

Harvey Nash/KPMG CIO Survey 2017

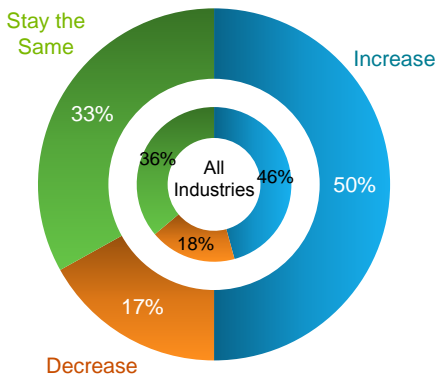
Healthcare Sector Findings

The Harvey Nash/KPMG CIO Survey is the largest IT leadership study in the world, with almost 4,500 respondents across 86 countries, representing over US\$300bn of IT budget spend.

This healthcare sector snapshot provides survey responses from 313 healthcare companies on some of the key topics, and highlights several areas where this sector's responses differed significantly from those from across all industries.

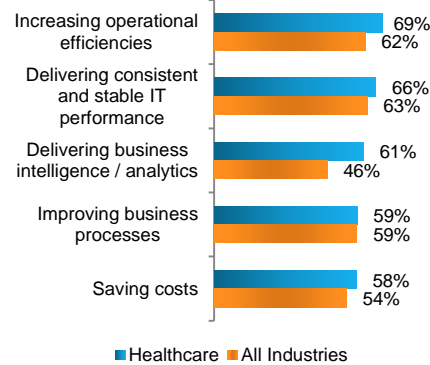
Key Topics

Looking forward, over the next 12 months, do you expect your IT budget to?



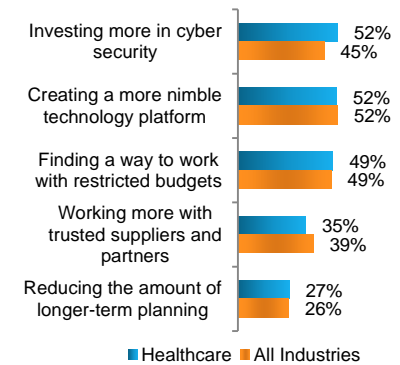
Healthcare companies are **somewhat more optimistic about their IT budgets for next year** than those in other industries, with more expecting a budget increase (50% vs 46% for all industries), and fewer a decrease (17% vs. 18%).

What are the key business issues that your management Board is looking for IT to address? (top 5)



Healthcare company Boards **place a much greater emphasis on delivering business intelligence/analytics** (61% vs. 46% for all industries) and **increasing operational efficiencies** (69% vs. 62%).

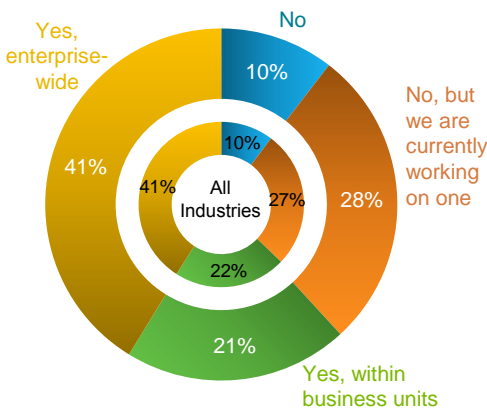
How have you adapted your technology plans to deal with uncertainty? (top 5)



Compared to other industries, healthcare companies **more often deal with uncertainty by investing in cybersecurity** (52% vs. 45% for all industries), and **less often by working with trusted supplier and partners** (35% vs. 39%).

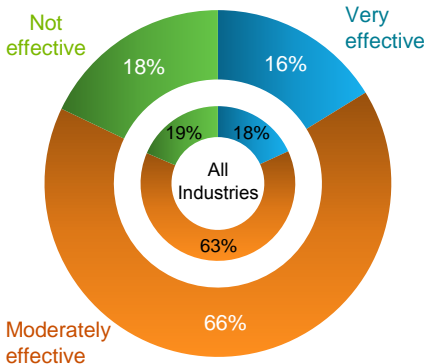
Digital Strategy

Does your organization have a clear digital business vision and strategy?



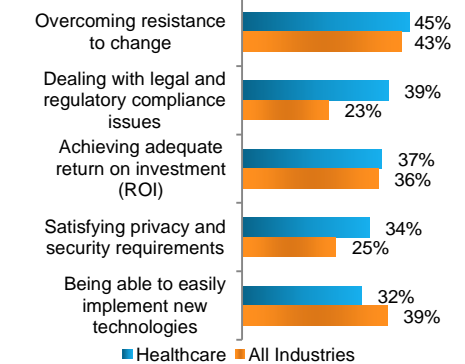
Healthcare companies are **equally likely to maintain a digital business strategy** as those in other industries, either enterprise-wide or within business units..

How effective has your organization been in using digital technologies to advance its business strategy?



Like their peers in other industries, healthcare companies **report low overall effectiveness levels in their digital strategies**, with just 16% describing their digital strategies as very effective.

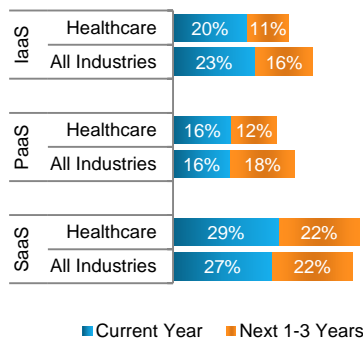
Which of the following represent the greatest challenges to your organization's successful implementation of digital capabilities? (top 5)



When implementing digital capabilities, healthcare companies **face greater challenges dealing with compliance issues** (39% vs. 23% for all industries) and **satisfying privacy and security requirements** (34% vs. 25%).

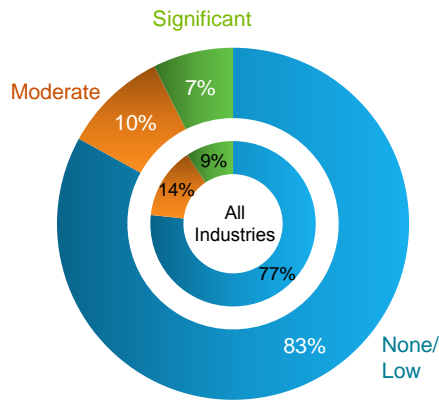
Technology & Innovation

How would you characterize your current investment in the following cloud services and how do you expect that to change over time? (Significant Investment)



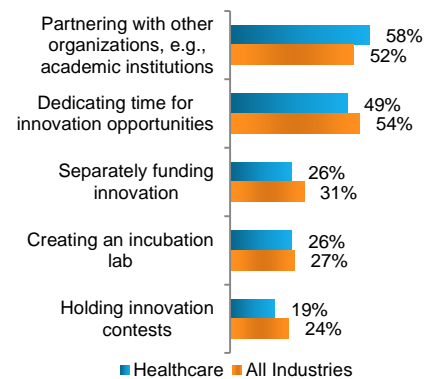
Compared to other industries, healthcare companies are **roughly equally likely to invest significantly in cloud services currently**, but generally expect to increase their investment more than other industries in the next 1 -3 years.

How would you characterize your current investment in digital labor?



Healthcare companies **have invested less heavily in digital labor** than those in other industries, with fewer making both significant investments (7% vs. 9% for all industries) and moderate investments (10% vs. 14%).

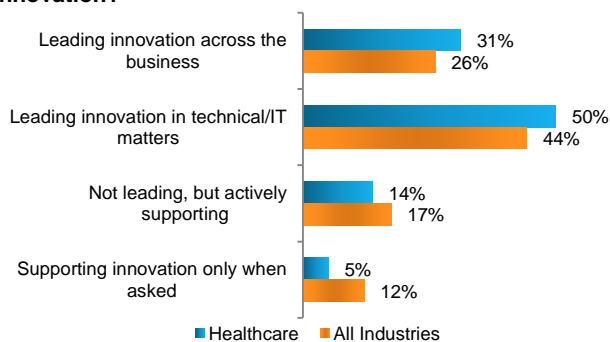
In which of the following ways is your organization fostering innovation?



Healthcare companies generally undertake fewer **innovation-related activities** than in other industries. They are, however, **more likely to partner with other organizations** (58% vs. 52% for all industries).

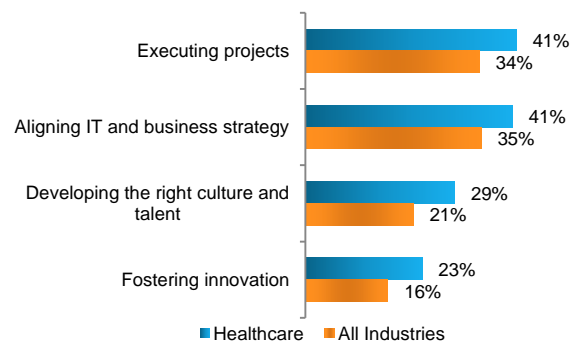
Significant Differences

Which of the following do you think best describes the role your organization's CIO is currently playing in promoting innovation?



Compared to non-industry peers, healthcare CIOs are **more likely to lead innovation across the business** (31% vs. 26% for all industries), **and in technical/IT matters** (50% vs. 44%). They are **less likely to take secondary, supporting roles**.

How effective is your IT organization in each of the following capabilities? (Very Effective)



Healthcare companies **exceed cross-industry effectiveness benchmarks in in many key IT capabilities**. Like in other industries, however, they find fostering innovation relatively challenging, with just 23% considering themselves very effective.

Conclusions

In general, IT in Healthcare has been underfunded, particularly in innovation. Given the tight relationship to the political environment, healthcare organizations are usually limited to 12-month funding cycles, which is often not a sufficient length of time to demonstrate success or ROI from innovative investments. Due to these limited funds, it is no surprise that Healthcare organizations are behind the curve with investing in digital labor, and they are more likely to partner with other organizations to foster innovation.

Management boards are looking to IT to drive operational efficiencies – from patient care, to customer service. Transformation projects of this kind can be incredibly complex and often efficiencies don't realize in the early stages, causing management to lose confidence. It is imperative for IT to set realistic expectations and deliver against these.

However, there is certainly reason for optimism, and the industry is driving more towards digital solutions. The U.S. and other countries have invested heavily in Electronic Health / Medical Records (EHR / EMR), and there are more opportunities to move to a consumption-based IT model, which helps both with funding and to manage uncertainty. Ultimately, those organizations who have mastered the fundamentals of IT delivery will have more opportunities and funding available to drive innovation.

Further information

Richard S. Bakalar, M.D., FATA
 Managing Director, Healthcare Solutions
 KPMG in the U.S.
 T: + 1 303 382 7014
 E: rbakalar@kpmg.com

Ashraf Shehata
 Principal, Advisory – Healthcare Solutions
 KPMG in the U.S.
 T: + 1 513 604 3504
 E: ashehata@kpmg.com



The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2017 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent member firms affiliated with KPMG International, KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.