

Aetna controls IT costs, ensures flexibility with HPFS

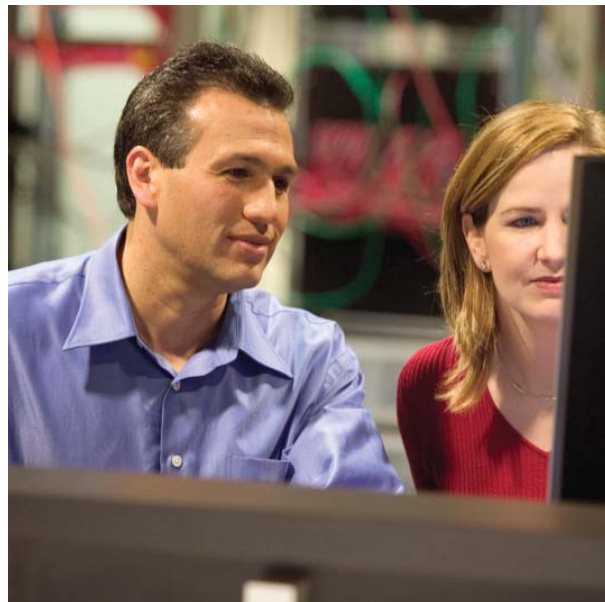
Success story



“HP has good business people to work with, from the start of lease negotiations through to the end of the agreement. Our lease agreements with HP Financial Services help us to maximize our IT investment, while ensuring the flexibility we need as a business.”

– Chuck Maggio, Director of Leasing
Aetna Inc.

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Nowhere has cost and efficiency been more central to the debate than in healthcare delivery. The cost of healthcare continues to rise much faster than inflation, and with it, the cost of healthcare insurance.

Aetna, one of the nation's leaders in healthcare delivery, is leading the way in helping healthcare plans and members control their costs through a variety of innovative products and services. One of the key enablers of such innovative programs: highly effective IT systems designed to ensure a low total cost of ownership. The company was ranked 25th in InformationWeek's list of the nation's largest and most innovative IT organizations.

But IT at Aetna is more than good, it's also cost-effective. Aetna, a long-time HP customer, utilizes leasing services from HP Financial Services for a major portion of its HP acquisitions.

"HP has good business people to work with, from the start of lease negotiations through to the end of the leasing process," said Chuck Maggio, Director of Leasing for Aetna Inc. "Our lease agreements with HP Financial Services help us to maximize our IT investment, while ensuring the flexibility we need as a business."

Aetna is one of the nation's leading providers of health care, dental, pharmacy, group life, behavioral health, disability and long-term care benefits, serving more than 14 million medical members, 13 million dental members, 9 million pharmacy members and 13 million group insurance members nationwide.

As with all healthcare organizations, IT plays a central role in serving its members. Among the more recent examples: Aetna IntelliHealth, the company's online consumer health information resource, and Aetna Navigator,

a self-service website for members, both have received eHealthcare Leadership Awards for Health/Healthcare Content and Interactive Site. They are part of Aetna's larger strategy to offer a full range of self-service and round-the-clock options for accessing information, enabling better healthcare decision-making.

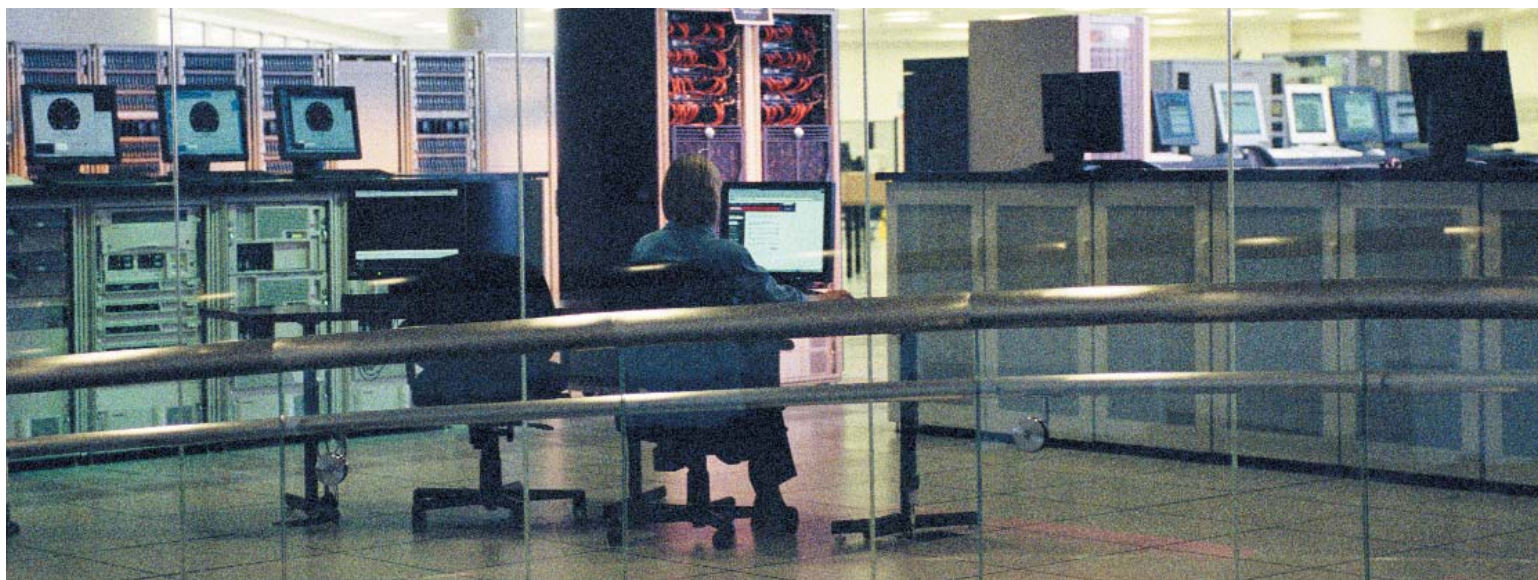
Ensuring flexibility

To deliver such services effectively, the company depends on an IT infrastructure that is up-to-date, flexible, and simple to manage. HP delivers ... with leading edge hardware and software, and the additional advantages offered through HP Financial Services.

Many people think of leasing as a way to avoid up-front capital costs. But there's another important dimension; managing the life cycle of your technology. Leasing not only enables Aetna to acquire new systems without capital cost, but also ensures the company will have the opportunity to refresh its technology when it needs to move forward.

"Leasing transfers the risk of obsolescence for the equipment," said Maggio. "Our users want state-of-the-art equipment, and we structure leases around their needs. We can upgrade to newer systems on a regular basis, and no longer need to worry about disposal of older assets. It's a win-win situation for us."

In addition, HP Financial Services gives users the power to scale their IT solutions to keep pace with rapidly changing business requirements. They can add to their existing solutions during the original lease based on pre-negotiated pricing, upgrade to new systems as needed, or even extend the lease at very reasonable prices, to accommodate growth and changing business conditions.



Maximizing IT investment

Another important benefit of financing is maximizing the company's IT investment. Leasing enables Aetna to project and manage its Total Cost of Ownership (TCO) for IT systems. It can budget effectively, knowing exactly how much equipment will cost each month, including service, and can plan well in advance for future acquisitions.

HP Financial Services offers a range of services to simplify IT lifecycle management — from flexible acquisition alternatives to asset tracking and asset management services, and end-of-lease solutions. All help Aetna to keep total cost for its HP systems low. "In fact, the only time I believe we would not lease is if we know we're going to keep the equipment for a long period of time — and in the technology area, that's rare. Things just advance so quickly that leasing is the best way to go," said Maggio.

Why HPFS?

HPFS is now a standard leasing vendor for the insurance company, and virtually all HP products and services are handled through HPFS agreements. HPFS also finances some products for Aetna from other vendors.

Maggio said Aetna initiated the asset acquisition process by issuing Requests for Proposals. "HP's representatives are good business people, not just salesmen," he said. "HP always responds to the terms and conditions in an RFP, which is important to us because the detail in those conditions is a critical part of the lease agreement. Not all leasing vendors pay attention to that detail. The terms and conditions are very important to us. While the financing rate is also important, if the terms and conditions aren't what we want, we're not going to approve the deal."

Interestingly, Maggio said what often separates leasing vendors is not what they'll do for a customer up front, but what happens at the end of the lease. "The up-front part of the process is not that difficult; it's the end of the lease when the equipment has to be returned. HP has been very good at making that part of the process go smoothly. They advise us far enough in advance of the lease expiration to ensure good planning on our end, and provide us with a description of what's required of us. A lot of leasing companies do not do that."



Challenge

- Lower IT costs.
- Make technology costs predictable.
- Provide flexibility for growth, changing business conditions.

Solution

- Financing through HP Financial Services.

Results

- Lower total cost of ownership compared to outright purchase.
- Regular technology refresh/upgrades.
- Ability to add new equipment to leases at pre-determined pricing.
- Elimination of equipment disposal problems.

Contact Information

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At a Glance

Company: Aetna, Inc.
Headquarters: Hartford, Conn.
Employees: 27,500
2004 Revenue: \$19.9 billion
Phone: (860) 273-0123
URL: www.aetna.com

Who we are

HP Financial Services delivers a total "acquire-to-retire" suite of offerings that simplifies the entire IT financial life-cycle management process — from flexible acquisition alternatives to TCO-reducing asset management services to value-maximizing end-of-life solutions. As a wholly owned subsidiary of HP, Hewlett-Packard Financial Services Company is unmatched in both the capability and flexibility to deliver financial services that work the way you want to work, worldwide.

For more information on how working with HP Financial Services can benefit you, contact your local HP Financial Services representative, or find us on the web at www.hp.com/go/hpfinancialservices.

Aetna profile

As one of the nation's leading providers of health care, dental, pharmacy, group life, behavioral health, disability and long-term care benefits, Aetna puts information and helpful resources to work for its approximately 14.65 million medical members, 13.03 million dental members, 9.34 million pharmacy members and 13.68 million group insurance members to help them make better informed decisions about their health care and protect their finances against health-related risks. Aetna provides easy access to cost-effective health care through a nationwide network of more than 700,000 health care professionals, including over 418,000 primary care and specialist doctors and 4,231 hospitals.

For more information on how working with HP can benefit you, contact your local HP Financial Services representative, or find us on the web at www.hp.com/go/hpfinancialservices.