



## How Healthcare IT Vendors Can Maximize Commercial Potential

Healthcare companies are looking to increase efficiency gains and cost savings without compromising quality of care. At the same time, consumers want and expect a better engagement experience with their healthcare providers. In this era of shifting financial accountability and healthcare consumerism, healthcare IT (HCIT) will play an increasingly critical role in the effectiveness of both care delivery and patient engagement.

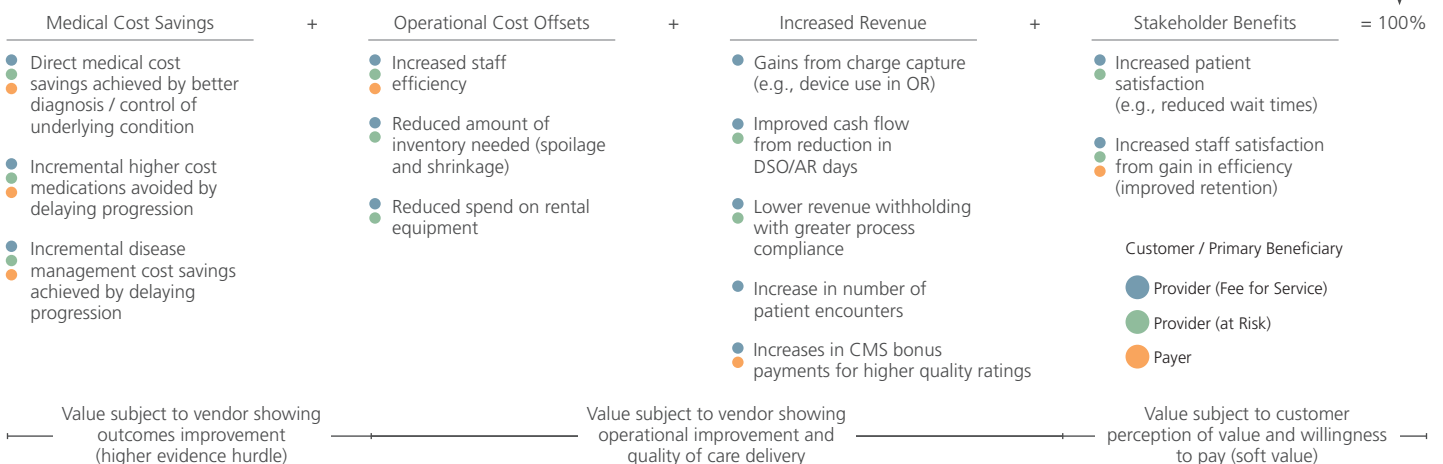
So the key question is: Are your healthcare IT products and services creating maximum value for your customers? The value created by healthcare IT is in the eye of the beholder and must be carefully developed to meet the needs faced by distinct customers (e.g., payers, fee-for-service (FFS) providers or integrated health system/at-risk providers).

The value created and eventually shared between you and your customers depends on answers to three questions:

- What are ROI expectations?
- Is quality of evidence available to prove measures of value?
- What is the customer's willingness to pay for "softer benefits?"

### How HCIT Solutions Create Value

Total value created from an HCIT solution to a healthcare customer



Source: L.E.K. research and analysis

## Executive Insights

# Healthcare Spotlight

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Essentially, HCIT vendors create the most value by focusing on the value drivers that are relevant to providers, payers or integrated health system/at-risk customers.

### HCIT focus: create a value exchange

As healthcare IT vendors develop and enhance product features and pricing strategies, your products can effectively create a value exchange between you and your customer in several key areas. For example, how can you drive greater medical cost savings, increase operational efficiency, boost revenue and improve benefits to stakeholders (e.g., staff or patients)?

Maximizing the value exchange between your organization and your customer will depend largely on how effectively your products and services are able to address the following issues:

- **Articulate improved outcomes across the “right” metrics.** For example, HCIT solutions that focus on operational workflow (e.g., inventory management, patient and staff tracking, care coordination solutions) drive value through efficiency gains. Solutions focusing on clinical measures (e.g., population management, patient engagement) drive value creation primarily through medical benefits/outcomes improvement, reduced re-hospitalization rate, and so on.
- **Recognize the need to overcome evidence hurdles to achieve demonstrated consensus on value.** Value assessments can vary. For example, some measures (e.g., charge capture) are relatively easier to quantify and have a lower, readily tangible evidence hurdles (e.g., revenue collected). Other measures such as medical cost savings have higher hurdles, sometimes requiring clinical trials for evidence on outcomes improvement. Absent evidence, customers will substantially discount any HCIT claim on value delivered.
- **Think carefully about payment models.** Any model that is mutually beneficial for both customers and HCIT vendors (e.g., gain sharing) will stand a better chance of gaining traction. The sooner compelling evidence is presented, the sooner HCIT vendors can move away from contingency payments and capture “full” value for their solutions.

### Contact

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