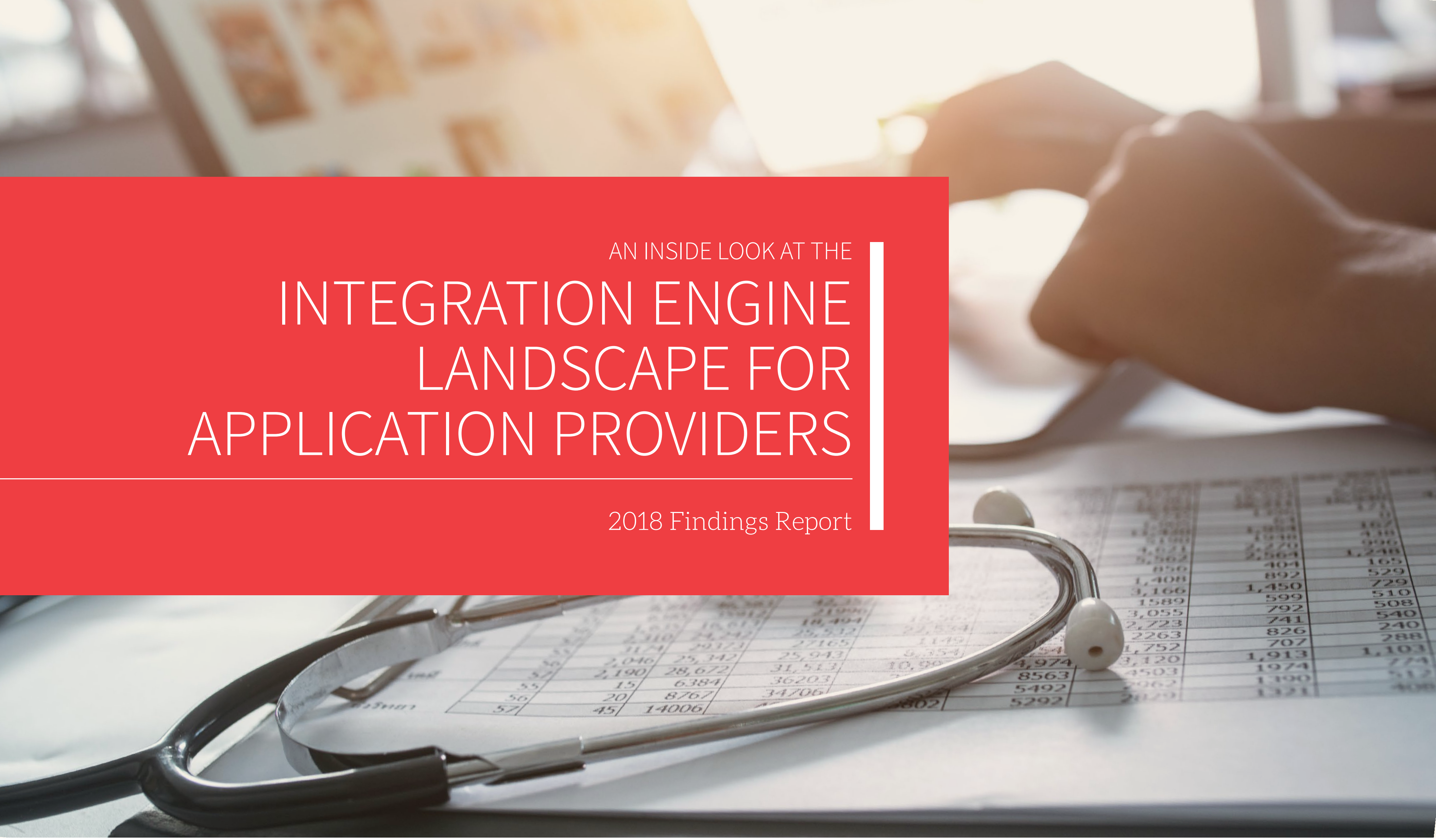


AN INSIDE LOOK AT THE

INTEGRATION ENGINE LANDSCAPE FOR APPLICATION PROVIDERS

2018 Findings Report

RED HOUSE HEALTHCARE RESEARCH

CONTENTS

BRAND AWARENESS: METHODOLOGY & MAKEUP

who responded and
what we learned

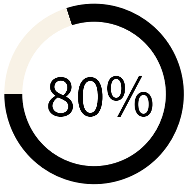
METHODOLOGY

respondent details

This survey consisted of nearly 300 online responses from the application provider industry. In addition, several live phone interviews were conducted to add “color” to the overall findings and validate interpretations.

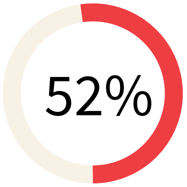
The survey took place over the course of three weeks and represents a snapshot in time. The following results are what we believe to be the prevailing attitude and understanding of the integration engine market by application developers.

The application vendor market is interesting in that it reflects its youth. Seen in the “Time in Business” graphic to the right, more than half of the respondent’s companies have been around less than five years.



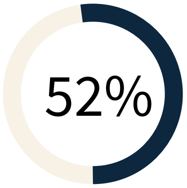
Time on Job

The vast majority of respondents had been with their companies for less than five years.



Time in Business

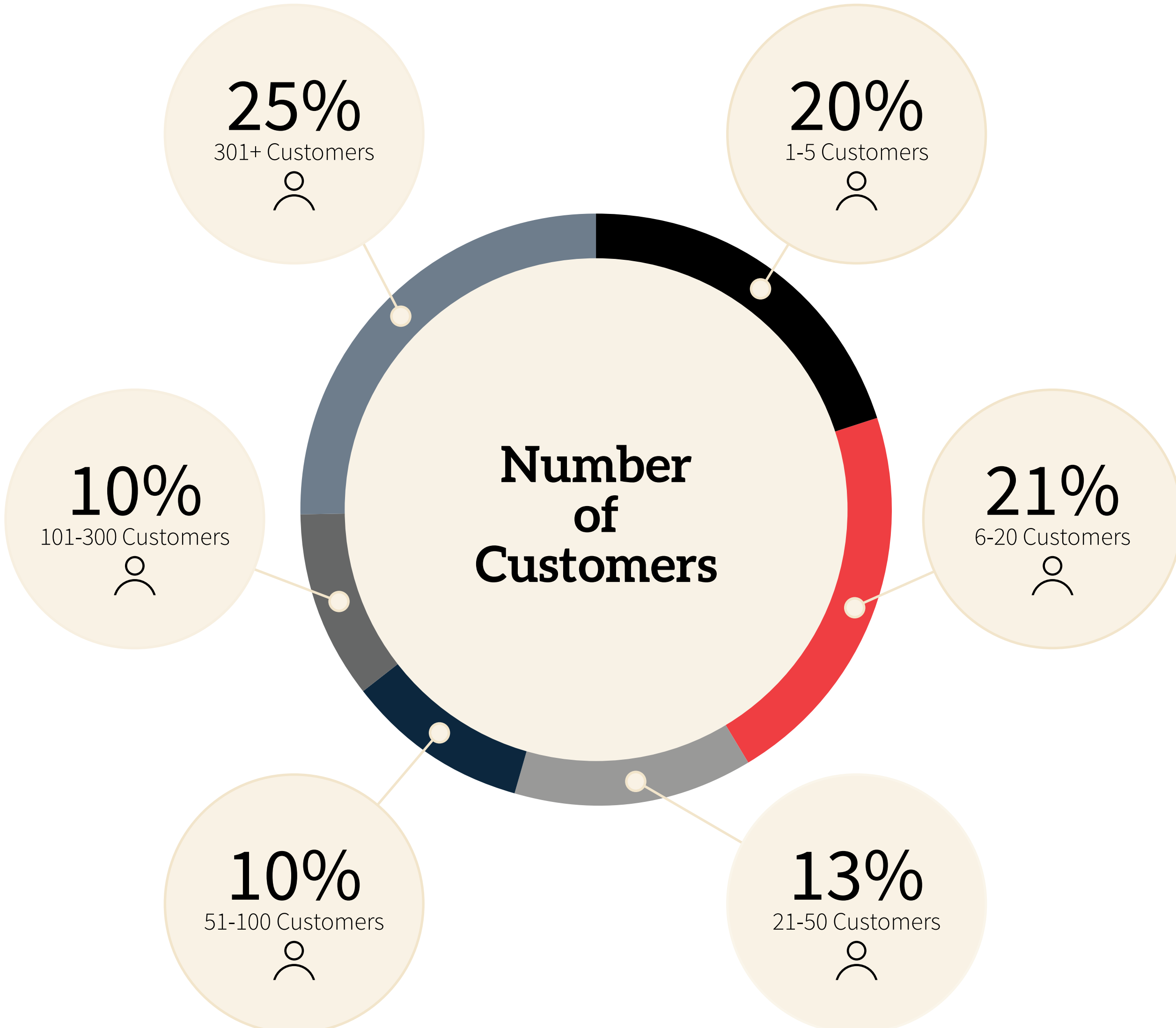
About half of companies have been in the healthcare software business for five years or less.



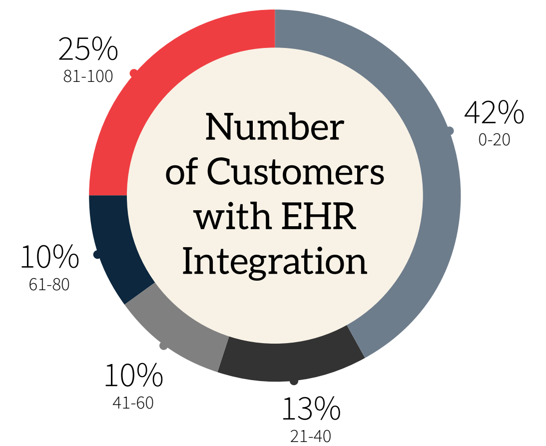
Job Function

Technology

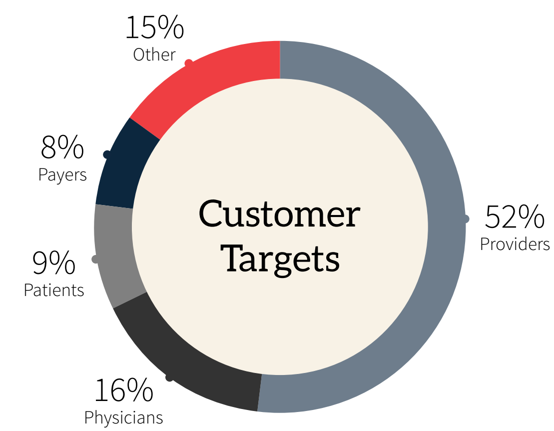
Others:
- Product
- Client Service
- Innovation
- Quality & Regulatory



Customer count by respondent's company size



EHR integration appears to be an all-or-nothing proposition with smaller companies (0-20) serving a large portion of EHR customers (42%).

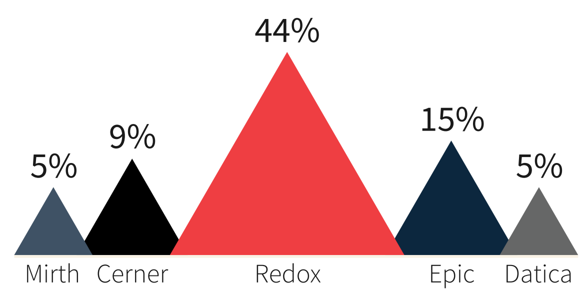


Providers are, by far, the most common target. But newer application vendors are diversifying their markets away from physicians and providers.

BRAND AWARENESS: AIDED & UNAIDED

leaders and followers
in the space

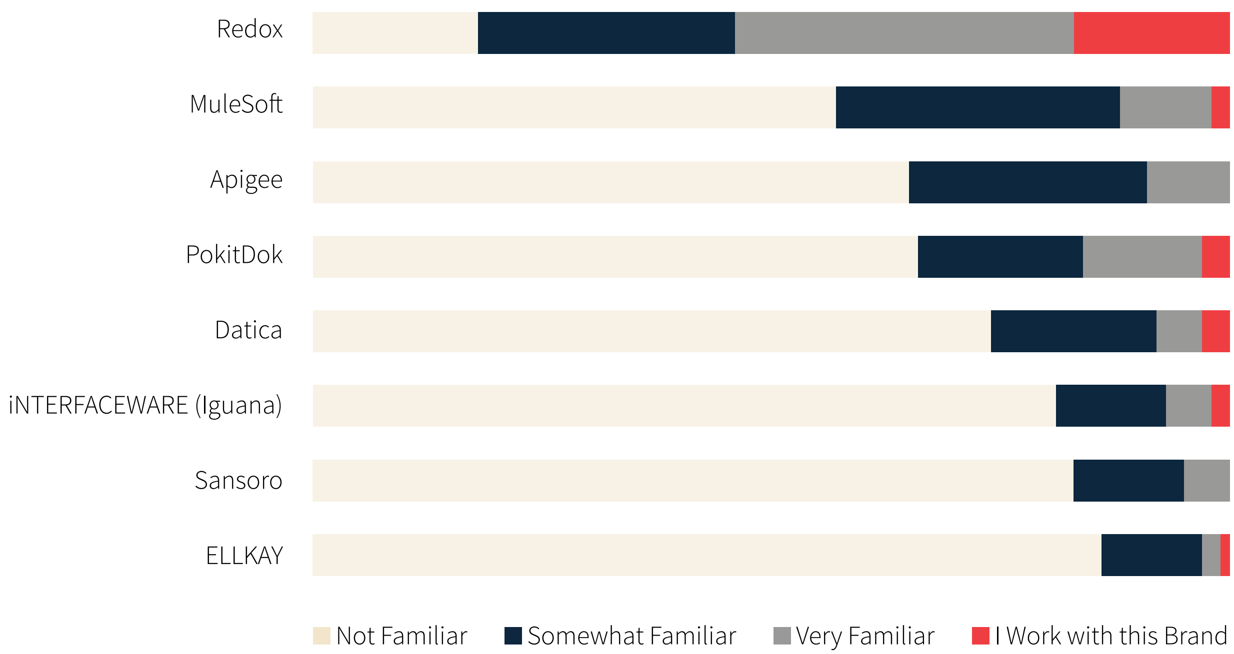
Redox had nearly three times the awareness of the nearest competitor.



We measure unaided awareness because it's a good indicator of which brands are invited to RFP opportunities most often each year. Typically, the top-three known brands (with some variation) are asked to participate.

Redox awareness indicates a significant leadership position among the application providers and an even greater opportunity to unify the space under a common technology platform.

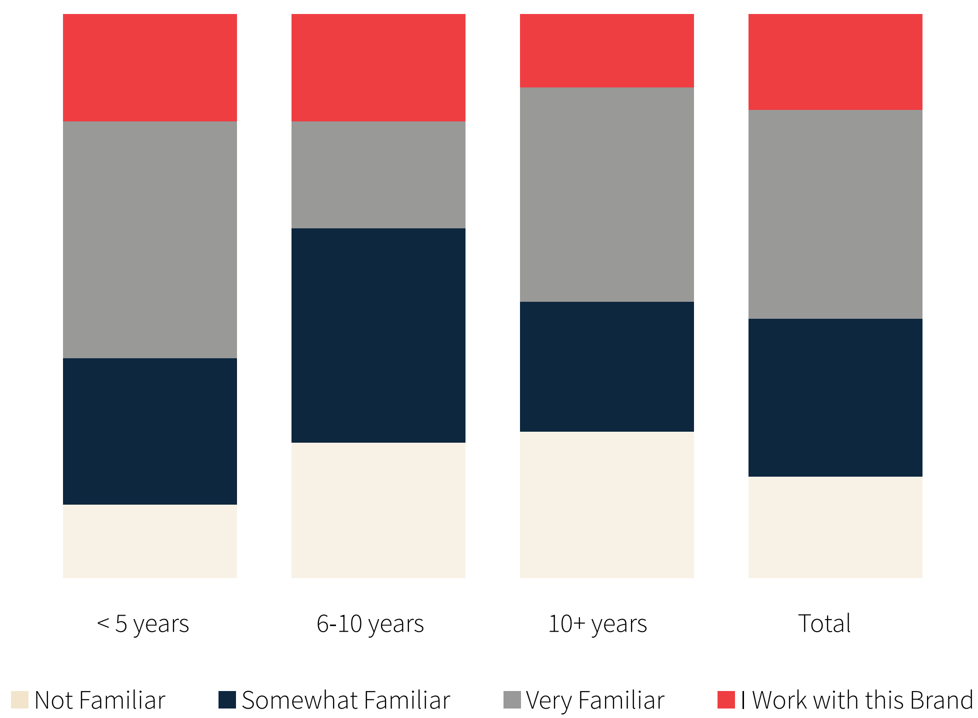
Which Brand is Most Familiar



Familiarity with Redox results in even greater mind share.

We offered a vendor list to respondents and asked about familiarity with each. As you can see, Redox brand awareness grows substantially with aided recall. And, while Datika nearly doubled its awareness as well, everyone else is significantly lower.

Who's Most Familiar with Redox



When we looked further into the popularity of the Redox brand, we found that all awareness isn't created equal. The older, more established application providers—while strong—had less awareness of the Redox brand than their younger counterparts.

Those who have been in the software space for a longer period have LESS familiarity with Redox.

BRAND AWARENESS: PERCEPTIONS

competitive differentiators
between brands

How integration engines are perceived

APIs

"Cloud-based API integration"

"API platform and vendor"

"Data API integration"

"Create APIs for other vendors to hook into"

Data Exchange/ Integration

"Healthcare data exchange platform"

"Data extraction and interoperability"

"Data integration for healthcare"

EMR/EHR Integration

"EHR-specific, cloud-based interface engine"

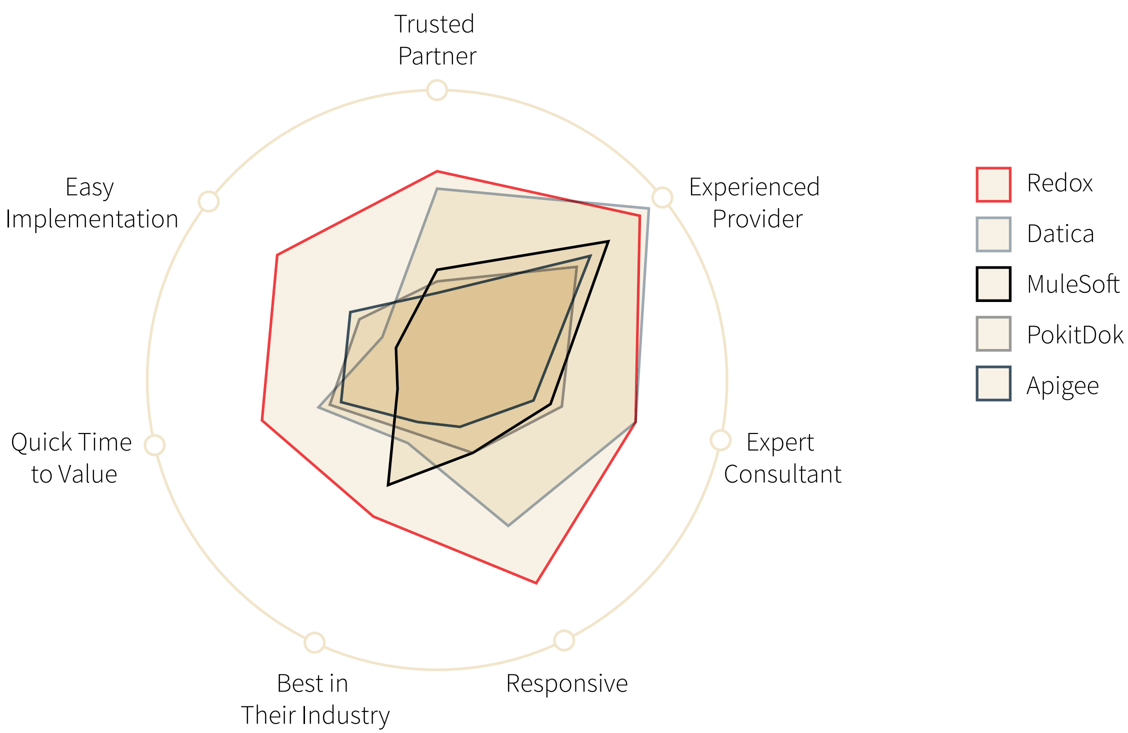
"EHR integration and third-party developer marketplace"

"EMR integration to software products"

"Specific EHR integration for HL7 interfaces only"

"Facilitate data transfer and software integration with EMRs"

Competitive Differentiation in the Market



Redox and Datica are perceived to be the leaders in most key areas.

While most vendors seem to be crowded into similar areas of strength, Datica and Redox share a significant lead in the areas of Trust, Experience and Consulting expertise. However, the speed Redox delivers in the areas of Time to Value (ROI) and Responsiveness are driving factors in their success. They also lead Ease of Implementation, as well as a clear edge as Best in Their Industry.

What Does Experience Mean?

Relationships

Integrators that already have relationships with health systems lower barriers for their app partners

"If we have a large hospital system that is already using one of these integration partners, I'm going to go with that to adjust that speed and lower that barrier of entry."

– Ryan, small app start-up

Case Studies

They want to see that they've done a project with a similar EMR

"Well, the EMR is sacred space and obviously letting an outsider come tinker in your EMR, that's high risk."

– Chris, CEO of start-up app

Reputation

Start-ups leverage their integration partner's reputation to gain access to bigger players

"A lot of hospitals are really comfortable that we're working with Redox just because of their industry knowledge."

– Billy, app start-up, Redox customer

References

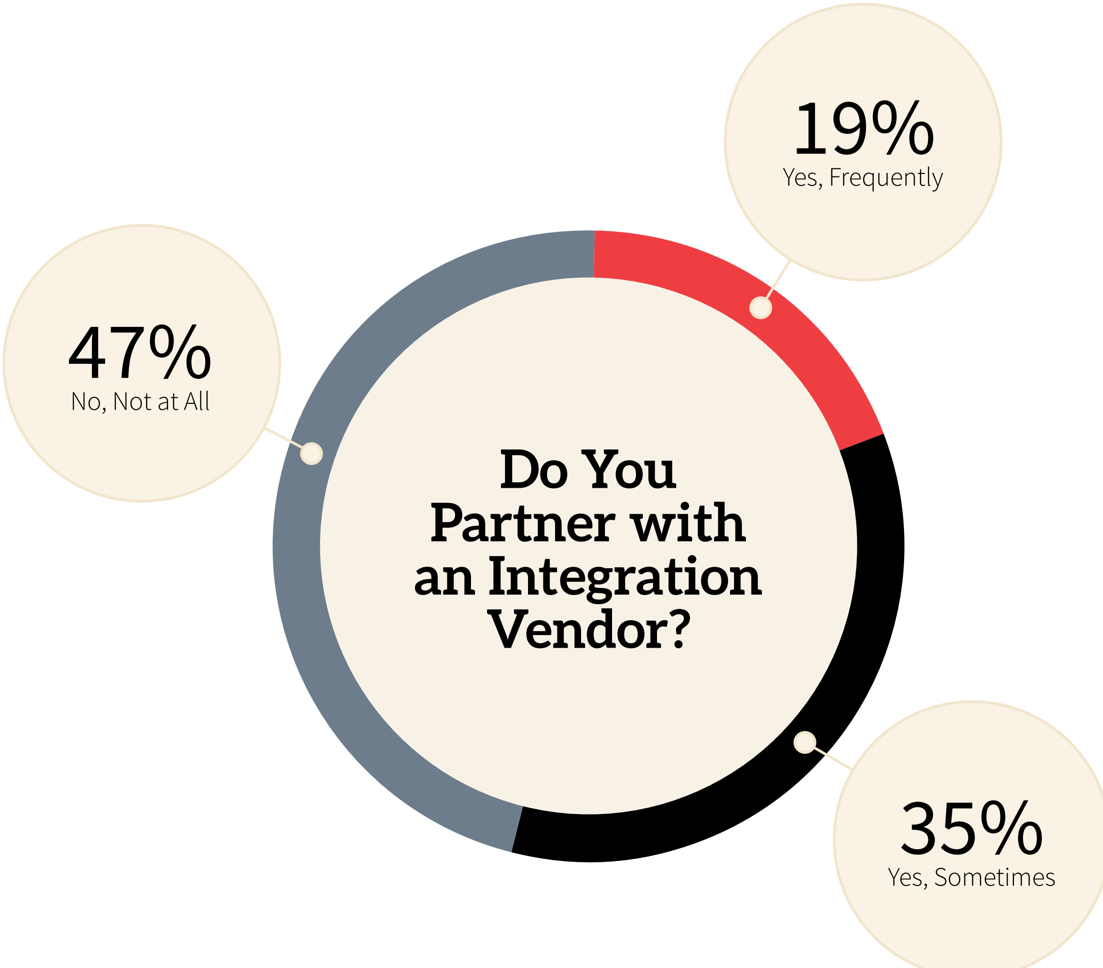
Customers want to know the details

"The biggest difference, it seemed like Datica had a lot more industry experience from their team integrating and actually doing work with EHRs."

– Ryan, small app start-up

THIRD-PARTY INTEGRATION ENGINES

there are three key must haves: experience, security and scalability



Over half of respondent application providers partner with an integration vendor at least some of the time.

"Unfortunately, every implementation of an Epic or Cerner is its own special little snow flake. So, they're all different. And, manual implementation with every single one is not particularly scalable, at least without a massive investment of resources. So, if we can find ways to streamline those implementations, that's a good thing."

– Chris, CEO of start-up app

When an Application Provider Chooses to Go it Alone

Cost Considerations

"Because we have that expertise in-house and we would like to reduce costs."

"Costs are high"

"Due to cost"

Not Needed

"EMR integration is not essential at this point in time"

"Lack of customer demand up to now"

"Not needed – using other means to sync data"

Create Own Solution

"Easier to build in-house"

"We attempt to develop them in-house"

"We do a lot of one-off work ourselves"

"We have built proprietary integration solutions"

"Happy to integrate ourselves given modern APIs"

"Integration is too custom by client. in-house expertise is a mandate for HIT companies beyond the "startup" phase"

App vendors are looking for partners that can reduce the lag time to integration and cut some of the workload burden on their staff.

> *"Scalability is when we create one connection to them and that can serve multiple customers, that can serve multiple needs, and then that third party will handle all of the individual connections. So, it's a little bit of a cost savings, but it's a complexity savings more than anything for us. We're going to maintain one type of relationship, one type of API connection. If we want to bring on another customer, it's a lot more of a controlled cost and a controlled scope for us."*
>
> *– Ryan, CEO of start-up app*

> *"There's always going to be those base projects, like getting the connection established, doing the mapping, doing the transformation, working with integration people, managing some of the projects. It's not ever going to be plug and play the way it is now. Maybe in five, ten years once FHIR gets more mature, and we get more standards, and people start figuring out what they want to do in the common workload. Right now, there's that chunk of work for each organization, and we want that to be really easy to manage, and easy to complete, and I think that's what scalability means to us."*
>
> *– Billy, healthcare start-up, Redox customer*

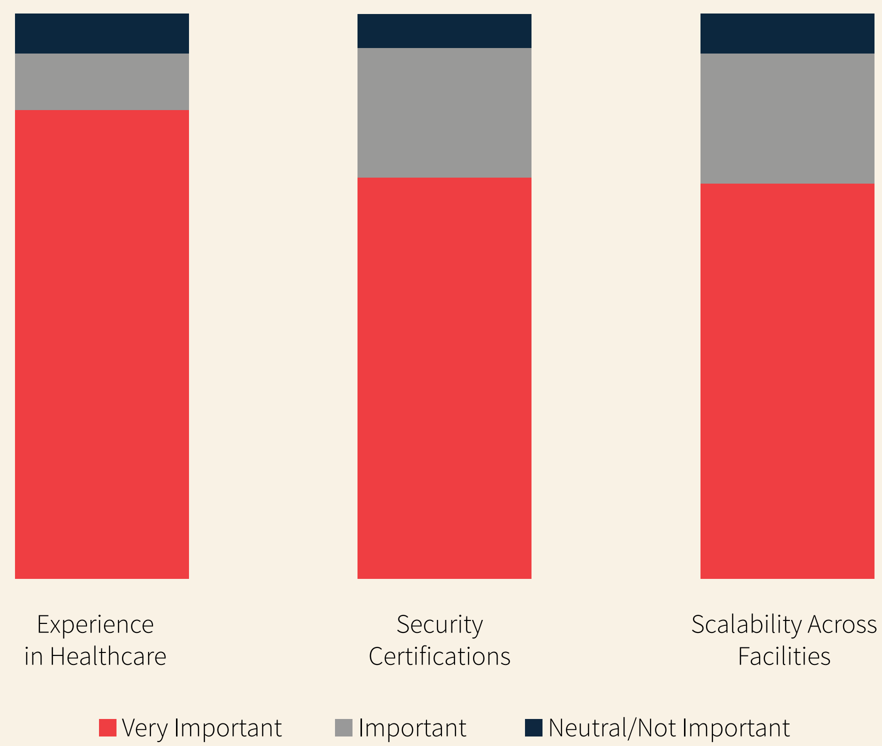
Scalability is becoming synonymous with reduced time to implementation.

App companies rely on quick implementation to keep their customers happy and their invoices rolling out.

> *"The wondrous magic of Apple's products doesn't start with the product, it starts with the box. You take it home, it's in a premier bag, and it's this perfect box with just the right finish, and it feels nice, and you pull the cellophane off and you open it, it's not hard to pull off by the way, so you're not frustrated. And you open the box and it's got the Apple sticker and you pull it up and you've got your phone and you've got cool packaging, and it all feels premium. Before you ever turn on your phone, you are already excited to be involved with Apple. They nailed it. It is exactly the same thing in our industry. Get it done right at the beginning and that sets the pace for the rest of your relationship. And if not, you've got an overhang that you've got to crawl out of.*
>
> *– Chris, CEO of start-up app*

How often do you have a perfect implementation? What does it cost you when it's not?

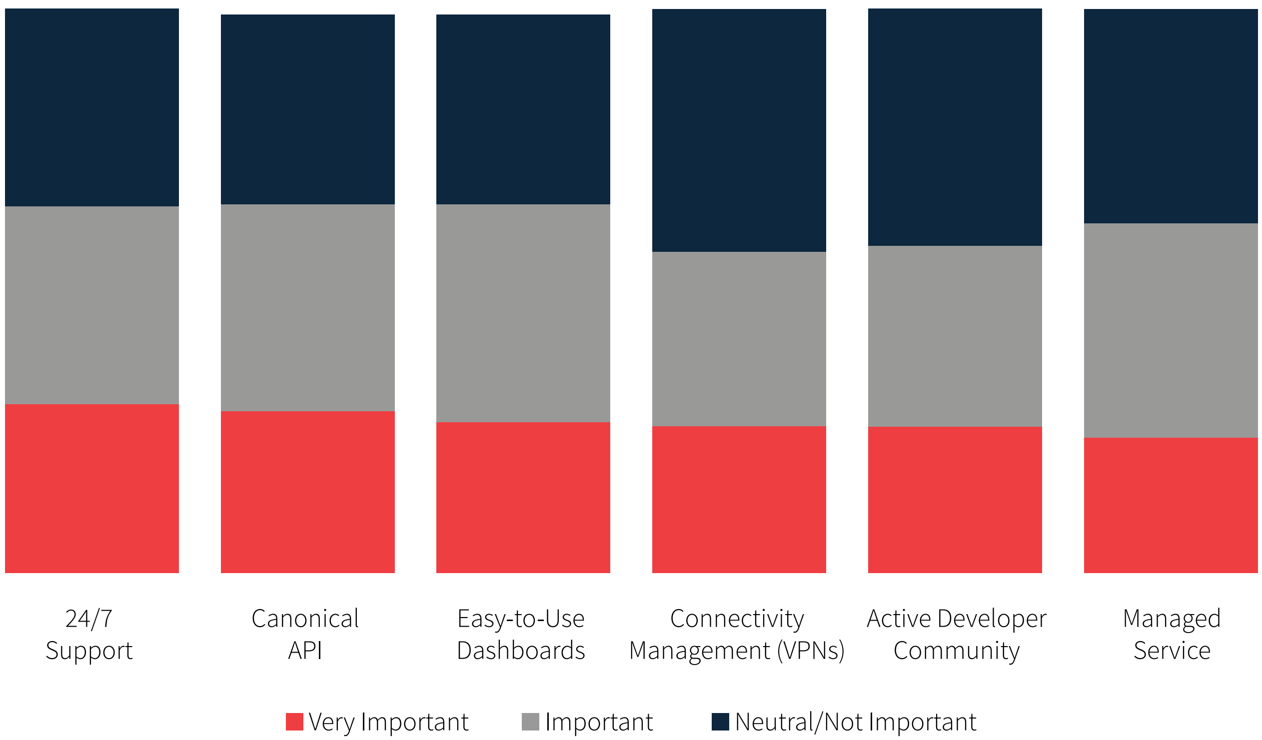
Most Important Features



There are three key must-haves that should be highlighted in messaging when it comes to selecting a third-party solution.

When asked about the most important features when selecting a vendor, we weren't surprised to find Experience and Scalability topped the list. In today's healthcare environment, the volume of growth and acquisitions means scalability has risen to the top in decision-making. It also stands to reason that Experience (a proven track record) means less risk in selecting a vendor.

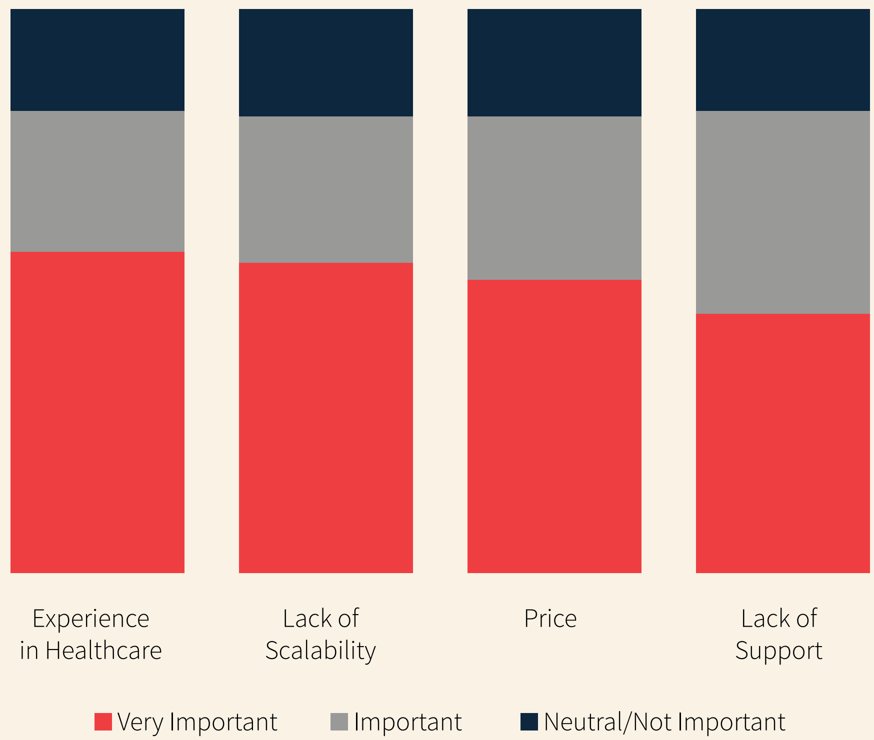
Nice-to-Have Features



Other features are also important, but much less so than the top three, and should be used more strategically in messaging.

Many of the features that rank lower on the importance scale include things that aren't always deal breakers, but we caution you not to undervalue them, either. Easy to Use Dashboards, for instance, can still be a deal breaker based on who has to use them and their influence within the purchasing process.

Deal breakers



Healthcare experience and scalability are both "must haves" for selecting a partner as well as "deal breakers" for those that are not selected.

Deal breakers—or points that will end your chance of competing—are not surprising. Due to the unique challenges healthcare has faced over the last five years, new entrants into the space face a myriad of potential missteps, and application vendors are keenly aware of that. Lack of scalability, mentioned earlier, has risen to become a key issue in an acquisition-crazy market.

Lifecycle Findings Summary

Early in the Lifecycle

Application providers, early in their lifecycle, (and funding) may be more likely to have a 'do it yourself' attitude towards integration

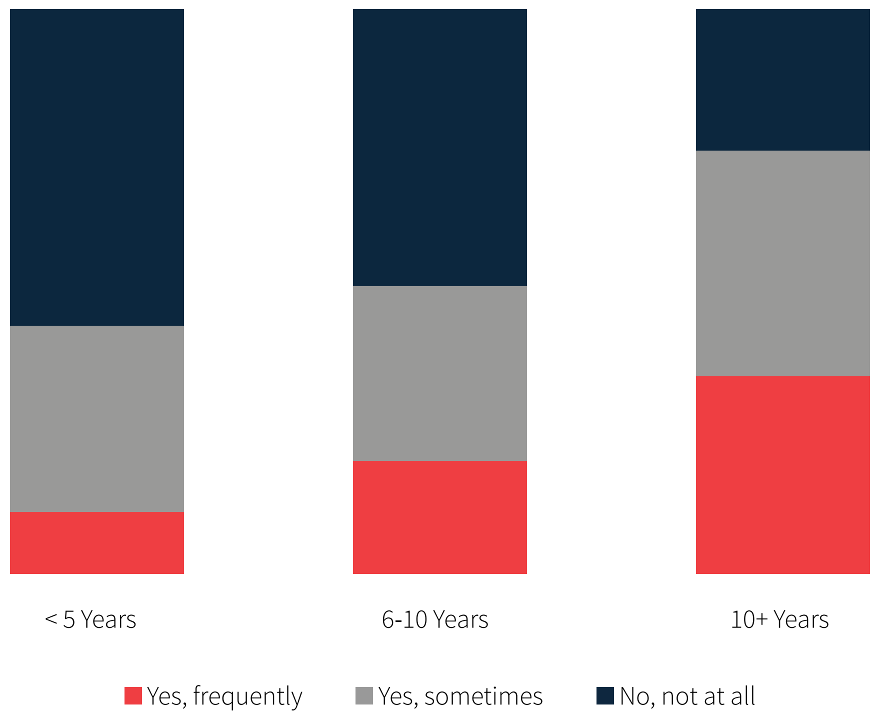
Late in the Lifecycle

Over time, app providers tend to see more benefit to third-party partnerships:

- MTTI is reduced which cuts labor, speeds time to revenue
- Systems are looking for partners with expertise and a proven track record of integration with their unique EMR installation
- Some hospitals already have a relationship with a third-party integrator
- Reducing liability by offloading

As application vendors mature, they see more value in outsourcing.

Partnerships by Lifecycle



Those that have been in business longer are more likely to partner with a third-party vendor.

The ten-year mark appears to be the tipping point when application providers recognize a need that drives partnering with a vendor. There can be a number of reasons for this, including lower costs, faster implementation times or lack of expertise in-house.

BRAND AWARENESS: SURVEY FINDINGS REPORT

application provider
survey conclusions

BRAND AWARENESS
conclusions

The data integration engine market has a wide range of players, and appears to be moving toward a central leader in Redox. While Epic and Cerner both offer integration toolkits and occasionally show up in the findings, it's clear that they have a long way to go before becoming legitimate answers for the growing need to integrate apps (and other technology data) into their platforms, and share it more seamlessly across the continuum.

It is our expectation as competitors work to close the gap with Redox, that Redox has an opportunity to continue to evolve and reshape buyer expectations in a way that makes it virtually impossible for competitors to overtake their lead.

You may also be interested in seeing the provider's perspective on the Integration Engine space. You can learn more about it by reading: *"An Inside Look at the Healthcare Integration Engine Landscape for Hospitals and Healthcare Systems."* >>

ABOUT RED HOUSE HEALTHCARE RESEARCH

Red House Healthcare Research, part of Red House Healthcare Marketing, is an industry-leading research group with decades of experience in healthcare.

From awareness studies to messaging validation, we help clients gain the insight necessary to create more predictable marketing success.

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