



Why 2016 could be the best year ever for Healthcare IT spend

Email: info@damoconsulting.net Website: www.damoconsulting.net

After years of underinvestment, CIO's in healthcare may have something to cheer about this year. The biggest trend seems to be the increased focus and investment in IT in healthcare enterprises. With more than \$30 billion invested in electronic health record (EHR) systems, and meaningful use (MU) requirements out of the way, we are seeing enterprises turn toward the more strategic aspects of IT in the ongoing transformation of the healthcare sector.

These investments, however, will follow the money. In other words, funding will focus on initiatives that have the biggest impact in terms of revenues, cost avoidance, and transformative potential. A recent survey by technology provider Healthedge suggests that investments among payers will be targeted at selective enhancements to the most critical systems that support business development, and not a wholesale upgrade of IT. This eBook discusses the key investment areas in healthcare IT today.



## POPULATION HEALTH MANAGEMENT (PHM):

Everybody is on board with the concept of PHM as the defining principle in an outcomes-based business model. However, PHM has eluded a consistent definition, other than that its desired impact is to reduce overall costs of patient populations, and improve clinical outcomes.

Analytics has been an important aspect of this discussion, however standalone analytics solutions have struggled to demonstrate value, and progress on advanced analytics involving predictive models and cognitive sciences has been slow. This year may change all of that.

Many standalone analytics companies are likely to be acquired, and IBM Watson will gain more traction. M & A in healthcare will drive PHM as well.

### **INFORMATION SECURITY:**

With healthcare data breaches at over 112 million in 2015, including high-profile breaches at Anthem, Premera, and Excellus, IT security is now a CEO level issue. There is no doubt what this means – investments in data security technologies are going to increase.

However, there is no guarantee that data breaches will not increase.





#### **HEALTHCARE CONSUMERISM:**

Changing demographics and unexpected increases in the costs of health insurance are driving the consumerization of healthcare today. Silicon Valley startups, flush with VC money, are coming up with direct-to-consumer approaches that are making traditional healthcare firms sit up and take notice.

At the same time, the newly awakened healthcare consumer is also demanding information and price transparency. New York Presbyterian has launched a patient-first marketing strategy aimed at improving engagement with patients through information sharing, and is revamping its website completely. BCBS of NC has already released the cat among the pigeons by publishing price data (and is facing pushback from its provider network).

IT investments will now be focused on maximizing the reach and value of the information to empower consumers to make the right choices.



#### **CLOUD COMPUTING:**

The past few years have seen a steady uptick in the adoption of cloud computing across sectors. A recent survey indicates 93 percent of all enterprises are using some form of cloud technology.

However, adoption levels vary across sectors, and are driven by industry-specific considerations. Selective migration of workloads is happening, and more importantly, newer workloads related to analytics and digital initiatives may be "cloud first."

However, there will not be a wholesale migration to the cloud anytime soon. We are more likely to see steady shift toward the middle ground of hybrid cloud infrastructure with mission-critical systems sitting in enterprise data centers, or possibly a private cloud.

# THE CHANGING ROLE OF THE HEALTHCARE CIO's:

In light of all these trends, it needs to be mentioned that healthcare ClO's are also likely to see significant changes to their role and expectations from their enterprises.

The proliferation of technologies, and the increased use of outsourcing and cloud-based/SaaS solutions means there is less to build and manage in-house, and more systems integration and vendor management.

Taking this one step further, the center of gravity of IT in the enterprise may no longer be the CIO. Cloud computing is empowering more and more business executives to start integrating technology into their businesses by building direct relationships with vendors.

An important part of the ClO's role may be to orchestrate the technology initiatives of their own peers this year.





#### PADDY PADMANABHAN



Paddy is CEO of Damo Consulting Inc. He is an accomplished business leader and entrepreneur with over 15 years of experience in the healthcare sector. He has been a senior leader in top-tier consulting firms, and has been a strategy advisor to healthcare CIOs. Paddy has led large global operations teams in India, the Philippines, and South America. He has successfully built a \$150M healthcare technology services business, and has been a part of two Silicon Valley analytics start-ups.

You can follow him @paddypadmanabha



This paper has drawn on a wide variety of published sources including industry publications, company websites, news releases, and Damo Consulting Inc research and interactions with healthcare executives and technology firms.

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**USA** 

One Lincoln Center 18W140 Butterfield Road Oakbrook Terrace Suite 1500 Oak Brook, Illinois, 60181 Phone: +1 630 613 7200

**INDIA** 

603/11/A, 19th Main Road, 2nd Floor, Sector 2, HSR Layout, Bangalore 560 102 (India)

Email: info@damoconsulting.net | website: www.damoconsulting.net