

Protecting your IT Investment and Avoiding Financial Risk

By Jeffery Daigrepoint

Investing in technology is risky business and an onerous burden to bear. However, you can avoid much of the risk associated with buying technology with a few modifications to your vendor contract. Although we can't promise you a bullet proof system, specifically consider these modifications to your contract to reduce your exposure to risk:

- Version Protection - Many vendors discontinue software, only to resell you the system in the future. Modify your contract to require the vendor to provide you with future releases at no charge. This also applies to system updates and new versions.
- Government Mandate - Vendor must stay in compliance with all government mandates and modify their software at no cost.
- Support fees cannot be increased greater than the consumer price index.
- Vendor guarantees not to exceed their quote without prior approval.
- Contract is not valid until vendor meets acceptance requirements, such as the system working as promised. What a concept!
- Warranty - vendor will correct any malfunctions at their expense. Support fees will be waived while system is non-performing or during the correction period.
- Malfunctions not corrected within an agreed upon time will result in a full refund.
- Vendor must put the source code into an escrow account. This one is a deal breaker!
- Vendor must allow you to assign or transfer your contract to a new owner. The value of your practice could be downgraded in the event of being restricted from transferring your EMR to the new owner.
- Future provider/users can be added at a reduced cost.

And for the best protection of all....

- Payment terms based on project milestones. NEVER pay 100% upfront for any system. Here is a simple payment schedule to follow:
 - 25% at signing the contract
 - 25% after successful install and TESTING of the hardware and software
 - 25% after you are satisfied with training
 - 25% at 30 to 60 days after go-live
 - Pay the annual maintenance 60 days after go-live. (Never pay maintenance before go-live!)
 - All professional fees and travel expenses paid as incurred.

For a complete list of contract modifications and tips for averting risk, please contact Jeffery Daigrepoint @ jdaigrepoint@cokergroup.com or at 770-597-0590.

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