

Final Report
13th ANNUAL HIMSS LEADERSHIP SURVEY
Sponsored by Superior Consultant Company

Sponsored by **Superior Consultant Company**, the 13th Annual HIMSS Leadership Survey reports the opinions of information technology (IT) executives from healthcare provider and vendor organizations from across the U.S. regarding the use of IT in their organizations. The survey is designed to obtain information about IT priorities, barriers, applications, and other crucial factors in the use of IT to enhance healthcare.

This is the second of two reports on findings from the 13th Annual HIMSS Leadership Survey. It reflects the opinions of vendor organizations in the United States. The first report, released in January 2002, presents the opinions of provider organizations.

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13th Annual HIMSS Leadership Survey

1. Executive Summary

The 13th Annual HIMSS Leadership Survey, sponsored by Superior Consultant Company, suggests that interest in HIPAA, clinical information systems, and data security is strong; while the importance of firewalls, thin clients, and ASPs will decrease in the next two years.

- **HIPAA:** Respondents reported that security upgrades on IT systems to meet HIPAA requirements is their clients' top priority (56%), and is projected to remain a priority in the next two years (59%). Seventy-two percent of respondents believe HIPAA compliance will be the business issue that will most impact healthcare in the next two years.
- **Clinical applications:** Clinical information systems were identified most frequently - 65% - as the most important healthcare application area for clients over the next two years. Computer-based patient records (58%) and point-of-care decision support (48%) were also identified as important applications.
- **Data Security:** When asked to identify the technologies they considered most important to their healthcare clients now, nearly half of the respondents (48%) indicated data security. Forty-six percent of respondents identified firewalls as one of the top two most important security tools for healthcare organizations currently, while only 27% believe that will remain the case two years from now. Rather, in two years, 32% predicted that data encryption will be among the most important security tools in healthcare, along with biometric technologies (29%).
- **ASPs:** Forty-five percent of respondents indicated they offer ASP applications, and 39% indicated they do not. The top three ASP applications are the electronic patient record (37%), practice management (29%), and departmental systems (22%). Almost half of respondents - 48% - who do not offer an ASP at this time do not anticipate offering an ASP in the future.
- **IT Outsourcing:** Over half of respondents (55%) predicted their outsourcing revenues would increase in the next twelve months. When respondents were asked which of their service areas they expected the revenue increase to impact, the areas most frequently identified were systems integration (38%), system installation (32%), and technical support (32%).

Other notable findings include:

- Lack of adequate financial support for IT at a client's facility, a clients lack of a strategic IT plan or the failure to execute an implementation plan already in place, and difficulty in proving quantifiable benefits/ROI on IT investment to client were identified as the most significant barriers to successful IT implementation in client organizations.

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- Programming was identified as the primary area where vendor organizations have information technology staffing needs. System design (26%) and networking (25%) were also identified as areas with staffing needs.

2. Methodology

To ensure the most informed, representative coverage of the field possible, data were solicited from one individual per supplier/consultant organization. Just over 1,000 CEOs and/or healthcare division leaders at vendor, supplier, and consulting organizations across the United States were contacted via e-mail and U.S. mail. This format helped ensure that each organization was represented only one time in the survey and that the respondent was a senior-level executive at that firm.

One senior-level executive from 96 different vendor, supplier, and consultant organizations located throughout the United States completed the self-administered Web-based questionnaire over a seven-week period beginning on November 19, 2001. Data from healthcare providers were captured in a separate survey; the results were reported at the 2002 Annual HIMSS Conference and Exhibition in January.

3. Profile of Survey Respondents

Almost half of the respondents were chief executive officers. Another 10% of respondents were chief information officers or chief technology officers. The remaining respondents include consultants, directors, vice presidents, chief operating officers, executive vice presidents, chief financial officers, and managers. Over half – (54%) - reported that strategy was their primary responsibility within their firm. Other areas of primary responsibility include consulting, marketing, sales, product management or product development, and implementation.

Respondents identified their company's primary business in the following manner:

- Enterprise application vendor—28 percent;
- Consulting firm—23 percent;
- Departmental/niche application vendor—13 percent;
- ASP application vendor—9 percent;
- Networking vendor—4 percent;
- Hardware vendor—1 percent

The remaining 22% of respondents indicated that the primary focus of their firm was something other. These responses included outsourcing, transcription services, and executive search firms.

Eighty percent of the respondents indicated that their company targets the hospital marketplace. Another 61% indicated they target the physician office marketplace and

39% indicated they target alternate healthcare facilities, such as nursing homes or home health agencies.

Almost 87% of responding firms indicated that between 76% and 100% of their company's business is focused on the healthcare industry. Another 8% indicated that between 26% and 75% of their company's business is focused on healthcare. The remaining 5% of respondents indicated that 25% or less of their company's business is focused on healthcare.

Annual gross revenue for the vendor organizations represented in this year's survey is:

- Less than \$5 million—42 percent;
- \$5 million to \$9 million—17 percent;
- \$10 million to \$29 million—9 percent;
- \$30 million to \$49 million—6 percent;
- \$50 million to \$99 million—7 percent;
- \$100 million to \$500 million—9 percent;
- More than \$500 million—5 percent

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4. IT Priorities

Security upgrades, integration of systems, and medical error reduction identified as client's top IT priorities.

Survey respondents were asked to identify what they felt were the top IT priorities for their clients, both today and in two years. The top three areas most frequently cited—both as current priorities and during the next two years—were security upgrades on IT systems to meet HIPAA requirements (56% currently; 59% over next two years), integration of systems in a multi-vendor environment (52% currently; 46% over next two years), and implementation of technology to reduce medical errors and promote patient safety (46% currently; 47% over next two years).

HIPAA compliance (72%) was identified by respondents as the business issue they believe will most impact healthcare in the next two years. Cost pressures were ranked second at 55% and improving operational efficiency is third at 44%.

Figures:

Figure 7. Top IT Priorities (Today vs. Next Two Years)

Figure 8. Top Business Issues Facing Healthcare in Next Two Years

5. IT Barriers

Vendors identify lack of financial support, failure to execute/develop implementation plans, and proving ROI as barriers to implementing IT in their client's organizations.

Respondents were asked to identify what they considered to be the most significant barrier to successfully implementing IT in their client's organizations. The top three barriers cited were lack of adequate financial support for IT at the client's facility (21%), client's lack of a strategic IT plan or the failure to execute implementation (19%), and difficulty in proving quantifiable benefits/return on IT investment to client (18%).

Figure:

Figure 9. Most Significant Barrier to IT Implementation at Client Facilities

6. IT Applications

Clinical information systems identified as most important to healthcare clients over the next two years.

Survey respondents were asked to identify the healthcare applications areas they considered to be the most important for their healthcare clients over the next two years. The three areas most frequently cited were clinical information systems (65%), computer-based patient record (58%), and point-of-care clinical decision support (48%).

Figures:

Figure 10. Applications Areas Considered Most Important For Healthcare Clients Over Next Two Years

7. IT Security

Biometric technologies are predicted to become more important in maintaining data integrity in the next two years; the importance of firewalls is expected to decline.

Respondents were asked to indicate which two security tools they felt were the most important to healthcare organizations in maintaining data integrity, both currently and in the next two years. Firewalls (46%), data encryption (35%), and audit logs of each access to patient health records (32%) were the most frequently cited security tools at this time.

In two years, data encryption, identified by nearly a third of the respondents, is predicted to be one of the most important security tools that healthcare organizations will use to maintain data integrity. The two categories in which respondents predicted the greatest change in relative importance over the next two years were firewalls and biometric technologies for encryption. Firewalls are anticipated to be less important in two years than they are today, dropping 19 points from 46% to 27%. Conversely, the percentage of respondents who identified biometric technologies increased significantly from 16% to 29%.

Figures:

Figure 11. Security Tools (Today vs. Two Years)

8. Technology Adoption

Data security tools are, and will continue to be, important to healthcare users. Wireless technologies are predicted to become more important, while use of thin-clients is predicted to decline. Application service provider offerings are mixed.

When asked to identify the technologies they considered most important to their healthcare clients now, nearly half of the respondents (48%) indicated data security. Other top technology categories were intranet (40%), wireless information appliances (40%), and high-speed networks (39%).

Respondents indicated that data security and wireless information appliances will also be among the most important technologies for their clients in the next two years. Each category was cited by 50% of respondents. Extranet (45%) and handheld personal digital assistants (45%) were the next most frequently mentioned technologies. The most dramatic decline in importance was in the area of thin client technology, dropping from 38% (important now) to 25% (important in the next two years).

ASP technology offerings are mixed; as 45% of respondents indicated they offer ASP applications and 39% indicated they do not. The most frequently cited applications offered to clients were electronic patient record (37%), practice management systems (29%), and departmental systems (e.g. laboratory, pharmacy, radiology) (22%). Those applications most likely to be offered as ASP applications in the next two years are electronic patient records (29%), departmental systems (23%), and practice management systems (17%).

Figures:

Figure 12. Technology Adoption for Healthcare Clients (Today vs. Next Two Years)

Figure 13. Offer ASP Solutions to Clients

Figure 14. Timeframe for Offering ASP Solutions

Figure 15. ASP Solutions Offered (Today vs. In Two Years)

9. IT Outsourcing

Respondents predict an increase in outsourcing revenue.

Over half of respondents (55%) predicted their outsourcing revenues would increase in the next twelve months. Only 4% predicted a decrease and 31% predicted no change. When respondents were asked which of their service areas they expected the revenue increase to impact, the areas most frequently identified were systems integration (38%), system installation (32%), and technical support (32%).

Figures:

Figure 16. Projected Outsourcing Revenue

Figure 17. Outsourcing Services

10. IT Decision Makers and Staffing Needs

Client CIOs are the primary IT decision makers. Vendor staffing needs are greatest in the area of programming.

When asked to identify who, in their experience, was the primary IT decision maker within their clients' organizations, 45% indicated it was the chief information officer, 25% indicated chief executive officer, and 10% indicated chief financial officer.

Within their organization, respondents indicated that IT staffing needs were greatest in the areas of programming (28%), system design and implementation (26%), and network and architecture support (25%).

Figures:

Figure 18. Primary IT Decision Maker at Client Facilities

Figure 19. 2002 IT Staffing Needs

11. Survey Sponsors

About Superior Consultant Company

Superior Consultant specializes in Digital Business Transformation™ services that enable clients to thrive in the information-driven economy. Superior's IT consulting, outsourcing, and management consulting services -- coupled with the company's 17 years of experience providing innovative solutions to the healthcare industry -- enable clients to meet their fiscal challenges without compromising clinical quality. For more information on Superior Consultant, simply dial 1-800-PRO-INFO and enter the Company ticker: SUPC (a no-cost fax-on-demand service) or visit the Company's Web site at www.superiorconsultant.com.

About HIMSS

The Healthcare Information and Management Systems Society (HIMSS) provides leadership in healthcare for the management of technology, information, and change through member services, education and networking opportunities, and publications. Members are kept abreast of the latest industry information and research, as well as legislative and policy issues. Based in Chicago with an office in Ann Arbor, Mich., HIMSS has 37 chapters and more than 12,000 individual members working in healthcare organizations throughout the world. Individual members include healthcare professionals in hospitals, corporate healthcare systems, clinical practice groups, HIT supplier organizations, healthcare consulting firms, and government settings in professional levels ranging from senior staff to CIOs and CEOs. HIMSS also serves corporate members, which include suppliers and consultants in the health information and management systems industry. HIMSS' Web site is www.himss.org.

12. How to Cite This Study

Individuals are encouraged to cite this report and any accompanying graphics in printed matter, publications, or any other medium, as long as the information is attributed to the 13th Annual HIMSS Leadership Survey sponsored by Superior Consultant Company.

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