



HEALTHCARE IT AND IT-ENABLED SERVICES : 2017 OUTLOOK

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TODAY'S SPEAKERS



Paddy Padmanabhan
CEO, Damo Consulting Inc

After 25 years in the corporate sector with large global corporations such as GE, Wipro and Accenture, Paddy entered the world of start-ups in 2012. After two silicon valley analytics start-ups that had successful exits, Paddy started Damo Consulting, focusing on market advisory services exclusively in the healthcare technology space. Today, Damo Consulting works with some of the biggest global tech brands as well as digital health startups and healthcare enterprises. In his spare time, Paddy writes a regular column for CIO online on healthcare technology trends, and unwinds by playing guitar in a classic rock and blues band in the Chicago area.



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www.thehealthcareleader.com



<http://www.cio.com/blog/healthcare-technology-trends/>

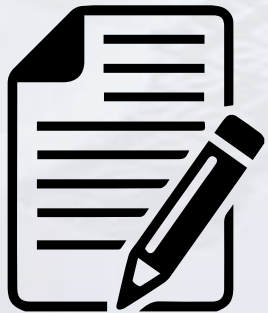


TODAY'S AGENDA

- **The Winds of Change: Healthcare in the Trump era**
- **The Outlook for 2017: Health IT Market – A Provider Perspective**
- **The State of Business Operations and BPO – From The Service Buyers Point of View**
- **Q&A and Wrap Up**



Nov 8, 2016: Donald Trump pulls off a stunning election victory in the world's richest democracy



Jan 20 2016: Donald Trump takes office as President and signs an executive order to start dismantling the ACA

HEALTHCARE MARKETS : HIGH LEVELS OF CHANGE, UNCERTAINTY



- ACA repeal likely, but will create new challenges
 - ✓ CBO estimates uninsured may rise to 32 million, premiums may increase sharply
 - ✓ Health plans may withdraw from exchanges due to losses, unaffordable insurance
 - ✓ Federal subsidies for Medicaid may be withdrawn, will increase burden on hospital ER
- Transition to Value based care expected to continue
 - ✓ Healthcare consumerism will drive increased focus on patient experience
 - ✓ Digital health initiatives will gain ground driven by consumer health apps, IoT
 - ✓ AI and cognitive will drive population health management
- IT will embrace new technologies, grapple with old problems
 - ✓ Cloud adoption, automation will increase – driving operating efficiencies
 - ✓ Interoperability will remain a challenge in unlocking the value of patient data
 - ✓ IT security will be a top issue: data breaches, ransomware expected to be big threats

ABOUT DAMO CONSULTING, INC.



Founded in 2012 : Technology & Management Consulting firm based in Chicago focused on healthcare sector

Technology Growth Strategy advisory, digital marketing and content Solutions, market intelligence & research

Founding Principal has over 18 years in healthcare IT, including leadership stints in Accenture, Wipro, silicon valley startups

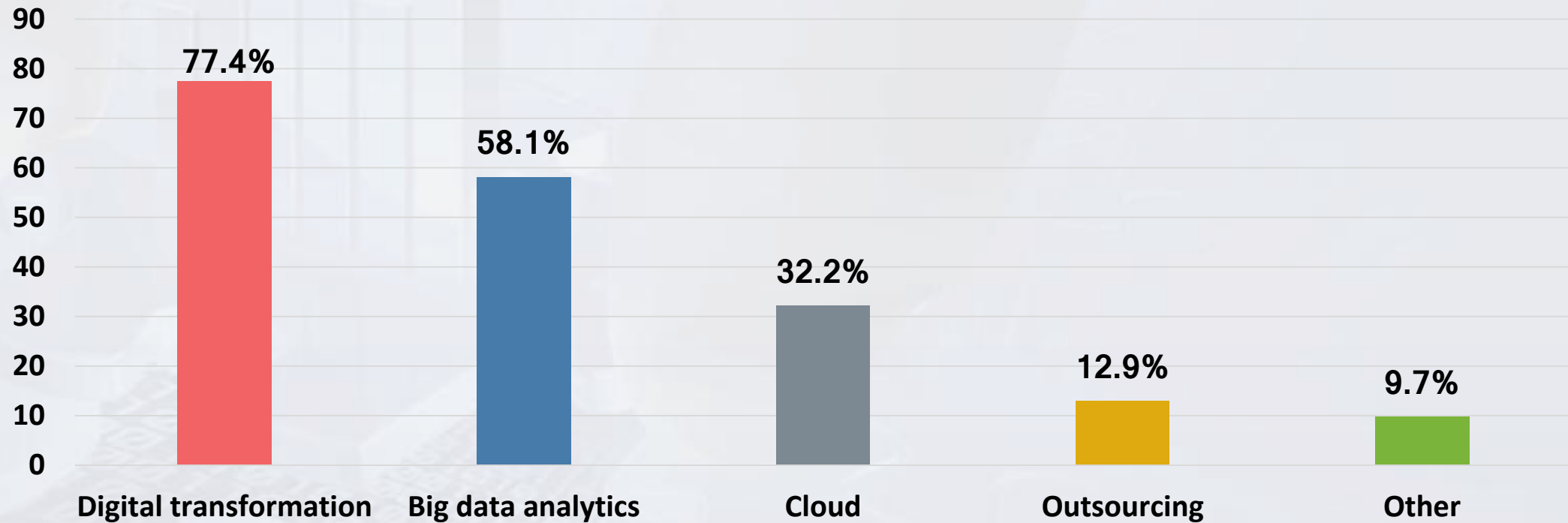
Thought leadership and deep market knowledge: In house research, publications in industry journals , speaking engagements at leading industry conferences.



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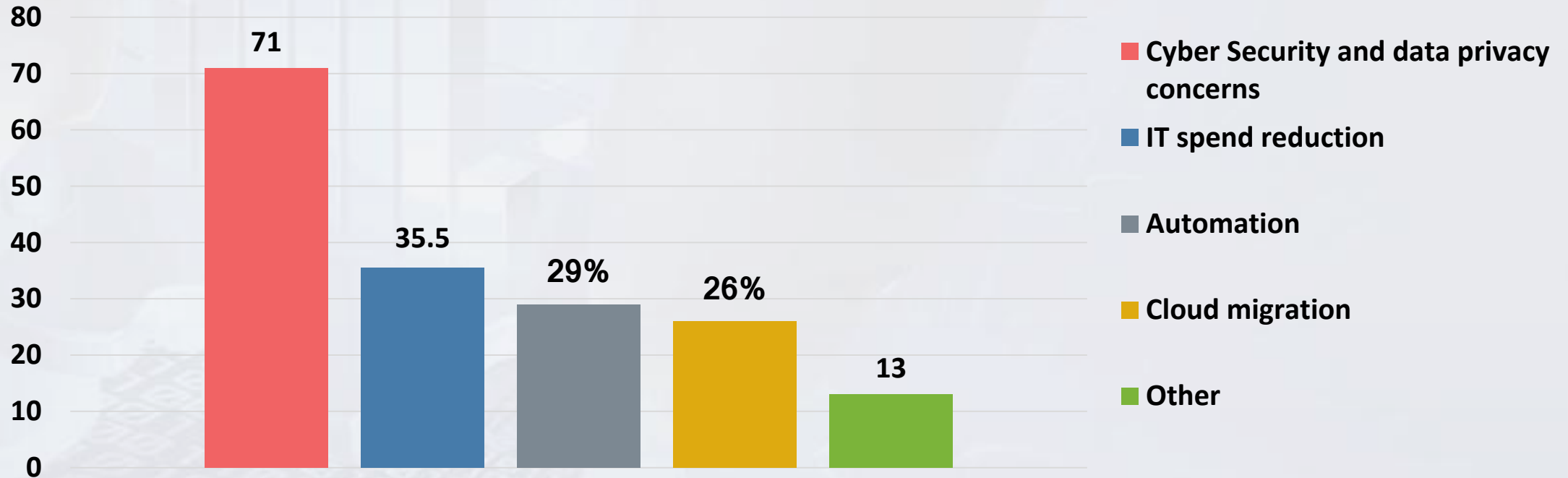
- In November 2016, we ran a survey among healthcare IT services providers to understand their view on the outlook for 2017
- There were 17 questions in the survey, covering a range of topics related to the demand environment as well as the companies' approach in terms of planned investments and perceived challenges
- We received 31 responses from executives across levels, covering large and mid-tier service providers
- Some of the questions had multiple response options, so the percentages may not add to 100%

WHICH OF THE FOLLOWING DO YOU SEE AS THE HIGHEST GROWTH AREAS IN HEALTHCARE IN THE NEXT THREE YEARS?



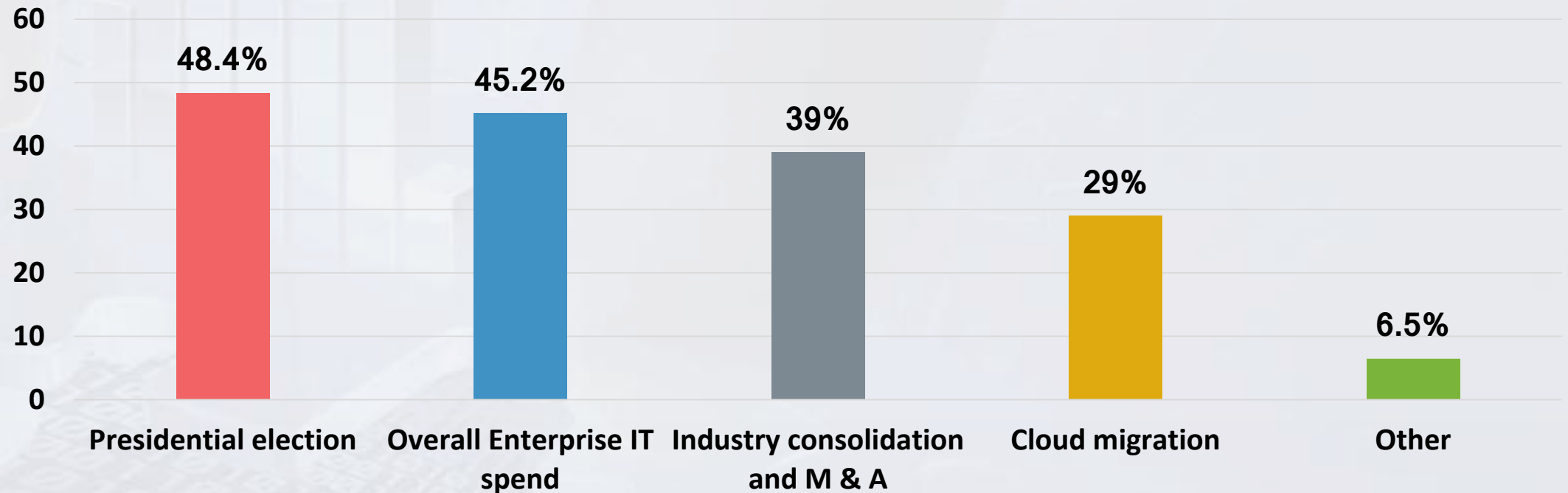
The top three areas of growth are digital transformation (77.4%), big data analytics (58.1%) and cloud (32.2%). The pessimistic outlook on traditional outsourcing may be due to some of the business impacted by automation and the shift towards cloud.

WHAT ARE THE BIGGEST HEADWINDS(OBSTACLES) FOR TOPLINE GROWTH FOR HEALTHCARE IT SPEND?



Cyber security and data privacy concerns were the primary obstacle to topline growth for the majority of respondents (71%). This may reflect a shift in resources to enhance IT security. IT spend reduction was a significant concern as well, reflecting budgetary pressures. Automation and cloud appear to be concerns because of their expected impact on traditional IT services business.

WHAT IS LIKELY TO IMPACT THE MACRO-LEVEL DEMAND FOR IT AND IT-ENABLED SERVICES IN HEALTHCARE ?



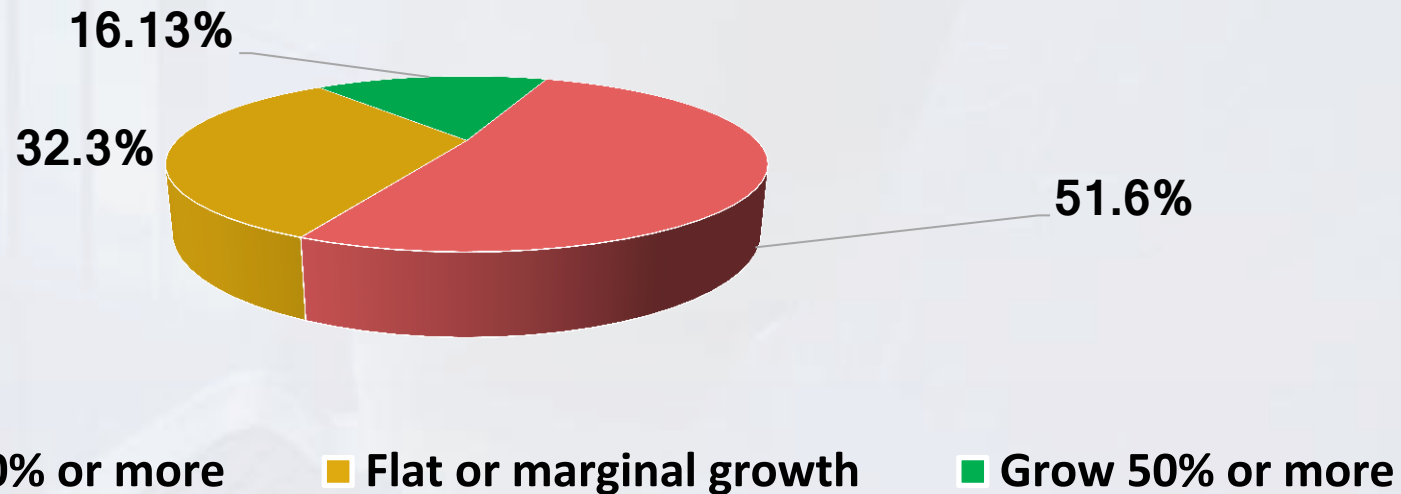
The Presidential election (48.4%) and overall enterprise IT spend (45.2%) are seen to have the most impact on the macro-level demand. Cloud migration comes up as a headwind again, reflecting the perceived threat of cloud computing to traditional IT services business.

HOW WILL YOUR COMPANY'S OVERALL INVESTMENT IN THE HEALTHCARE PRACTICE CHANGE OVER THE NEXT 18 MONTHS?



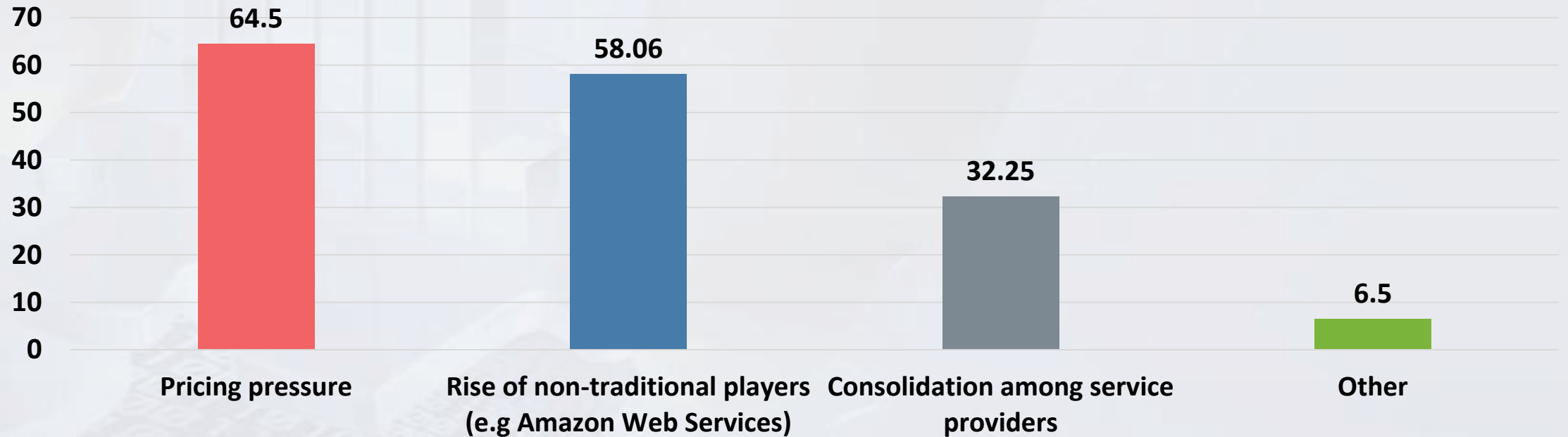
Survey respondents appear to be optimistic about healthcare with over 90% of the respondents indicating that they are likely to increase investment in the healthcare practice, and over 38% indicating they will “significantly” increase investments.

WHAT IS THE GROWTH FORECAST FOR YOUR COMPANY IN THE HEALTHCARE SECTOR IN 2017?



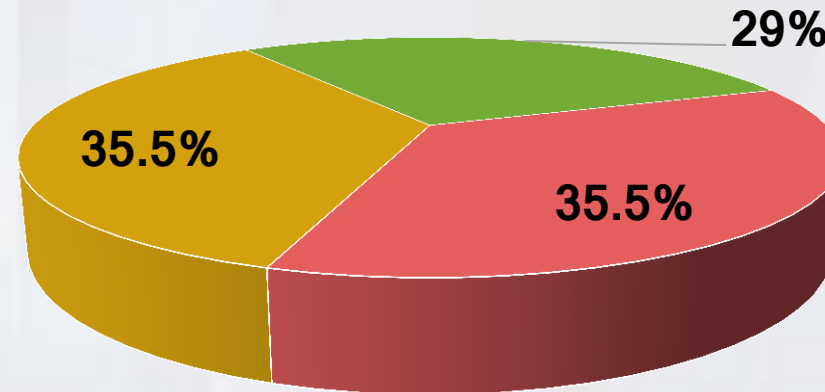
Despite a commitment to increase investment in healthcare, more than half the respondents (51.6%) anticipated a conservative increase in growth of 20% in 2017, with a third (32.3%) expecting flat or marginal growth.

WHAT WILL IMPACT THE COMPETITIVE ENVIRONMENT IN 2017?



Pricing pressure (64.5%) is the top issue that will impact the competitive environment for healthcare IT services in 2017. The rise of cloud computing is reflected in the concern around non-traditional players such as AWS.

WHAT IS YOUR BIGGEST CHALLENGE IN ACHIEVING YOUR GROWTH OBJECTIVES IN HEALTHCARE?



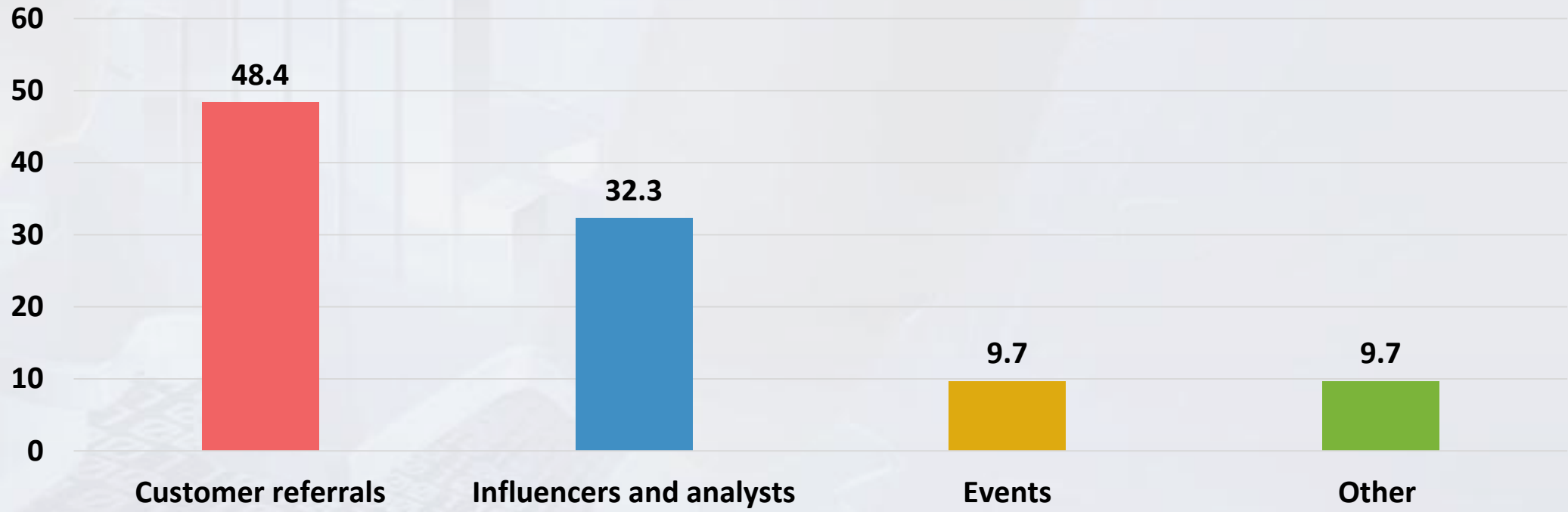
■ Deal conversion

■ Demand generation

■ Brand visibility & reach

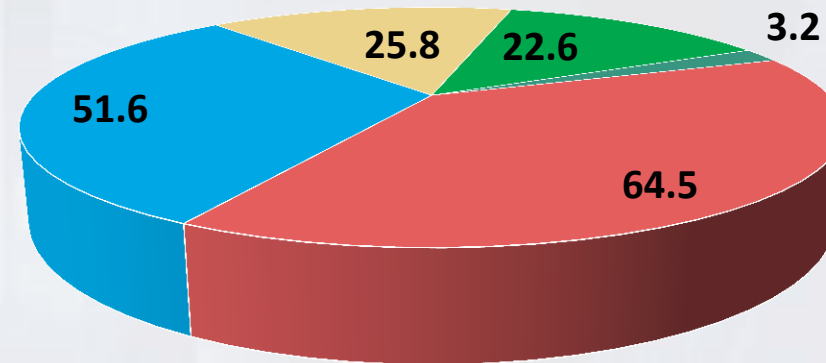
“Deal conversion” (35.5%) and “Demand generation” (35.5%) appear to be the biggest challenges in achieving growth objectives in the healthcare IT field followed by “Brand visibility and reach” (29%).

WHAT HAS BEEN THE BEST SOURCE OF LEADS FOR YOU IN THE LAST 2-3 YEARS?



Customer referrals was the best source of leads (48.4%) followed by influencers and analysts (32.3%). The increased investment in influencer marketing in the earlier response reflects the growing influence of the analyst community as a source of leads.

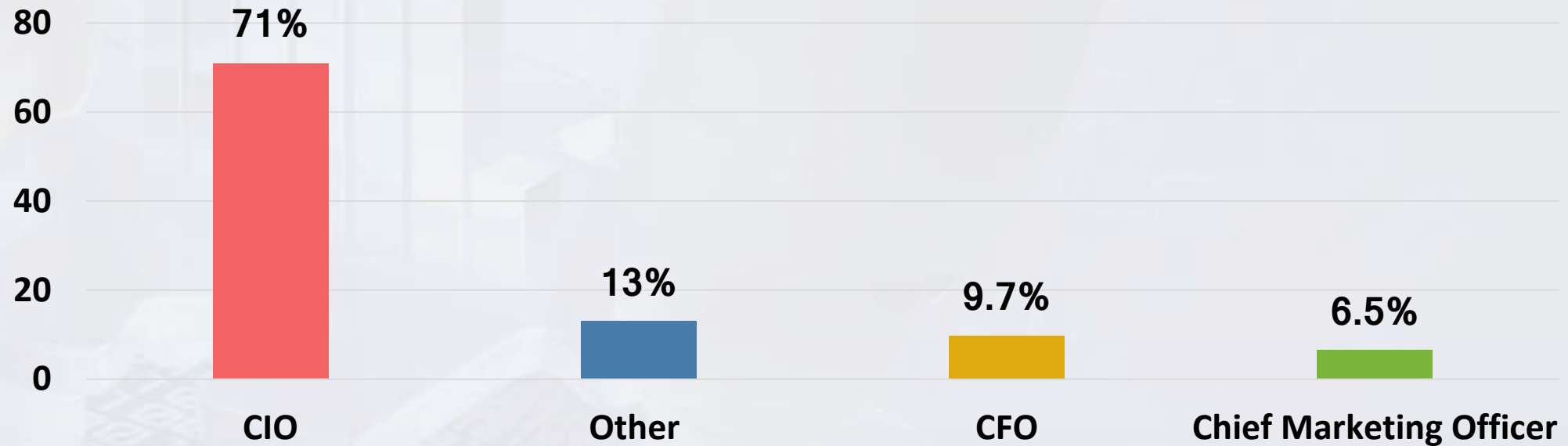
WHAT DO YOU PLAN TO DO DIFFERENTLY THIS YEAR?



- More influencer marketing
- More content marketing
- More events
- More field sales personnel
- Other

Most healthcare IT executives are looking to increase their efforts in “Influencer marketing” (64.5%) by growing analyst relations and investing in research partnerships. A substantial number of respondents are also looking to do more “content marketing” (51.6%).

WHO IS THE PRIMARY DECISION MAKER FOR YOUR SERVICES IN YOUR CLIENT ORGANIZATION?



The CIO (71%) remains the primary decision maker by far for technology related services in most organizations. The rise of the CMO may be a reflection of the increasing investments in digital transformation programs.

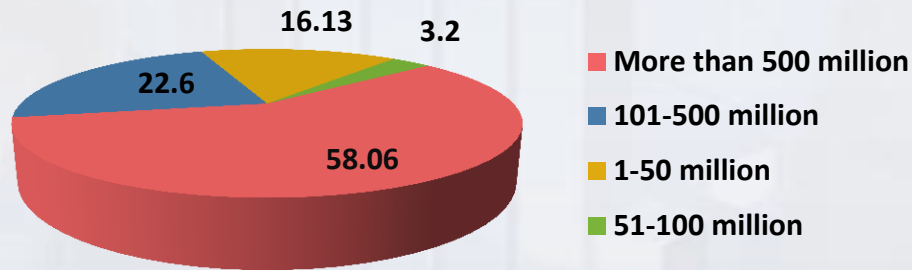
GROWTH STRATEGY CONSIDERATIONS

- Assess your current market footprint : where do you stand relative to your competitors ? Who are your competitors ?
- Assess your current capabilities in the top areas of growth – are you currently engaged with your clients in these areas ? What investments do you need to make ?
- Assess your client's market position and implications from industry consolidation – can they survive on their own ? Are they likely to be acquired or come under financial stress ?
- Assess your portfolio risks: client concentration, non-strategic engagements, price pressure and sustainability of revenue streams, talent pool

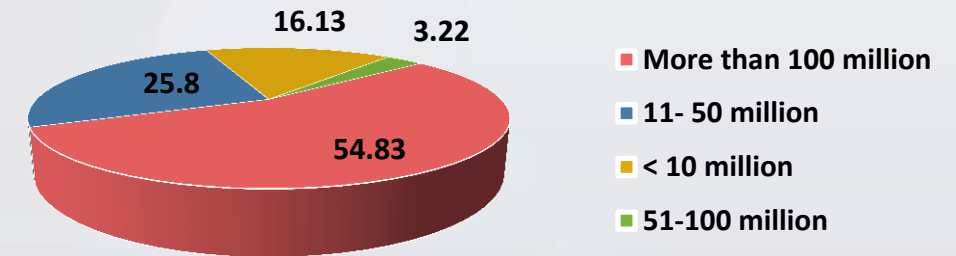
High level of uncertainty in short term: steady move towards VBC in long term

RESPONDENT PROFILES : N=31

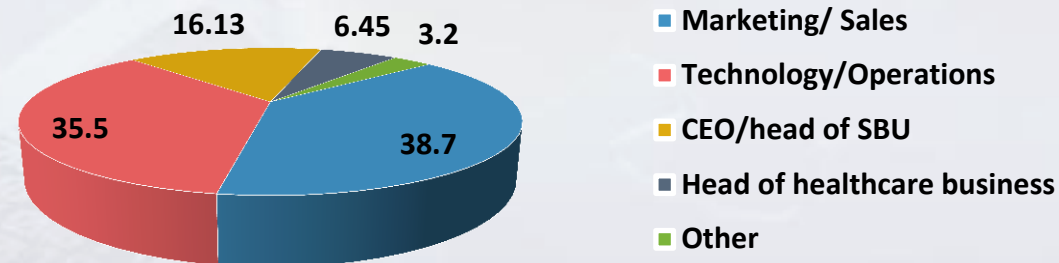
What is the overall revenue of your company in USD?



What is the revenue from your healthcare portfolio?



Please indicate your position in your company



More than half the respondents (58.06%) were from companies with an overall revenue of more than \$ 500 million. For more than half the respondents (54.83%) the revenue from the healthcare portfolio was more than \$100 million.



Thank You

Damo Consulting is a Chicago-based management consulting firm that works exclusively in healthcare. Our clients include healthcare enterprises and technology firms. We provide growth strategy consulting, market intelligence and digital marketing solutions.

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