sized humans. Their efforts to find cheese in a complex maze are, in many ways, analogous to recent Internet developments, particularly in the e-health space.

Who Moved My Cheese?
Spencer Johnson
1999, G.P. Putnam's Sons

Relishing the Cheese

The characters initially find a large block of cheese that thrills and fills them. They can't get enough, much like many real-life humans who, until recently, could not get enough of the Internet.

Many netpreneurs created e-health Web sites and businesses; at the height of the Internet frenzy, they created more than 50 new e-health sites each day. Many others left traditional brick-and-mortar careers with the frenzy of gold rush pioneers to share the excitement and mine the riches of dot-com startups. Others nibbled on the Internet cheese by creating Web sites, ads, or PR buzz.

Venture capitalists, investors, and day-traders ate it all up, ingesting and investing as though the sky were the limit. The media had a field day, touting the new economy cheese with stories of twentysomething dot-com multi-millionaires and Silicon Valley secretaries driving new BMWs. Dozens of e-health companies went public at astronomical valuations. Then came the spring 2000 "correction" in the financial markets.

No More Cheese?

Wall Street reacted as if the sky were falling—and for many dot-coms, it was. The media, which had relished the feast, now rejoiced in the famine. Front-page headlines proclaimed, the "Party is Over" and "End.com." Journal photos depicted downtrodden Internet employees holding worthless options and looking desperately for work. Some journals even claimed that the Internet and the new economy were dead.

E-health companies suffered more than any other Internet sector, with valuations dropping 40 percent lower than other vertical markets. That occurred for several reasons.

First, technologists, media professionals, and other nonhealthcare entrepreneurs often started the initial wave of e-health companies. They were attracted by the huge $1 trillion healthcare oasis. Lacking experience in the healthcare industry, those newcomers failed to see the quicksand lurking in the form of complex third-party reimbursement schemes; fragmented, nonstandardized legacy IT systems; extensive regulatory requirements, privacy concerns and legal liabilities; and physician and healthcare industry resistance to new information technologies.

Second, the financial markets, expecting profits at Internet speed, were disappointed with the slow progress that e-health companies made relative to other less-encumbered verticals. Moreover, the well-documented struggles of e-health bellwether stocks, including Healtheon/WebMD, PlanetRx, and DrKoop.com, further sabotaged the entire e-health sector, including investments in other e-health ventures.

Healthcare executives and professionals responded to the changing marketplace in one of three ways, just as the characters in the cheese story did. Some, like Hem, resisted the New Economy Internet cheese. Others, like the mice Sniff and Scurry, embraced the Internet as part of the new order. Many adopted it more gradually, as Haw did, and over time recognized its potential for their companies and industries.

During the past few years, I have consulted with many healthcare executives who played out the responses of Sniff and Scurry, Hem and Haw. But a recent experience with one company in particular provides the best example of life imitating art. Let's call the company "Big Pharma" and its executives VP-Hem (vice-president), VP-Haw, and ED-Sniff (executive director).
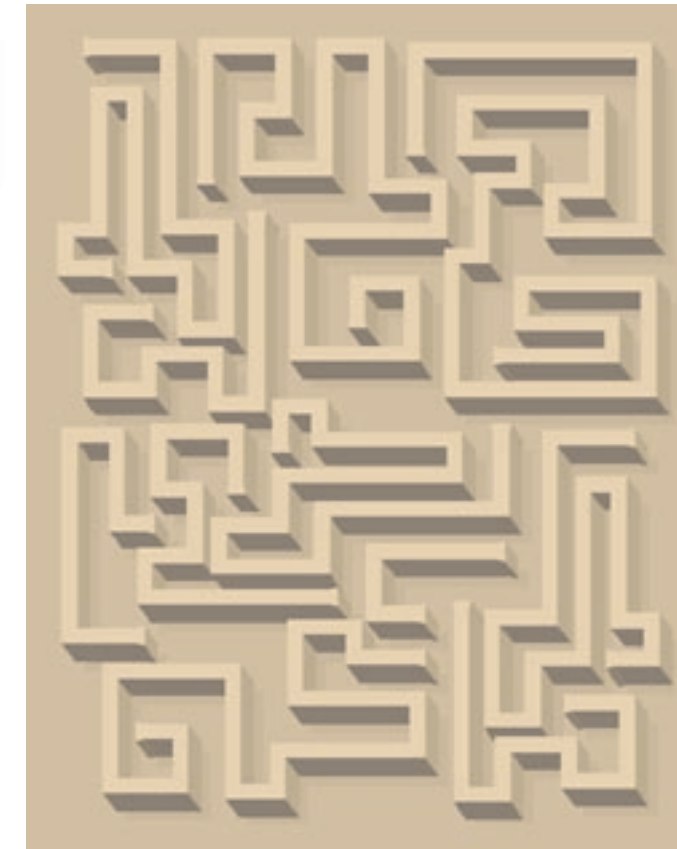
Big Pharma

Before the spring 2000 correction, I spoke to VP-Hem in Big Pharma's operations department. Like the character Hem, he was adamant that the Net was an overblown fad. He refused to learn about or deal with the new technology; he was happy to keep his company just the way it had always been.

When we spoke again after the correction, he couldn't wait to tell me that the Internet was dead, just as he had predicted.

Later that day, I spoke with VP-Haw in Big Pharma's marketing department. That executive was very similar to the story's Haw character; he was open-minded and willing to try new things. I told him I had spoken to VP-Hem about his company's use of the Internet and was interested in his perspectives.
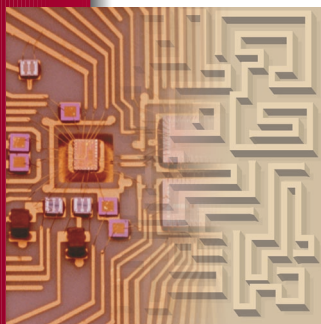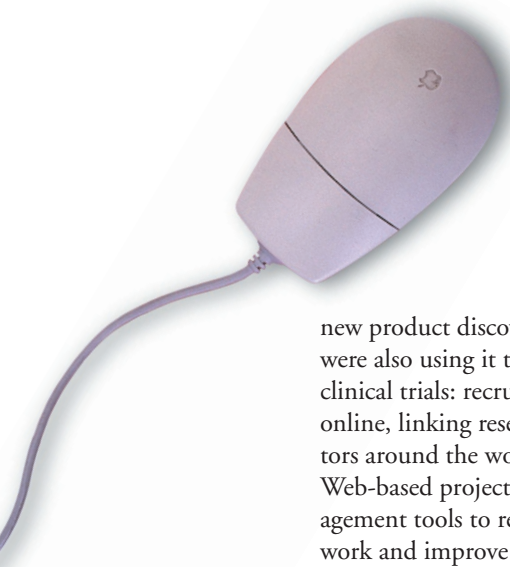
VP-Haw was well aware of VP-Hem's belief that the Internet was dead and that it would have little impact on his business. Although intrigued by the dot-com companies, VP-Haw told me that he, too, was initially skeptical about the Internet's impact on his established *Fortune* 100 pharma corporation.

During the past year, however, he had changed his mind after noticing that members of his company's e-commerce team—like Sniff and Scurry—were trying to navigate the corporate maze, determining how to use the Internet as a tool benefiting the company. The Sniffs and Scurries of his department had also kept him informed about how their customers were using the Internet to enhance their businesses.

VP-Haw referred me to ED-Sniff, the executive director of Big Pharma's e-commerce team. I asked ED-Sniff how Big Pharma was currently using the Internet. She said that their clinical research department was using it to find real-time genomic databases they could use to conduct

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new product discoveries. They were also using it to expedite clinical trials: recruiting patients online, linking research investigators around the world, and using Web-based project and data-management tools to reduce paperwork and improve data flow. Her team was also using the Internet to communicate with suppliers and customers to reduce operating costs throughout the supply chain, to market products directly to consumers, and to train the company's national sales force remotely, thereby increasing sales and reducing sales force expenses.

I then called back VP-Haw to thank him for his referral to ED-Sniff and to tell him that I was impressed with the progress his company was making in leveraging the Internet.

Internet Evolution

Clearly, the Internet is not dead. The cheese has simply moved—away from the frenzied revolution of Internet start-ups *du jour* into the domain of traditional offline businesses. Sure, there are and will continue to be successful Internet-based companies such as

Amazon, eBay, Yahoo, CNET, and Cisco. But the next phase of the Internet evolution has already begun, with traditional offline companies using the Web to automate, integrate, and innovate.

Brick-and-mortar companies in most industries, including healthcare, are embracing the Internet to enhance customer relations, improve operating efficiencies, and strengthen competitive positions. For example, in the first half of this year, IBM saved more than $1 billion selling products and conducting employee training on the Web.

By using online transactions, Hilton Hotels, Office Depot, and UPS have all reduced the costs of interacting with customers by more than 80 percent while enhancing sales and customer satisfaction rates. In fact, a University of Texas survey conducted this year revealed that companies integrating the Web into their operations were 2.5 times more likely to increase productivity and gain market share than companies not using the Internet.

Although healthcare companies historically have been slow to adopt new information technologies, there are many healthcare "mice" scurrying around to leverage the Internet and related technologies to enhance customer relationships, reduce costs, and improve the quality of care.

Sharp HealthCare, a premier integrated delivery system in San Diego, created a consumer-friendly CD to encourage local consumers to go online to the Sharp e-care site (www.sharphealthcare.com). There, consumers can access physician, product, and facility information; register for health classes; receive personalized healthcare information; and get a referral. CorSolutions Medical (www.ecorsolutions.com), a leading Chicago-based disease management company, is using the

Web to streamline internal operations, to connect company nurses with their diabetic and coronary artery disease patients, and to integrate the company's operations with such health plan customers as Humana.

The Internet evolution is not limited to the West Coast and major metropolitan centers. In some cases, it has moved even faster in more remote areas. Boise, Idaho is an Internet hot spot, thanks to the efforts of the local Saint Alphonsus Regional Medical Center, which uses an integrated delivery system.

In 1996, that system was predominantly paper-based, with about 100 personal computers spread across only three healthcare facilities. Today, Saint Alphonsus has a secure, Internet-based technology network (SaintAls.com) that allows physicians to access patients' medical records—including medical histories, radiology images, nursing updates, lab results, medication histories, and other medical data from all over the world—using a wireless laptop device.

The Web-based system is installed at 73 sites throughout Idaho, including several rural hospitals, laboratories, and radiology centers. At the consumer site and SaintAlphonsus.org, patients can select physicians, schedule health education classes, and view health events. Soon they'll also be able to access their own medical records. The American Hospital Association has recognized Saint Alphonsus' Internet efforts by selecting it as one of the "Top 100 Most Wired Hospitals."

Organizational Impact

Many people have read stories about the Internet's dramatic impact on improving businesses. What has gone untold is its equally dramatic impact on organizational improvement. The

Internet has served as a virtual sledgehammer to help break down corporate functional silos, and as a result, companies now focus less on departments and more on processes. The integration of the Internet and other information technologies has greatly enhanced communication, coordination, and productivity within organizations.

Internet-speed dot-coms have forced large, lumbering companies to move much more quickly, particularly in the area of partnership arrangements. Many mammoth healthcare companies have shown that they can develop and implement partnerships in days instead of months, dramatically compressing the deal-making time frame.

We've all heard a lot about "empowered" healthcare con-

sumers, but how many realize that the Internet has also empowered employees at healthcare organizations? Many traditional companies, fearing the exodus of employees to start-up Internet ventures, have worked to enhance employee satisfaction by offering unique professional opportunities—often within e-commerce initiatives, innovative lifestyle modifications, and higher compensation. The sharing of organizational information has never been greater; many companies now have knowledge management departments to inform and train employees in relevant business matters.

Clearly, the Internet cheese is moving into established organizations, resulting in a profound impact on profits, productivity, and personnel.

If you have not read *Who Moved My Cheese?*, I encourage you to do so with the Internet in mind. If you have read it, you can already appreciate that the Internet is not dead or gone—it has just moved. ∎

Clearly, the Internet is not dead. The cheese has simply moved.

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