



Teaching case

# Healthware S.p.A. – from an underdeveloped region of Italy – can it be a global firm?

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## Abstract

Healthware, a digital communication agency specializing in healthcare, is based in Salerno Italy. The firm has 72 employees in two countries as well as clients in 14 countries. The case illustrates the location trade-offs of operating – and growing – a global digital company far from the epicenter of Italian business. The theme is universal. Once the firm is far from a nation's epicenter, a dynamism may be absent but the advantages are quite tangible: lower costs and employee stability. This teaching case is based on actual companies, people, and events, though some details have been dramatized or disguised. *Journal of Information Technology Teaching Cases* (2012) 2, 107–109.

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## Introduction

**O**n a beautiful sunny Sunday in 2008, in a café on the Salerno Mediterranean waterfront, Roberto Ascione, the CEO of Healthware, met his college friend, Carlo Catone. Catone is a successful consultant to technology companies. The scenery was beautiful and the water was sparkling in the fine autumn sun. But Catone was unhappy with his cappuccino and used that as a launching point. 'Vai via da qui' (get out of this place), he said to his friend. They could not even do a good cappuccino here. This is no place to grow a global company. You have to move out of here. You have to move to the North of Italy. It is cosmopolitan, international, and fashionable and you can hire the best people there.

Roberto replied: 'The advantage we have in Italy is that here we bring the unique Italian creative flair. And, the advantage we have here in Salerno over the North is that our wages are much lower and our workforce is stable. I am successful here. I can continue to be successful here.'

## Corporate background

Healthware, a digital communication agency specializing in healthcare, was founded in Salerno in 1996 by Roberto Ascione, a young graduate in communication with a strong passion for health issues. Healthware provides e-strategy and planning support, content management services, web

and search marketing services, and other technology services for health organizations. Several years later, Roberto sold his shares to the giant global advertising firm – Publicis Groupe – and Healthware became a part of Publicis Healthcare Communications Group. Roberto stayed on as President.

In 2008, Healthware had clients in 14 countries (Australia, Canada, Belgium, Poland, France, Germany, Ireland, Japan, New Zealand, Russia, Switzerland, the Netherlands, the United Kingdom, the United States). Revenues in 2008 were split almost entirely from two regions: Europe 68% and North America 28%.

Healthware is an e-Health company mixing R&D with consulting services and software production. The company develops integrated projects as well as products and solutions for health improvement. Services include components of education, e-learning, and clinical networking. Most of its clients are in the pharmaceutical and medical device sector.

Healthware services are content-centric, exemplified by its motto: '... helping our clients to customize their individual digital menu.' The content is interactive and makes use of social networks, community, blogging, and e-health web-based applications. The services combine technical and functional integration including supporting



services and security of technology. A number of ancillary integrated services complete the offerings: metrics and ROI calculation, specific workflow management, language and localization services, regulatory, privacy, and policy support.

### Locations

At that time Healthware had four locations. The headquarters were in Salerno in Southern Italy – about an hour's drive South of the city of Naples. Salerno is in the region of Campania. Sixty-six of the company's 72 employees were in Salerno.

Southern Italy is the economically underdeveloped part of Italy. The economic engine of Italy, in the north, always looks down its nose at its brothers in the South. The region is less cosmopolitan, its best and brightest minds often leave for the North, and the labor force is static: most people are born, go to the university, and work within a 20 kilometer radius. An Italian study in 2007 concluded that 'Campania needs roughly 200 years to gain the level of development of the [northern] regions.'

Healthware also has two small offices. The Northern Italian office is in Milan. The overseas branch is in Lawrenceville (New Jersey), midway between New York City and Philadelphia.

### Human resources

Of the company's workforce, 74% were from Campania or Southern Italy and 22% were non-Italian. Roberto was pleased that he was able to attract non-Italians to come and work in Salerno. He saw it as a mark of his company's uniqueness.

In Salerno, Healthware likes to hire students from the local universities on a part-time basis while the students are completing their thesis. The good students end up getting offers.

Employees like the opportunities for professional growth and belonging to an international company. Roberto is very interested in the notion of empowerment. Once a month there is an employee meeting, during which roles are explained in detail, best practices are shared, and success stories are told. Turnover rates and employment numbers can be found in Appendix A.

The language of work inside the company is Italian for all Italian clients and English for all foreign clients. More than 50% of the workforce speaks English.

### 'We are a globally distributed company'

'We manage our company as a global virtual company that happens to be headquartered in Salerno,' said Roberto. The firm's staff is able to run projects for its globally dispersed clients using a combination of tools and processes.

Employees are connected into one global network using virtual meeting tools (WebEx), mobile devices (Blackberries), and centralised documents on MS Sharepoint. Through a web-base tool, the firm can share project data not only internally but with clients. These data include: objectives, time schedule, tasks and responsibilities, and project news. The firm uses a document management

system to share all information and project decisions. It also uses a workflow management system through which employees define changes to applications and contents.

Healthware created a culture that pushes individual initiative. This is aided by dialogue – a 'confrontation' as the Italians call it – based on experiences. Clients are also part of the collaboration process. Users are responsible for the maintenance and updating of the system in a continuous co-design, where human aspects are emphasized rather than technological elements.

### Future strategy

Roberto's strategy has been to position Healthware as a leading global outsourcing company in the health care sector. But Catone's arguments had to be taken seriously. After all, Catone was a good friend and Roberto respected his opinions. Healthware was certainly at a key strategic inflection point. Roberto could probably continue growing slowly in Southern Italy but if he really wanted to grow fast he needed to consider something else – perhaps moving the company to the North.

Catone asked about wages. Roberto replied: 'First, the wage is not the most important thing! The cost of living here is only about one third of the cost in Milan or London. And the quality of life is higher here!' He spread out his arms and continued 'No traffic, nice beaches, nice weather. But since you asked, I will tell you that young employees get a net of anywhere from €700 to €1500.'

The waiter apologized about the cappuccino and brought out a new one.

'What should I do?,' thought Roberto to himself.

### Questions for discussion:

- (1) What does a global client expect of a specialized media provider far away?
- (2) What special characteristics does the workforce in Southern Italy have?
- (3) Examine the turnover data. Are these high? Why or why not?

### About the authors

**Erran Carmel** studies various kinds of sourcing in the context of the globalization of technology work. He has visited hundreds of firms in over 20 countries. He writes occasional case studies about these firms as well as a blog. He recently completed his third book about the special issues that time zone separation imposes on global coordination of work. His previous book is titled 'Offshoring Information Technology.' He is a Professor of Information Technology, Kogod School of Business at American University in Washington DC.

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## Appendix

**Table A1** Human Resources data

<i>Contract type</i>	<i>2009 (end of Q1)</i>	<i>2008</i>	<i>2007</i>	<i>2006</i>
Long-term contracts	31	27	24	23
Short-term contracts	31	30	10	4
Consultants	2	5	9	12
Trial	1	4	7	4
Total employees	65	66	50	43
Newcomers in the year	1	18	12	7
People fired	1	2	2	2
Trial ended without a contract	1	3	4	4
Newcomers/Total employees (%)	1,5	11	17	29
People fired/Total employees (%)	2	3	4	5
Total Turnover Newcomers+People fired/Total employees (%)	3	30	28	21