



IDC MarketScape: U.S. Ambulatory EMR/EHR for Small Practices 2012 Vendor Assessment

IDC Health Insights: Healthcare Provider IT Strategies

VENDOR ASSESSMENT #HI234732E

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IN THIS EXCERPT

The content for this excerpt was taken directly from the IDC MarketScape: "IDC MarketScape: U.S. Ambulatory EMR/EHR for Small Practices 2012 Vendor Assessment" by Judy Hanover and Sven Lohse (Doc # HI234732). All or parts of the following sections are included in this excerpt: IDC Health Insights Opinion, In This Study, Situation Overview, Future Outlook, and Essential Guidance. Also included is Figure 1.

IDC HEALTH INSIGHTS OPINION

This IDC MarketScape provides an assessment of 11 electronic medical record/electronic health record (EMR/EHR) products that target small practices and qualify for American Recovery and Reinvestment Act (ARRA) incentives. Providers that demonstrate meaningful use of EHRs have the opportunity to benefit from federal incentives while implementing clinical applications to advance care quality initiatives, improve patient safety, and prepare practices for the future. Yet EHR technology, the requirements and deadlines for meaningful use incentives, and the need to integrate the new technology into practice patterns present complex issues and challenges for small practices. Shortsighted small practices that allow the limitations of meaningful use to dictate their approach to EHR will forego the long-term strategic advantage created by effective use of EHR and may fail to compete under healthcare reform. The challenge for small practices is to find an EHR solution that allows them to meet requirements and garner incentives while developing opportunities to enhance productivity and profits, improve clinical quality, and compete in the future. Key findings include:

- Small practices should pay attention to the functionality needed to support their practices now, select products that are certified for meaningful use, and also have components that will prepare them for healthcare reform.

- Key features of products that are expected to be needed for small practices to compete in the healthcare reform environment include flexible functionality that can be configured to support practice workflows, highly usable clinical documentation tools that preserve productivity, strong decision support capabilities, interoperability, and clinical, financial, and operational analytics.
- Additional features that small practices should consider include mobility options for the use of mobile devices, pricing, the financial stability of the vendor, and the licensing models offered.

IN THIS STUDY

This IDC Health Insights study uses the IDC MarketScape software vendor assessment model to provide a quantitative and qualitative assessment of the capabilities and strategies of EMR/EHR vendors with solutions targeted at the small practice ambulatory EHR market. The assessment is based on buyer and vendor surveys, analysts' assessment, and observations of industry best practices.

For practices implementing EHR and hospitals selecting EHR for affiliated practices, with implementations in progress or considering replacing existing technology, this report presents solutions that meet current regulatory requirements and help to prepare practices for the future demands of healthcare reform. Most U.S. practices considering EMR/EHR have concerns about their ability to implement while preserving productivity, workflow, and quality of care. Many practices that already have EMR/EHR in place struggle with these same issues. This report presents, compares, and evaluates 11 solutions that include market leaders and innovators that supply technology that meets regulatory requirements and the needs of small practices. These solutions support the concerns specific to small practices, help to promote patient safety and improve the quality of care, preserve revenue streams, and prepare practices to compete in the new business models emerging under healthcare reform.

Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market

weightings are based on user interviews, buyer surveys, and the input of a review board of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

Sources of information for this report include:

- **Vendor briefings.** Briefings were provided by the vendors that have products featured in the report, with the exception of MEDITECH, which was offered the opportunity to provide briefings, but declined.
- **Customer references.** Interviews were held with customers of the products covered in the report, including those references provided by the vendors as well as other customer references known to IDC Health Insights. At least two detailed half-hour reference conversations were held for each product covered.
- **Secondary research.** Secondary research for the report included vendor, user, and product Web sites and blogs, as well as existing IDC Health Insights research covering this market and these products.

The definitions of EMR and EHR can be complicated and confusing. This report uses the term *EMR/EHR* to refer to those EMR and EHR products that meet, or are expected to meet, the federal qualifications for certification for meaningful use. More information on the definitions of EMR and EHR and the certification for meaningful use are provided in the Learn More section of this report.

SITUATION OVERVIEW

The market for electronic health and medical records is maturing rapidly, under the influence of government incentives for the American Recovery and Reinvestment Act of 2009. ARRA presents an unprecedented opportunity for providers to garner federal incentives for demonstrating meaningful use of clinical applications that will help to improve the quality of care, enhance patient safety, and prepare their practices for the future. However, the EHR technology itself, the requirements and deadlines for achieving meaningful use and capturing incentives, and the need to change their business practices and integrate the new technology into practice patterns present complex issues and challenges.

If providers allow the constraints of meaningful use to dictate their technology choices and limit the goals for implementation, they will only see the short-term incentives and not the long-term benefits that

EHRs can bring to their practices. How should providers go about selecting and implement EHRs that meet the requirements but also fit their practices and provide opportunities to enhance productivity and profits, improve clinical quality, and compete in the emerging health reform landscape? This IDC MarketScape highlights the attributes and key capabilities that providers should look for when selecting an EHR, and offers a guide for using best practice-based approaches to leveraging an EHR to build competitive advantage in small practices.

FUTURE OUTLOOK

IDC MarketScape Ambulatory EMR/EHR for Small Practices Market Vendor Assessment

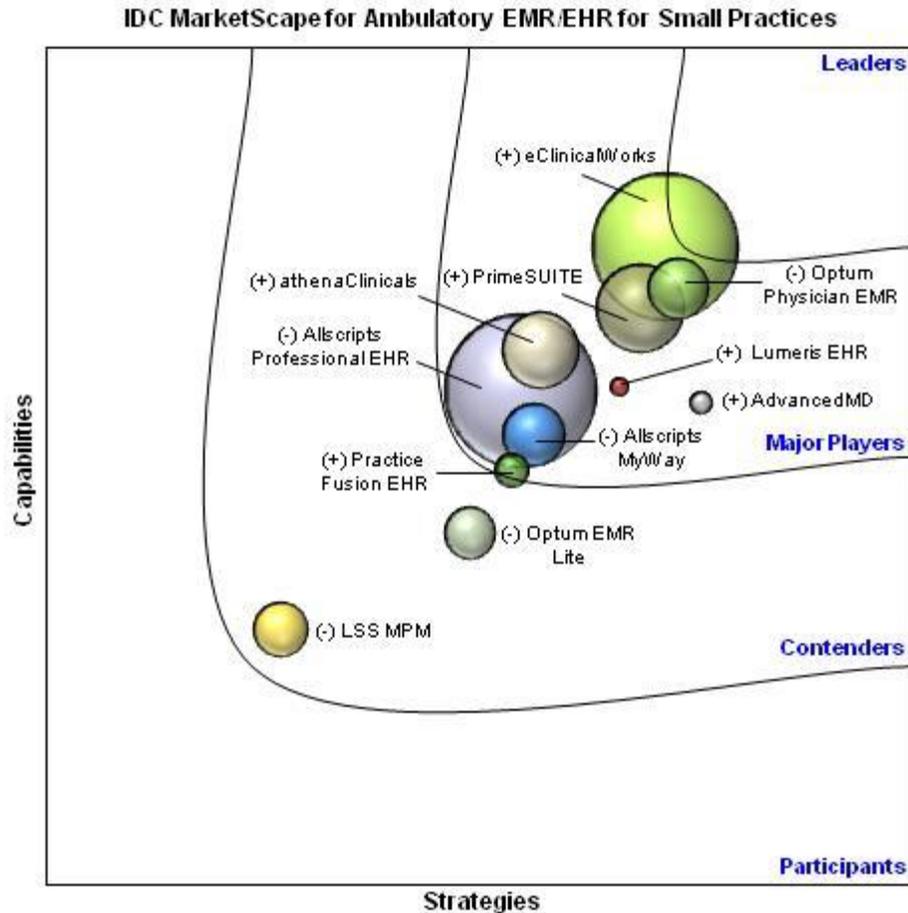
The IDC MarketScape vendor assessment for ambulatory EMR/EHR products targeted at small practices represents IDC Health Insights' opinion on which vendors are well positioned today through current capabilities and which vendors are well positioned to gain market share over the next few years. Positioning in the upper right of the grid indicates that vendors are well positioned to meet market needs. The most critical criteria for positioning on the x-axis and y-axis are as follows:

- Positioning on the y-axis or capabilities axis reflects the vendor's current capabilities and menu of services and how well aligned it is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.
- Positioning on the x-axis or strategy axis indicates how well the vendor's future strategy aligns with what customers will require in one to four years. The strategies category focuses on high-level strategic decisions and underlying assumptions about offerings, customer segments, business, and go-to-market plans for the future, in this case defined as the next one to four years. Under this category, analysts look at whether or not a supplier's strategies in various areas are aligned with customer requirements (and spending) over a defined future time period.

Figure 1 shows each vendor's position in the vendor assessment chart. Its market share is indicated by the size of the bubble and a (+), (-), or () icon indicates whether or not the vendor is growing faster than, slower than, or even with, respectively, overall market growth.

FIGURE 1

IDC MarketScape: U.S. Ambulatory EMR/EHR for Small Practices Market Vendor Assessment



Source: IDC Health Insights, 2012

Vendor Summary Analysis

eClinicalWorks

eClinicalWorks (www.eclinicalworks.com) is a privately held company founded in 1999 and headquartered in Westborough, Massachusetts. It reports 2011 revenue of more than \$210 million. eClinicalWorks is focused entirely on the ambulatory EMR/EHR and practice management space, and its product suite is marketed under the company name. eClinicalWorks is focused on providing low-cost, intuitive functionality to outpatient ambulatory practices of all sizes. The company has strong penetration among small, midsize, and large

practice groups and networks of practices and claims that 60,000 providers in 9,000 practices use its products. The product suite includes an EMR/EHR and an integrated practice management application.

The eClinicalWorks suite of EMR/EHR and PM software is typically deployed together and is available on most deployment platforms and payment models. The eClinicalWorks EMR/EHR is Internet based and can be either installed at customer sites or accessed as SaaS, supplied by eClinicalWorks. About 90% of sales are direct, and eClinicalWorks provides its own implementation services using an in-house team and a templated 12-week implementation process for EMR and PM, or 8 weeks for just EMR.

Specific functionality for particular practices, specialties, and usage (e.g., eClinicalMobile) can be easily enabled within the basic software suite. eClinicalWorks integrates with numerous third-party hospital systems via XML, IHE, or HL7 data transfer. eClinicalWorks is enabled for use on wireless devices and optimized for use with tablet PCs. Reporting is ad hoc via eBO that uses Cognos 8.0 and is individualized for the needs of the large provider groups that make up the majority of the company's customer base. eClinicalWorks reporting is used for participation in pay-for-performance programs by a number of its clients and has met the requirements for reporting by federally qualified health centers.

eClinicalWorks has experienced rapid growth since 2004 and claims to have grown 44% from 2009 to 2010. The range of practice sizes among its client base spans from 1 to 1,700 providers. High-profile customers include Memorial Hermann, Children's Hospital Boston, Children's National, Northwestern, BayCare Health System, Tufts Medical Center, and 33% of the country's federally qualified health centers, as well as the New York City Department of Health and Mental Hygiene. eClinicalWorks is CCHIT ONC-ATCB certified for 2011–2012 with an additional certification for Child Health in 2008 and for 2011–2012. eClinicalWorks is listed in the IDC MarketScape's Major Players quadrant and the Leaders quadrant in *IDC MarketScape: U.S. Ambulatory EMR/EHR for Midsize and Large Practices 2011 Vendor Assessment* (#HI230719, November 2011) and should be considered a strong choice for practices that want a cost-competitive, innovative, highly configurable solution that can serve a wide range of practices in the community in both SaaS-based and on-premise installations and offers significant opportunity for growth.

ESSENTIAL GUIDANCE

Actions to Consider

For Small Practices Selecting New and Replacement EHRs

Choosing the right EMR/EHR solution will help to accelerate adoption for practices and drive users toward both meaningful use and the quality and efficiency goals of healthcare reform. An EMR/EHR solution for a small practice should include:

- **Functionality.** The solution should offer functionality that meets the requirements of meaningful use now, while providing functionality and a product road map that will prepare small practices for healthcare reform.
- **Industry standards.** Interoperability is a requirement of meaningful use and healthcare reform, and providers will need to implement interoperable systems that participate in health information exchange and actively exchange data with local hospitals, payers, and other providers to qualify for reimbursement under ARRA and participate in future accountable delivery networks. Providers should consider EMR/EHR products that utilize industry standards and interoperability that creates efficiencies for providers and allows collaboration with fellow care providers in the community that will be essential for small practices to participate in and thrive under accountable care.
- **Pricing and value.** Solutions should offer pricing that correlates well with the value of the application to the practice in question, taking into account that one size does not fit all and the needs of small practices differ from those of large. Vendors should offer licensing options that meet the requirements of small practices. EMR/EHR application choices include decisions about architecture and delivery.
- **SaaS options.** Practices should carefully consider whether they plan to invest in onsite servers and support, or if offsite hosting and SaaS offerings are more practical given their available resources for support, facilities, and budget. Decisions on delivery and licensing affect the implementation process, cost of the application, and the eventual experience of the practice in the day-to-day use of the application. The architecture of the application, and how suitable this architecture is to delivery via hosting and/or SaaS, are strong determinants of the functionality and performance available from the application, as well as the cost, and should be considered during the selection process.
- **User interface.** Solutions should offer user interface configurability that can meet the needs of the practice now and in

the near future. Unlike many of the other applications used in the ambulatory setting, such as practice management and billing applications, EMRs/EHRs are used by the providers themselves and not office staff. As they use the EMR/EHR to document clinical encounters, the application will be used for long periods of time, every day. Providers need to be intimately involved in the selection process to ensure that the style of the application fits their needs and, in large practices, those of their peers.

- **Physician, nurse, and other staff buy-in.** Physician, nurse, and staff buy-in and participation in both the system selection and implementation and the determination of configuration options are critical for a successful EMR/EHR implementation in a small practice. Early participation in system selection can help identify electronic documentation and ordering solutions that have simple and intuitive functionality that meets the needs of the practice. Participation can also help clinical staff to better understand trade-offs that need to be made during the decision process.
- **End-to-end technology assessment.** The technology aspects of EMR/EHR adoption only begin with selecting and licensing a software solution. While the right software functionality can ease the workflow transition and burden of adoption on providers, the IT infrastructure at the practice also needs to be prepared for the EMR/EHR or a solution such as SaaS selected that lowers infrastructure requirements. EMR/EHR response time, uptime, and availability are critical components of physician satisfaction, and attention and accurate assessment of the server and infrastructure configuration can help to ensure satisfactory performance. In addition, if EMR/EHR is to provide the required foundation for practices to participate in HIE, and accountable care programs under healthcare reform, these elements are critical.
- **Integration with practice management.** Existing practice management systems represent investments that can be leveraged during EMR/EHR implementation. However, expected changes in provider needs for revenue cycle management capabilities under healthcare reform, such as the ability to manage bundled and value-based payments, as well as the upcoming implementation of the Version 5010 standard for HIPAA transactions and ICD-10 coding, may make a practice management system change timely. While many practice management vendors also offer integrated EMRs/EHRs, others do not; for some practices, the EMR/EHR offered by the practice management vendor may not be the system of choice, or the practice management system offered by the EMR/EHR vendor of choice is not appropriate to the practice. The practice needs to consider the trade-offs associated with not using an integrated practice management and EMR/EHR system and make a decision that meets the needs of the individual practice.

EMR/EHR Application Differentiators

With over 350 vendors currently offering ONC-certified technology for meaningful use, EMR/EHR vendors are seeking to differentiate themselves however possible. The ARRA deadlines to complete implementations and qualify for incentives have created a battle for EMR/EHR market share. EMR/EHR differentiation strategies vary, and differentiation on the basis of functionality is limited, as EMR/EHR functionality is largely specified by the meaningful use requirements and certification specifications instituted prior to 2009.

In the absence of true differentiators based on functionality, key differentiators in the EHR market in 2011 include but are not limited to user interface design/usability, the financial stability of the vendor, the future road map of the vendor, channels and channel strategies, service offerings, delivery models, application architecture and infrastructure requirements, available pricing models, clinical mobility options, integration strategies, and the availability of complementary products/modules such as practice and revenue cycle management applications and services. With the vast number of EHR vendors competing for meaningful use installations, many serve a small customer base, and the growing functionality requirements for meaningful use make the financial stability of the vendor, and its ability to invest in the research and development required to support and sustain meaningful use certification, of vital importance to providers selecting applications.

It is clear that the EHR vendor landscape is consolidating, and many vendors are struggling to gain market share, build economies of scale, and offer products and services at competitive prices to meet the demands of meaningful use and survive in the post-ARRA market.

Vendor differentiators in the EMR/EHR market that providers should consider during EMR/EHR selection include:

- **Financial and management stability.** With the confusing marketplace including many small, unstable vendors, financial and management stability has become an important consideration for EMR/EHR buyers. For this reason, we have seen a number of ambulatory EMR/EHR acquisitions by large vertical vendors including inpatient EMRs/EHRs, horizontal IT vendors, and private equity firms seeking to consolidate ambulatory EMR/EHR market share. Although it will not be possible to avoid this consolidation cycle for many, providers should consider the financial stability and the history of the vendor when making selection decisions.
- **Service offerings.** With little differentiation available on functionality, service differentiators such as the delivery model and range of services offered are increasing in importance. These

differentiators include implementation services and processes, the ability to deliver applications as a service, and ongoing support and process optimization services. Providers should consider the services available from the vendor and local systems integrators and the cost of these services when making selection decisions.

- **Pricing.** ARRA subsidies represent cost relief for ambulatory EMR/EHR buyers, but significant investment by providers is still required. With EMR/EHR functionality increasingly commoditized along the functional requirements to meet meaningful use, pricing, flexibility, and the availability of multiple pricing models is increasingly attractive to prospective end users.
- **Application architecture.** Architectural aspects of the application that are able to add mobility (such as access to capabilities from smartphones and media tablets), improve interoperability and integration with other applications and community providers, and support the future upgrade process and road map of the provider organization are growing in importance.

Barriers and Obstacles

For many years, providers have identified cost as one of the key barriers to EMR/EHR adoption. The costs include licensing of applications; installation, implementation, and support costs; and the opportunity costs associated with pursuing an EMR/EHR strategy. While ARRA provides relief that makes cost less of an issue, it also reveals and promotes the importance of other underlying barriers to adoption. These include:

- Clinician acceptance and buy-in to the value proposition for EMR, CPOE, and clinical documentation applications
- Process and behavioral change and issues surrounding the disruption of workflow and revenue streams at established practices implementing EMRs
- Technology issues surrounding implementation, networking, and interoperability of EMRs with other healthcare applications at practices and in the community

After cost, the process and behavioral changes required by staff are the most commonly cited barrier to EMR/EHR implementation. The staff affected by EMRs/EHRs include doctors, other providers, nurses, and office staff. End users repeatedly state that implementation problems were related to human factors on their side and not to vendors or applications.

LEARN MORE

Related Research

- *Perspective: CMS Issues Proposed Rule for Stage 2 Meaningful Use* (IDC Health Insights #HI234171, April 2012)
- *Perspective: GE Centricity Advance Discontinued — Implications for SaaS Users and the Wider EHR Market* (IDC Health Insights #HI232894, January 2012)
- *U.S. Health Industry Provider 2012 Top 10 Predictions: Moving on from Meaningful Use to Healthcare Reform* (IDC Health Insights #HI231907, December 2011)
- *IDC MarketScape: U.S. Ambulatory EMR/EHR for Midsize and Large Practices 2011 Vendor Assessment* (IDC Health Insights #HI230719, November 2011)
- *U.S. Healthcare Solutions Market Share Guide, Methodology, and Taxonomy, 2010, Version 2* (IDC Health Insights #HI231465, November 2011)
- *Perspective: 360-Degree View — Health Reform as a Market and Technology Disruptor* (IDC Health Insights #HI229145, June 2011)

Synopsis

This IDC Health Insights report provides an assessment of 11 EMR/EHR products from nine vendors that target small practices and qualify for meaningful use incentives. The market for electronic medical records and electronic health records (EMRs/EHRs) is maturing rapidly under the influence of government incentives for meaningful use under the American Recovery and Reinvestment Act of 2009 (ARRA).

According to Judy Hanover, research director, Provider IT Strategies, "With hundreds of vendors offering ONC-certified technology for meaningful use, EMR/EHR buyers face an overabundance of options." This IDC MarketScape examines nine vendors of EMR/EHR technology to small ambulatory practices and provides a quantitative analysis of their current capabilities and future strategies.

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