

Insight Driven Health Getting EMR Back in the Fast Lane

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Global EMR/EHR market forecasted to reach \$22.3 billion (USD) by the end of 2015 but innovative solutions will be necessary to drive continued growth

The global addressable market¹ for electronic medical records (EMRs) and electronic health records (EHRs)ⁱⁱ is projected to grow at a slower pace in the next two years than previously realized, reflecting the ongoing need to improve the quality of patient care while managing cost pressures. Restrained by a maturing market in the US and parts of the international community that are still in economic recovery, growth has and may continue to remain slow. As such, innovative solutions will be crucial to thrive in an increasingly competitive environment with changing needs. Governments and health

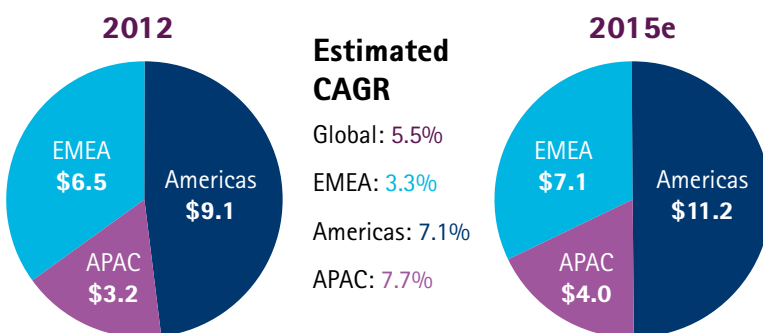
systems will be better equipped to make a transformational leap forward toward the next wave of EMR/EHR needs if IT vendors embrace interoperability, mobile, cloud and big data.

Accenture research estimates that the size of the global EMR/EHR addressable market will grow at an annual rate of 5.5 percent (CAGR) over the next three years. Accenture forecasts that the global market will increase from \$18.8 billion (USD) in 2012 to \$22.3 billion by the end of 2015. This represents a slowdown from the growth rates previously forecasted by Accenture, which were as high as 9 percent in some markets.¹

Accenture forecasts that the Americas² will remain the largest market for EMR/EHR, accounting for roughly 50 percent of the global market by the end of 2015. Specifically, the US will spur this growth, growing annually at 7.1 percent to \$9.3 billion by the end of 2015.

Europe, Middle East, and Africa (EMEA) expect to be worth \$7.1 billion by the end of 2015, with a CAGR of 3.3 percent. Asia Pacific (APAC), with a smaller addressable market but faster expected growth rate of 7.7 percent annually, will close the gap, reaching \$4 billion in value over the same period.

Figure 1: Global EMR/EHR market by major region (USD billion)



Major regions: Americas (North America, South America), EMEA (Europe, Middle East, Africa), APAC (Australia, Asia)

Country highlights

In the US, the EMR/EHR market is maturing, with growth expected to continue just shy of 7.1 percent annually, growing to \$9.3 billion by the end of 2015. Federal mandates, coupled with continued consolidation and the pursuit of interoperability, will see vendors move to offer an integrated suite of acute and ambulatory products.

The Nordics' support for continued EMR/EHR maturity has been successful, presenting a significant growth opportunity, with increased regional focus on improving and renewing EMR/EHR solutions. Growth in the Nordic markets is expected to be 5.1 percent per year between 2012 and 2015.

The UK market is expected to grow by 4.3 percent a year to \$2.1 billion by the end of 2015. The National Health Service (NHS) experienced an initial setback when it introduced a national EMR/EHR system. Despite this, many well-funded acute hospitals (Trusts) in the UK are

contracting with leading US EMR vendors.

Germany's strong national commitment to health IT is embodied in the public sector's e-health strategy and the existence of a national delivery agency charged with implementing it. Annual growth is expected to be 3.6 percent, though the complexity of German funding structures is an impediment.

Accenture predicts that new markets in Latin America and APAC may have better growth rates. Asia Pacific has an overall expected growth rate of 7.7 percent. Brazil is poised to break out with annual growth estimated as high as 9.7 percent due to federal investment of the Unified Health system (SUS) for Brazil.

Growth inhibited by market forces

A select mix of market forces has impacted the rate of growth of the addressable EMR/EHR markets:

- **Economic Slowdown**

In many regional markets, the downstream impacts of a complex global economy have restrained the growth of the EMR/EHR addressable market. Lack of

capital and operational constraints has prompted the private and public sectors to be more cautious and austere.

- **Government Funding**

Markets have struggled to develop quickly without the government incentives that serve to fund EMR/EHR functionality as well as to coordinate the IT progress of health systems.











- **Competing Priorities**

Healthcare leaders face a number of challenges including financial restraints, regulatory mandates, governmental incentives and penalties, safety and quality outcomes, patient satisfaction, population health management, personnel shortages, and in some cases, shifting reimbursement models.

- **Inconsistent ROI**

Health systems have inconsistently achieved the expected levels of return that EMR/EHR solutions originally promised. Moreover, health systems often have difficulty quantifying monetary return, pushing stakeholders to further question vendor's total cost of ownership.

Figure 2: Country opportunities

Country	e2015 Forecast (USD)B	CAGR	Opportunities
 US	\$9.3	7.1%	<ul style="list-style-type: none"> • Government incentives/penalties continue to weigh on leadership decisions • Competing, near-term priorities have emerged • Integrated EMR vendors to support improved interoperability
 Canada	\$0.9	2.8%	<ul style="list-style-type: none"> • Canada Health Infoway program progressing slowly • US vendors have other more promising opportunities
 UK	\$2.1	4.3%	<ul style="list-style-type: none"> • EPIC, Cerner gaining traction • PAS vendor switching rate accelerating, NHS emphasis on patient health record (PHR)
 France	\$0.6	2.7%	<ul style="list-style-type: none"> • 'Digital Hospital' initiative to spur growth
 Germany	\$0.8	3.6%	<ul style="list-style-type: none"> • Strong national commitment to health IT, embodied in the e-health strategy and national delivery body • Size, complexity and tradition of funding structure limit growth
 Spain	\$0.6	0.2%	<ul style="list-style-type: none"> • Mature regional connected health infrastructure, with system-wide fragmentation • Funding challenges present a real inhibitor of growth
 Nordics	\$0.9	5.1%	<ul style="list-style-type: none"> • Relatively strong macro conditions and public healthcare funding to accelerate growth
 Australia	\$0.7	2.2%	<ul style="list-style-type: none"> • PCEHR, national eHealth program, with an investment worth \$447 MM AUD
 Japan	\$1.4	(1.7%)	<ul style="list-style-type: none"> • 2012 national recession recovery in progress
 Brazil	\$0.4	9.7%	<ul style="list-style-type: none"> • Increased federal investment of Unified Health System, SUS

Although these factors have slowed the momentum for the EMR/EHR market, Accenture believes that mitigation of these forces will not be enough for the EMR/EHR global market to reignite growth. In the time that EMR/EHR growth has steadied, buyer values and patient demands, as well as care delivery and management methods, have changed. While health systems, and to a certain extent, government agencies, have been able to collect data, the next wave of data collection is the ability to capitalize on digital information to make better decisions within healthcare. Patients expect ownership of as well as access and greater transparency to their health information but through web and mobile-based products, similar to other industries. Health systems will need new approaches and solutions to address the diverse and changing needs of the marketplace.

New solutions and approaches required for vendors to flourish

As the needs of local markets change, regional stakeholders increasingly will demand innovative and new solutions that can better adapt and scale to suit the needs of their population and patient mix, both in terms of finances and operations.

New solutions are likely to fall into three categories:

- Broad EMR/EHR solutions**
 These are the traditional solutions already employed in mature markets such as the US by large vendors, offering the broadest range of functionality through large-scale implementation exercises. There will continue to be increasing demand for these solutions, particularly from large integrated delivery networks and academic hospitals.
- EMR as a service**
 Cloud-based solutions represent a growing opportunity, particularly for providers who cannot make large up-front investments, and are willing to trade off other benefits of traditional systems. For example, some smaller hospitals and ambulatory settings with more limited IT budgets are opting for free and secure web-based services. These solutions are likely to be increasingly important in emerging countries and ambulatory settings, growing upstream as breadth of capabilities mature.
- Population health management**
 This more holistic approach integrates EMR/EHR within a care management platform and emphasizes data-driven population health across the care continuum. Structured and unstructured data sources, such as biometric, behavioral and genomic data, are standardized

and inform personalized care plans through robust analytics capabilities. The advantages include the opportunity to harness data in order to improve outcomes and to serve patients more effectively from preventative medicine through continuing and complex care to end-of-life services. While this solution has high potential, its complexity may require public sector support.

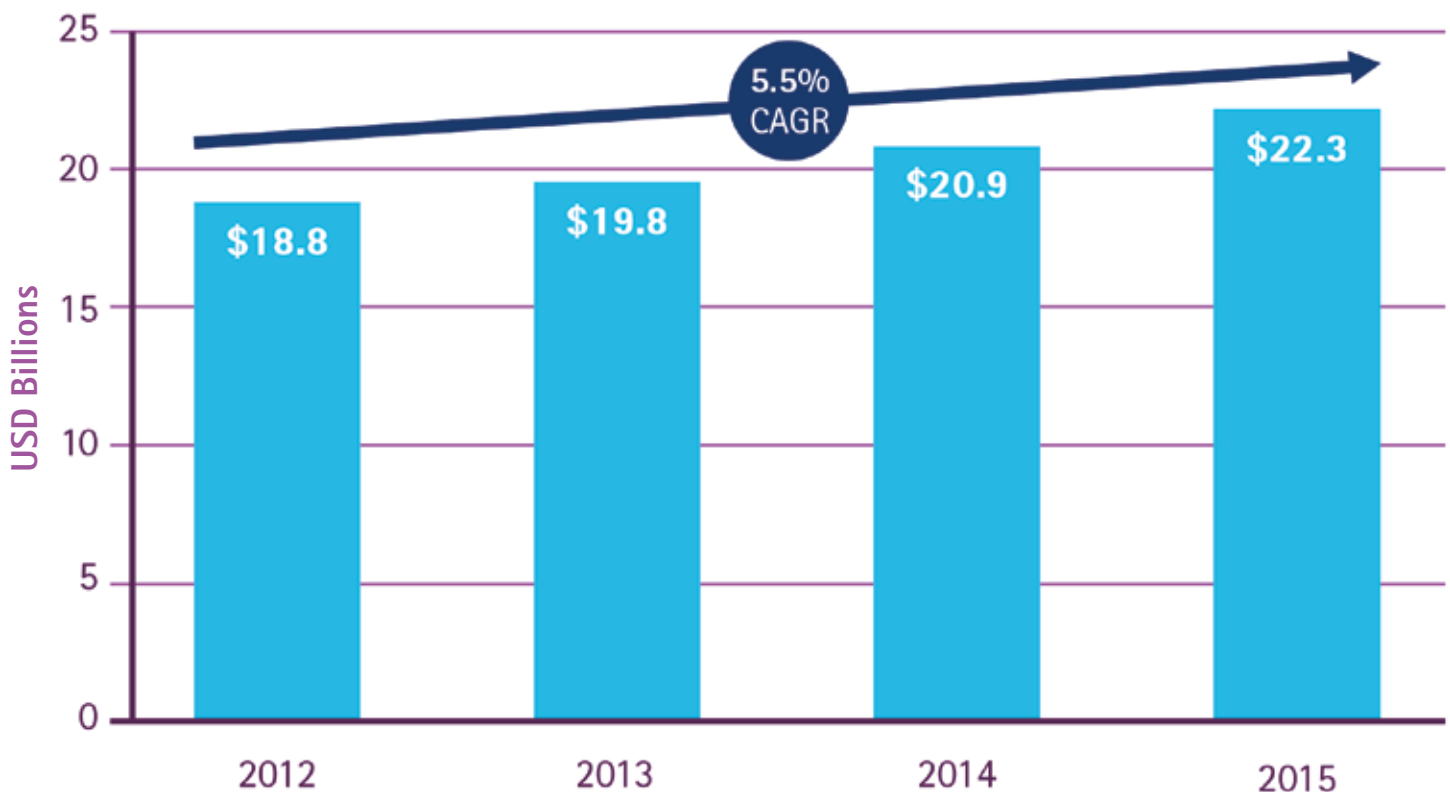
Innovate to thrive

In practice, health systems may require elements of all three models, especially as information needs change or care delivery is pushed downstream to ambulatory settings and other alternative care settings. Vendors need to build disruptive solutions that combine the best of the current proposition with new funding and delivery mechanisms.

All stakeholders in the marketplace will need to embrace new ways of working—and often forge new partnerships/alliances—as they develop innovative models for securely sharing patient data and implementing or augmenting EMR/EHR solutions. The status quo is not an option for any player in this space anymore.

The right solution for a specific provider will be dependent on the appropriate balance of flexibility, interoperability and patient outcomes with cost efficiency and efficacy of care delivery. Both health systems and vendors will need to respond to evolving needs and realities in the future.

Figure 3: Global EMR/EHR Market to grow to \$22.3 billion by the end of 2015



For more information, please contact:

Kaveh Safavi, M.D., J.D.
kaveh.t.safavi@accenture.com

Kristin Ficery
kristin.l.ficery@accenture.com

Andrew Truscott
andrew.j.truscott@accenture.com

Drew Boston
drew.boston@accenture.com

About This Study

Accenture analyzed the global hospital-based electronic medical record (EMR) and electronic health record (EHR) market, with an emphasis on 10 international regions: Australia, Brazil, Canada, France, Germany, Japan, The Nordics, Spain, the United Kingdom and the United States. Other large markets—namely, India and China— were not studied due to maturity levels of the health market. Accenture applied its previous research with new research that included top-down market research, project experience, global subject matter advisors and third party analysis to test and validate addressable market size and growth rate projections.

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¹ Addressable Market defined as hospital providers (all sizes) and IT Services for business (Consulting, Implementation, Business Process Outsourcing, IT Outsourcing)

² Electronic medical records (EMRs) are defined as patient treatment records, including a patient's background information and history of patient care, maintained within a hospital or clinic. Electronic health records (EHRs) are defined as patient health records that include clinical data and information from multiple sources and that are maintained outside of a single hospital or clinic.

³ Accenture Research, Overview of International EMR/EHR Markets, 2010

⁴ Americas include North America and South America; EMEA includes Europe, Middle East and Africa; Asia Pac includes Australia and Asia

