U.S. ELECTRONIC MEDICAL RECORDS (EMR - PHYSICIAN OFFICE & HOSPITAL) MARKET
- Emerging Trends (Smart Cards, Speech Enabled EMR), Market Share, Winning Strategies, Adoption & Forecasts till 2015
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1 MARKET OVERVIEW

1.1 KEY MARKET DYNAMICS

The U.S. EMR market is primarily expected to be driven by the healthcare reforms and federal incentives through Medicare and Medicaid towards increasing adoption of EMR among healthcare providers. Increasing demand of automated administrative solutions by healthcare providers, need of healthcare cost containment, and need of improving quality of care through establishment of integrated health information network, are expected to play a vital role in stimulating the growth of the EMR market as a whole. In addition, decreasing profits of healthcare providers and rising share of IT expenditure in healthcare budgets will also drive the EMR market to some extent. However, unresolved issues related to interoperability and integration, standardization, privacy, and security may hinder the market’s growth.

![FIGURE 1](image_url)

**KEY MARKET DYNAMICS**

**Drivers**

- Increased profit margin for healthcare providers
- Growing share of IT in overall healthcare expenditure
- Improved quality of care through implementation of EMRs
- Need of integrated healthcare system
- Healthcare reforms and Federal Incentives

**Restraints**

- Privacy and security issues
- Interoperability and integration
- Reluctance for EMR use by doctors

Source: MarketsandMarkets
1.1.1 HOSPITALS: EMR MARKET SHARE

The Hospital EMR market was fluctuating in 2009 owing to increasing government interventions in the market. The declaration of ARRA incentives in U.S. has been the major reason for change in the market structure. The market shares for the hospital EMR segment have been calculated after inclusion of financial applications provided by the EMR vendors mentioned.

In 2010, MEDITECH was the only company in the EMR market space with a market share of above XX%. The company was facing interoperability issues with its products for quite some time. However, it has overcome this issue with acquisition of desired technologies from smaller vendors. Its presence in the smaller size hospitals (less than 200 bed size) has been a major reason for a higher market share for MEDITECH.

The products from Epic Systems have been rated comparatively higher by many of the hospitals which may help them to command a higher market share in future. Similarly after a merger with Allscripts in September 2010, Eclipsys Corporation has a better chance of improving market share with access to better distribution and marketing strengths from Allscripts.
In 2010, MEDITECH, Cerner Corporation, and McKesson had the largest market share with XX%, XX% and XX% respectively. Next in line were players such as Siemens Medical Solutions, CPSI, Epic Systems Corp., and Healthcare Management Systems. Cerner Corporation and Epic have strengthened their position in the past and their market share in 2010 has been XX% and XX% respectively.

*The market shares are calculated based on the number of EMR installations by the company

Source: Press releases, Expert Interviews, M&M Analysis
2 EMR MARKET BY COMPONENTS

2.1 INTRODUCTION

The EMR market for components is mainly categorized into market for hardware, software, and services. As of 2010, the software market contributed the highest share (XX%) of the components market, whereas services and hardware market contributed XX% and XX% respectively.

Owing to the emergence of web-based or ASP or SaaS-based EMR solutions, the share of hardware systems in the total implementation cost of EMR solution has decreased. Continuation of greater adoption of such solutions is expected to take place in the software market governing XX% of the U.S. EMR market by 2015 as compared to XX% in 2010.

The services market primarily consists of consulting, implementation, training, maintenance, and post sales services. The services market is primarily driven by the increasing demand of technical consultation by smaller healthcare provider facilities including individual practices and group physician practices in order to select appropriate EMR solution for their facility. Similarly,
rise in the need of training services to ensure efficient utilization of the EMR systems is expected to play a vital role in growth of the market during the forecast period.

**TABLE 1**

**EMR COMPONENTS MARKET REVENUE, BY PRODUCTS, 2008 – 2015 ($MILLION)**

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Source: Press releases, Expert Interviews, M&M Analysis

The U.S. EMR components market is expected to be driven by the higher growth of the software market as a whole. The software market formed XX% of the total components market at $XX million in 2009 and is expected to reach $XX million in 2015 at a CAGR of XX% for the period from 2010 to 2015.

The following table provides annual growth rates for the U.S. EMR components market during the forecast period (2010 - 2015). The overall EMR market will be driven by greater benefits of early adoption of EMR systems till 2011. The U.S. EMR market will witness the highest growth rate of XX% from 2010 to 2011 whereas post 2011 the growth rate will gradually slow down to XX% from 2014 to 2015.
2.2 EMR SOFTWARE MARKET

Software forms an integral part of any healthcare IT application. Software acts as an interface between database and the end-user. In an EMR system, usually XX% of the cost is attributed to software licensing and installation. In addition to this approximately XX%-XX% of the cost is attributed to training, maintenance, and after sales services for a software system. The software market for EMR in U.S. is expected to grow from $XX million in 2009 to $XX million in 2015, at an estimated CAGR of XX% from 2010 to 2015. This market is primarily driven by increasing efforts by software vendors to resolve existing issues such as integration and interoperability. Apart from new installations, availability of new updates from EMR vendors is also expected to contribute to the growth of the market. The software market for EMR is highly fragmented and consists of more than XX players across U.S. itself. Currently, the market is undergoing major consolidation due to increasing number of mergers, acquisitions, and partnerships undergoing over the past two years.

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<td>Client-server based EMR</td>
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Source: Press releases, Expert Interviews, M&M Analysis

The client-server based EMR market accounted for almost XX% of the total software market and was valued at $XX million in 2009. However, web-based EMR market is expected to show a higher growth rate of XX% from 2010 to 2015 and reach $XX million in 2015 from $XX million in 2009.
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