

McKesson – U.S. Pharmaceuticals IT Risk Management Program

Empowering Healthcare



July 18, 2011

WISE Conference

Michelle Nix

Director IT Risk Management

Agenda

- ▶ Who is Michelle Nix?
- ▶ McKesson Overview
- ▶ ITRM Program Management
- ▶ A Request
- ▶ Questions

Who is Michelle Nix?

Director of IT Risk Management
McKesson Corporation, U.S. Pharmaceutical
\$100 Billion in Revenue

Background:

- ▶ Broad Healthcare Industry Expertise: Pharmaceutical Research and Development, Direct Patient Care to IT Risk Management, 22 years
- ▶ IT Security/Risk Management, 8 years
- ▶ CalOHII Privacy Steering Committee, Co-chair

Certificates and Education:

- ▶ CGEIT, CHPS, GSLC, CRISC, ITIL V3 Foundations
- ▶ BS in Biopsychology , University of California, Santa Barbara
- ▶ BA in Biology, University of California, Santa Barbara
- ▶ Masters in Healthcare Administration, Golden Gate University

Who is McKesson?

- ▶ *Largest* healthcare services company in the world
 - Fortune 15 – \$112 billion in revenues (FY11)
 - More than 36,000 employees dedicated to healthcare ▼

- ▶ *Oldest* U.S. healthcare company
 - Established 1833 – 177 years driving innovation in healthcare



- ▶ *Only* company offering solutions at every point of care
- ▶ *Deep* clinical, IT and process expertise

A 360° View of Healthcare

Creating Value at Every Point of Care



Manufacturers

400 Pharmaceutical
2,000 Medical-Surgical
950 Consumer Product



Healthcare Providers

200,000 Physicians
10,000 Long-Term Care Facilities
5,000 Hospitals
(including VA and DoD)
750 Home Care Agencies



Retail Pharmacies

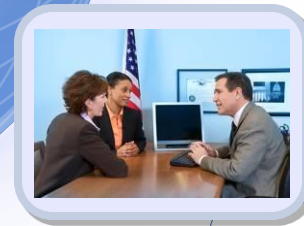
26,000 Locations

MCKESSON
Empowering Healthcare



Consumers

25 Million Covered Lives



Health Plans

600 Payor Organizations
(Public and Private)

Unified by Our Company Values

- Integrity
- Customer First
- Accountability
- Respect
- Excellence



McKesson's Vision for Healthcare in the Post Reform World

“We must now move beyond the debates that have divided the country and move forward to take action and make things better for patients...McKesson has a special role in this process to help implementation go as smoothly as possible and do what we do best: make healthcare work better.”

John H. Hammergren
Chairman, President and Chief Executive Officer



ITRM Program Management

U.S. Pharmaceutical



ITRM is more than security...

...and it is more than technology solutions (widgets) for security 'problems'...

...what it is about is understanding technology risks in business context.

ITRM Program Management Business Relevancy

An Overview of Technology Risk Management

ITRM identifies potential risks and prioritizes the tolerance for risk for critical IT assets (data, applications and infrastructure).

The team leverages internal controls across the organization (SOX, etc.) to manage and mitigate risk throughout.

This program tracks McKesson's Technology Risks using the following categories:

- IT Governance
- Emerging Technology
- IT Asset Management
- Data Management
- Sourcing
- Application Management
- Global IT
- IT Resilience and Continuity
- Project Management
- Security and Privacy
- IT Compliance

US Pharma ITRM is a component of the enterprise technology risk management program.

<http://itportal.mckesson.com/steve/irm/>

Key Contacts

Jennifer Burton
IT Risk Management Analyst
415-983-8399
jennifer.burton@McKesson.com

Vincent Campitelli
VP, IT Risk Management
415-983-9830
Vincent.Campitelli@McKesson.com

Michelle Nix
Director, IT Risk Management
415-983-7101
Michelle.Nix@McKesson.com

SharePoint Site
<http://itportal.mckesson.com/itrisksite/pharma/>

McKesson's US Pharmaceuticals IT Risk Management (ITRM) Program

Supporting Effective IT Governance for US Pharma

PROGRAM OVERVIEW

MCKESSON
Empowering Healthcare

technology matters
MCKESSON IT

Outside Comp

US Pharmaceuticals ITRM Business Units Supported (Representative View)

Distribution Chain Related Lines of Business: (Legal entities listed only)

U.S. Pharma Distribution Chain systems enable the transmission of medications from manufacturers and our own repackaging entities through our distribution channels to multiple customers.

Supply Chain: Technical Support

Pharma Repackaging Products:

- Bial
- Stry

 Other Products:

- Plasma
- Northera

CUSTOMERS

- Military (VA)
- Pharmacies in Hospitals
- Pharmacies (Chain & Independent)
- Central Fill (Contract and)

BTS Applications IT Infrastructure

Non-distribution Chain Lines of Business: (Legal entities listed only)

Access Health Pharmacy Management Program	RxO Pharmacy and/or hospitals consulting services/contract services/consulting services/management services/management services and business intelligence	PACT Medication management management, Federal and Drug Pricing Program	HealthMart Independent pharmacy services and supporting systems	MPRS Pharmacist intervention Program
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CUSTOMERS

- Pharmacies (Chain & Independent)
- Pharmacies in Hospitals
- Medication Manufacturers
- Physicians

MPRS StudyLink - clinical research support
Medication adherence programs - LoyaltyScripts, TrialScripts, Lifestyle

MPRS
Medication adherence programs - Lifestyle

US Pharmaceuticals ITRM Services (Representative List)

IT Risk Management Advisory Services:

- Perform Risk Assessments for:
 - Applications
 - Services
 - Processes
- Outsourcing considerations
- ISO 27001 Certification implementation
- IT Top Risk List management and reporting
- Coordination with enterprise level Information Security Risk Management (SRM) programs such as:
 - Strategic Information Management
 - Includes Data Loss Prevention And Data Use
 - Corporate Technology Office efforts
 - Security Awareness and Training
 - Vendor Assurance
- Coordination with other Risk Assessing Organizations such as Internal Audit, Compliance, etc.

Security Strategy Services:

- Coordination of enterprise services
- Security/Privacy Contract Language Review
- McKesson Customer Requests:
 - Security Consults
 - Security/Privacy Reviews/Responses
- Management of Third Party IT Assessments
- US Pharma Security Program Management
- Enterprise Security Program Management
- External Advisory Services on Behalf of McKesson (Call/SAB)

Compliance Services:

Compliance coordination and facilitation for the following areas:

- Sarbanes-Oxley (BTS)
- Payment Card Industry (BTS and Specialty)
- HIPAA (US Pharma)
- Other State & Federal IT regulations
- ISO 27001 Certification maintenance
- SAS70 Certification maintenance

Inside Comp

ITRM Program Management Business Relevancy

U.S. Pharmaceutical Business Units Supported

Distribution Chain Related Lines of Business: (Legal Entities Listed Only)



Non-distribution Chain Lines of Business: (Legal Entities Listed Only)



- ▶ Provides business view of ITRM scope.
- ▶ Articulates understanding of the business needs and drivers.
- ▶ Results in increased support for ITRM program...and therefore a more robust program overall.

Integration with the business occurs at the following layers:

▶ Governance

- Enterprise-level policies
- Enterprise-level security training and awareness programs
- Enterprise-level integration with other internal risk assessing organizations (internal audit, etc.) = Enterprise Risk Council
- Etc.

ITRM Program Management

Integration

▶ Program

- Ongoing reporting/communication with business leaders
- Integration with business initiatives
- Integration with business reporting
- Customer response support
- Regulatory response support
- Relationship management
- Etc.

▶ Process

- Integration into product development lifecycle
- Integration into project lifecycle
- Integration into Information Technology Service Management Program (ITIL v3-based model)
- Integration into other governance processes (e.g., reporting at BU level Sr. Leadership meetings, CIO Council, etc.)
- Etc.

ITRM Program Management

Benefits and Challenges

Benefits

- ▶ Increased IT Risk Awareness:
 - ▶ A Governance, Risk and Compliance framework supported by processes and technology tools
 - ▶ Risk assessing organization collaboration
- ▶ Valued Business Partner:
 - ▶ 'Collaborate - not audit' approach
 - ▶ Process integration
 - ▶ Result - proactive risk remediation

Challenges

- ▶ Rapid and Varied Threat Evolution:
 - ▶ 'Keeping up with the Jones'
 - ▶ Tool integration
 - ▶ Rapid leverage of technology consumerization
- ▶ Conflicting Business Priorities
 - ▶ Process integration
 - ▶ Rapidly Changing Drivers

ITRM Program Challenges

Rapid and Varied Threat Evolution

▶ Keeping Up With The Jones

- The Value of Data
- Social Engineering – Low Value to High Value Targets
- Advanced Persistent Threats

ITRM Program Challenges

Rapid and Varied Threat Evolution

▶ Tool Integration

- So many tools...so little time
- Conflicting business priorities
- Relationship management...walking the risk high wire

ITRM Program Challenges

Rapid and Varied Threat Evolution

▶ Rapid Leverage of Technology Consumerization

- Gizmos, Gadgets, Glamour
- Work and Life Balance Integration
- Social Networking Enablers

ITRM Program Challenges

Conflicting Business Priorities

▶ Process Integration

- Increased Risk Awareness....Stagnant Resource Pool
- What is enough?
- Red Herrings

ITRM Program Challenges

Conflicting Business Priorities

▶ Rapidly Changing Drivers

- Rapid Business Concept Development
- Rapid Customer Response Needs
- Maintaining Alignment

So....

Lets Talk!

