Healthcare: IT as a competitive necessity

Around the world, the healthcare industry has been undergoing an unprecedented transformation. Healthcare providers are focusing more on costs and efficiency while exploring new operating models. At the same time, individuals are exerting more control over their healthcare choices, forcing both payers and providers to become more consumer-centric organisations, with an emphasis on transparency, accountability and information-sharing.

In the United States, the Affordable Care Act has made an impact; in Europe, many national health systems are under significant financial pressure as demand steadily grows. In fact, many countries are grappling with issues involved with ensuring that patients have access to affordable, high-quality healthcare. In many cases, technology and digital strategies have been promoted for their potential to improve healthcare delivery and reduce costs.

A recent survey of digital and business strategy conducted by the Economist Intelligence Unit and sponsored by DXC Technology found that healthcare organisations are moving aggressively to adopt digital technologies. Most notably, the 52 respondents from healthcare organisations in the survey say their companies are focused on becoming more digital as a competitive necessity rather than as a differentiator.
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The majority of healthcare executives surveyed say their organisations have adopted digital technologies across functions and are effectively sharing information among regions and business units and with internal and external stakeholders. Further, they plan to make IT investments that will support collaboration among internal stakeholders and will enable even greater information-sharing with external stakeholders.

Insights from Ben Patel, vice president and chief information officer at Chicago’s Sinai Health System, affirm the findings in the survey. “The whole world is becoming a network. Our digital strategy, then, is about not only competitive advantage but also connecting. Digital technologies allow us to connect with patients, understand their needs, and tailor and design a treatment for them.”

Healthcare executives, like their counterparts at other organisations, are strongly focused on using digital investments to drive efficiency. To truly understand digital strategy in these organisations, it’s essential to look at who is leading IT and at companies’ specific investment priorities.

Strategy, leadership and goals

In other industries, a roughly equal share of respondents said that CIOs or CEOs are driving IT strategy. At healthcare organisations, however, this responsibility more often resides with CIOs (38% compared with 29% of CEOs). Also noteworthy is that 17% of respondents indicated that a C-level executive other than the CEO or CIO has this responsibility.

Regardless of who is in charge, healthcare organisations view technology as an enabler of better performance rather than as a driver of business strategy. Respondents say the primary goals for healthcare organisations in becoming more digital are increased efficiency (50%), keeping up with existing competitors (39%) and cutting costs (31%). Healthcare is the only industry included in the survey with such a prominent focus on competition. Indeed, as more healthcare organisations adopt a customer-centric focus, executives are investing in IT to keep pace.

“In healthcare there are essentially three drivers,” said Mr Patel. “We have the technology revolution happening all around us, the patient-centered care consumers are calling for, and the
value-based care model. These three items combine to drive changes in digital investments—ultimately aiming to optimize the experience for patients.”

Perhaps since they are still early in this journey, just 11% of respondents in healthcare currently view IT investments as a driver of competitive advantage.

**Budgets and investment priorities**

Respondents at healthcare organisations indicate that budgets are more often managed at least in part by regions compared with companies in other industries (44% v 24%). This result isn’t surprising given the geographic concentration of hospital systems and the need to align a system’s capabilities with regulations and the needs of patients in local markets.

Healthcare organisations plan to focus much of their IT investments on digital technologies that support mobile devices, with respondents indicating more often than executives in other industries that their organisation would increase use of smartphones and social tools as well as the public cloud. This planned spending likely reflects the increase in mobile care delivery and the need for practitioners to record and monitor patient information on the go. Organisations may also be building the capabilities to support activities such as remote patient monitoring that have the potential to change the care delivery model.

Mr Patel noted the importance of these technologies: “Mobile is a part of our digital footprint. Our mobile strategy is about using these technologies on both sides: for in-house operations and with patients. Remote patient monitoring, likewise, is playing a huge role, and now and going forward it’s not going to be optional. Every health system in the US will have to have a virtual care offering. Wearable devices and sensors are going to proliferate, creating a new culture and new challenges but also new solutions.”

**Technology choices**

How, if at all, do you expect your company’s use of each of the following technologies to change? (% of respondents who stated they will “increase use” and “start using”)

- **Public cloud**
- **Smartphones**
- **Cybersecurity tools**
- **Social tools**
- **Hybrid cloud**
- **Cloud-based application services**
- **Tablets**
- **Collaboration software**
- **Desktop and/or laptop PCs**
- **Private cloud**
- **Traditional on-premises servers**
- **Open-source software**

Totals do not add to 100% because of rounding and because respondents saying “don’t know” are not included.

Source: Economist Intelligence Unit, 2016.
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Going forward
Healthcare organisations more often than other companies indicate that they will increase spending somewhat or a lot in the next three years (62% v 52%)—supporting the finding that IT is a competitive priority in healthcare. Even with this increase, executives still cite budget constraints as the top challenge to achieving their goals, a nod to the degree that healthcare organisations increasingly rely on technology to drive business performance. Investments are expected to include building capabilities and technologies to enable operations through the use of new software development platforms, greater mobility and attention to cybersecurity. Healthcare executives (like those in other industries) view these goals as very achievable: approximately 9 in 10 respondents feel confident in their IT department’s technologies and capabilities to support business goals.

In the face of myriad changes in the healthcare industry, executives recognise how crucial digital technologies will be going forward. As healthcare consumers demand more transparency and better service, healthcare organisations are being forced to invest in apps and online tools. As new technology-enabled care delivery causes further re-examination of business models, executives will need to invest in platforms that can support practitioners and patients alike. For healthcare organisations, therefore, investments in digital technologies are becoming ever more critical contributors to strategic success.

About this research

What makes digital leaders: A full C-suite perspective, a survey conducted by the Economist Intelligence Unit and sponsored by DXC Technology, explores links between digital technologies and strategic success, current investments in IT and how companies plan to use digital technologies going forward. This report’s analysis is based on a sample of 514 respondents comprising CIOs and senior executives at companies across a range of industries and regions. Complete details on the survey can be found here.

We would like to thank Ben Patel, vice president and chief information officer at Chicago’s Sinai Health System, for his insights.

This report was written by Scott Leff and edited by Josselyn Simpson.

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