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Failing to connect.

Matt Caffrey

The Government's national NHS IT programme is over-ambitious and poorly implemented, argues Matt Caffrey. And if the strategy doesn't change, costs and delays will continue to spiral.

Q. What is Connecting for Health?

A. Connecting for Health (CFH) is an agency of the Department of Health responsible for delivering the National Programme for IT (NPfIT) throughout the NHS. The programme's key aim is to give clinicians access to patient information safely, securely and nationally. It includes a national care records system for patients, an electronic booking system ("Choose and book") and an electronic prescription service. There will also be a picture archive and communication system allowing contact via secure email. It was originally budgeted at £2.3bn over three years, but estimates suggest it could end up costing anywhere between £6.2bn and £20bn and is badly delayed.

Q. So what's gone wrong?

A. The Government's vision for increased connectivity and information sharing across the NHS was a worthy ambition. But the behemoth of legacy systems has made it difficult to achieve. Since its launch, the new programme has been criticised for underperformance, delays and overspending. The strategy of dividing the country into five clusters and forcing change through Local Service Providers has been met with resistance and has generated friction. Key suppliers have struggled to meet challenging performance criteria and failed to deliver operable systems. Despite protestations to the contrary, there is still no sign of iSoft's Lorenzo system. There have been some successes, most notably the PACS/RIS implementation programme (which ironically fell outside the original scope of NPfIT), but these have been largely overshadowed by bad news.

Q. Can the project be saved?

A. There are some signs of improvement and pragmatism. Richard Granger, chief executive of CFH, has signalled a move to a catalogue of suppliers and suggested a system of regional procurement – "the local ownership programme". This represents something of a U-turn for CFH, and is the only way forward.

Q. What lessons can be learnt from this?

A. Top-down implementation doesn't work. CFH tried to do too much too soon, without recognising the challenges ahead. A more gradual approach, which engaged all parties, including clinicians, would have helped to enlist wider support of all parts of the NHS.

Q. Surely CFH was supposed to be just the start of a radical transformation in the use of IT – introducing cost savings, joined-up applications and new technology?

A. It was and still is. But the implementation will have to change. Access, convenience and choice will dictate the future of patient care across the NHS. IT is central to shaping this strategy – but without a robust infrastructure, the wider strategic vision will fail.

Q. Does this mean there is no market in the NHS now for the supply of IT services?

A. Quite the contrary. The Government will continue to invest in healthcare IT and there will be winners and losers. At the top end, major providers are likely to consolidate to deliver broader service platforms. At the smaller end, providers delivering cost savings or embracing new methods of delivering patient care – telemedicine, telehealth and e-prescribing – will continue to grow. As investors, we need to identify the winners, particularly of niche services. There are good opportunities, it's just that they are not always easy to find.

Matt joined the new investment team at ISIS in 2005, following ten years working both as a corporate finance adviser and a banker. He focuses on the healthcare sector within ISIS and has completed a number of investments, most recently the buy-out of ScriptSwitch, a supplier of prescription software to the primary care market.

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