The Race Toward Digital Transformation:

2022 Health System Survey

EXECUTIVE SUMMARY

THE CHARTIS GROUP

Overview

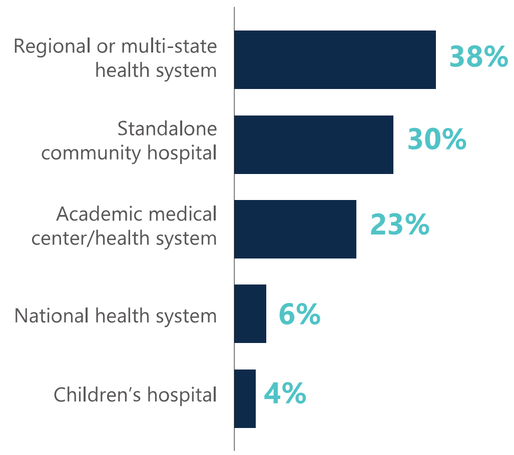
The race toward digital transformation has accelerated in the context of the pandemic. Many hospitals and health systems point toward their recent plans or investments in digital technologies intended to maintain remote contact with their patients. But most provider organizations are still behind the pace that patients expect and new market rivals are setting when it comes to reaching the necessary implementation milestones.

To keep up with the market leaders in digital transformation, hospitals and health systems must widen their competitive lens to focus not only on their traditional rivals but also on digital disruptors that are consistently delivering personalized patient consumer experiences through advanced digital technologies.

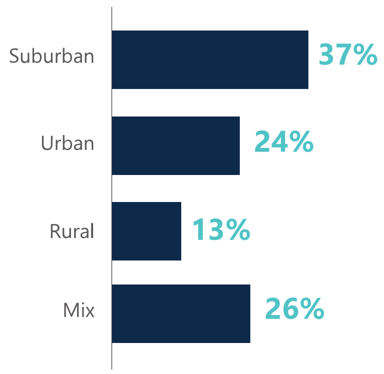
Organizations that remain in planning mode for digital transformation risk losing out on unique opportunities to attract new patient consumers, retain existing ones, build stronger physician networks, and extend into new geographies. Health systems instead must shift from planning to execution against their digital transformation strategies, which requires enterprise coordination across leadership and an unwavering focus on implementing digital offerings that are aligned to what consumers are demanding from their care experiences.

> In November of 2021, The Chartis Group surveyed 143 U.S. health system executives about the state of digital transformation. Respondents represented a range of organization types, locations, and revenue sizes.

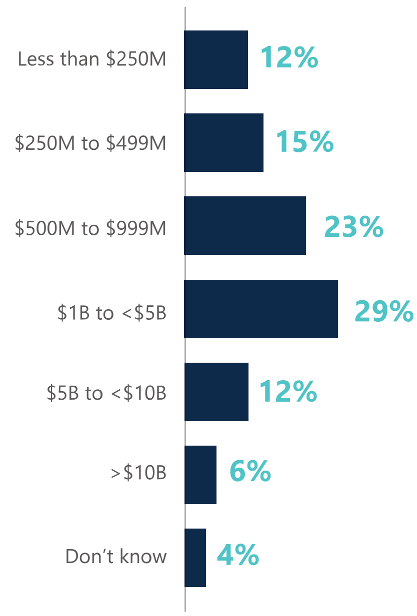
Organization Type



Location



Revenue



Key Findings

01 Although health systems overwhelmingly agree that digital transformation is critical, most are stuck in planning stages.

02 The digital health competitive landscape is shifting as disruptors become rivals.

03 These new market entrants, not traditional hospitals and health systems, are setting the pace toward digital transformation.

04 Health systems want to better understand their patient consumers but have not aggregated those insights to meaningfully personalize care.

05 Expanding their scope of insights beyond clinical interactions will give health systems the depth of understanding they need to create differentiated digital experiences.

06 Key to successfully achieving digital transformation will be linking value drivers for the patient (like a seamless consumer experience) with value drivers for the health system.

Questions for Health Systems to Consider

These findings raise a number of questions that health systems would do well to consider if they are to succeed in the new competitive landscape and better address the needs and preferences of their patient and provider consumers. These questions include:

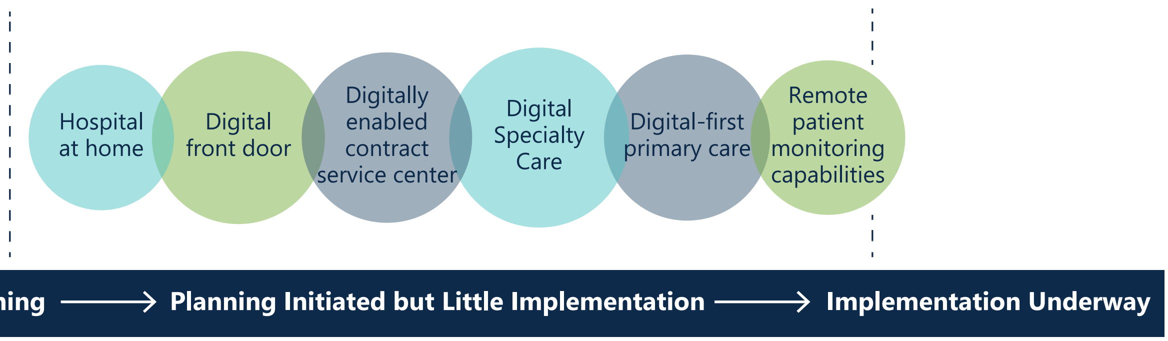
1. When does your health system expect to implement its digital transformation vision?
2. Will your health system risk losing a critical mass of patients if it doesn't make that transition soon?
3. How does your health system personalize care for its patients? What informs those personalization efforts?
4. What is your health system's strategy to compete or partner with disruptors in digital transformation?
5. What can health systems learn from disruptors? What are they doing well? What are consumers finding value in?

Finding 1: Although health systems overwhelmingly agree that digital transformation is critical, most are stuck in planning stages.

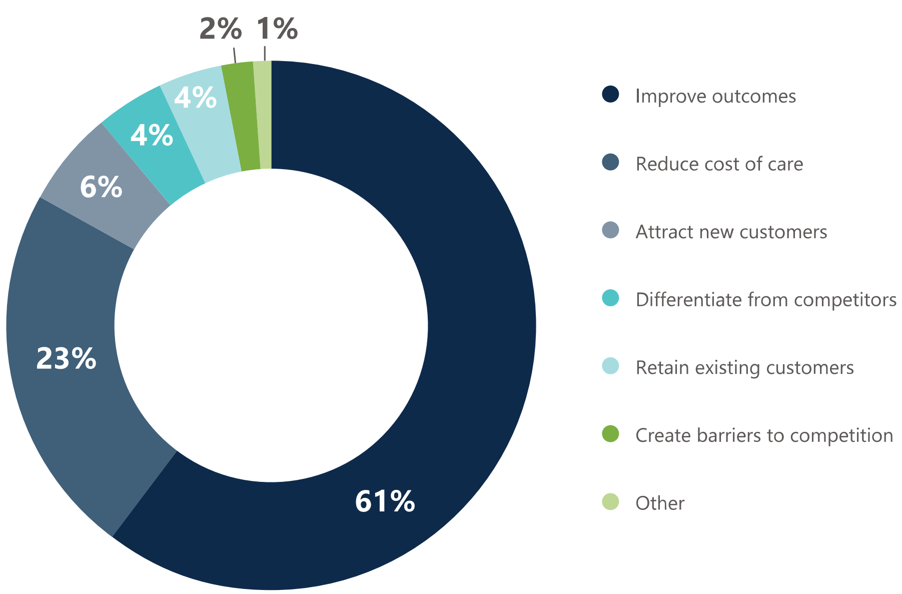
99% of executives say it is important to invest in digital transformation, primarily because it can improve outcomes and improve access by reducing costs of care.

And while health systems have made significant advances in the last year, many are still wading through early planning of core initiatives. Only **7% of U.S. respondents have no plans** for clinical digital initiatives.

> Of note, planning for hospital at home has increased considerably. 1 in 3 respondents to our 2021 survey said they had no plans for hospital at home in the next 5 years. Just 9 months later, only 1 in 5 still have no plans.



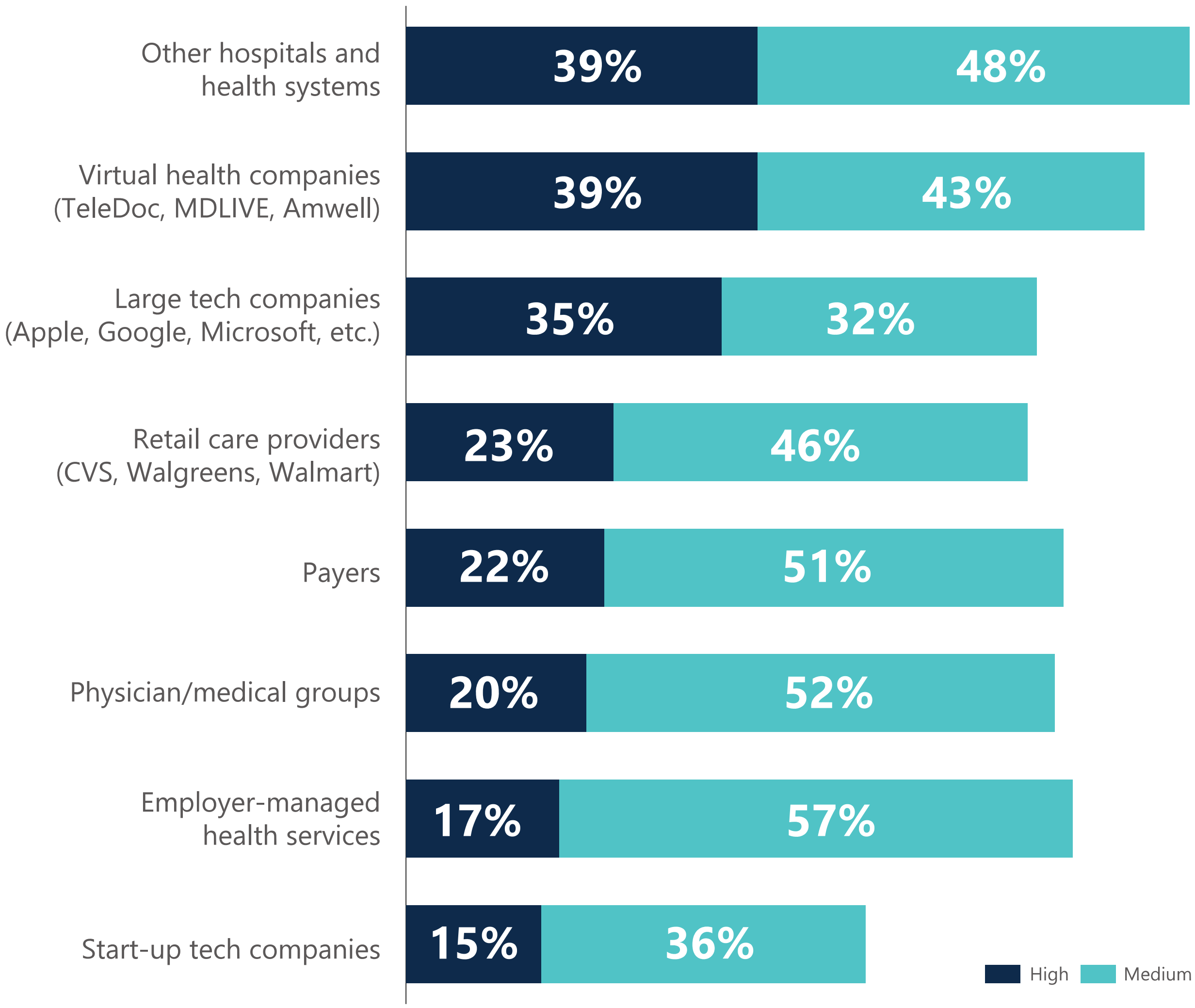
The single most important goal for investing in digital transformation:



Finding 2: The digital health competitive landscape is shifting as disruptors become rivals.

Virtual health and large technology companies have quickly emerged onto the competitive radars of hospitals and health systems. Many of these new market entrants now represent as much of a competitive threat to hospitals and health systems as their traditional competitive peer provider organizations. Virtual health companies in particular have become a top competitive threat, likely the result of virtual health's dramatic growth during the pandemic.

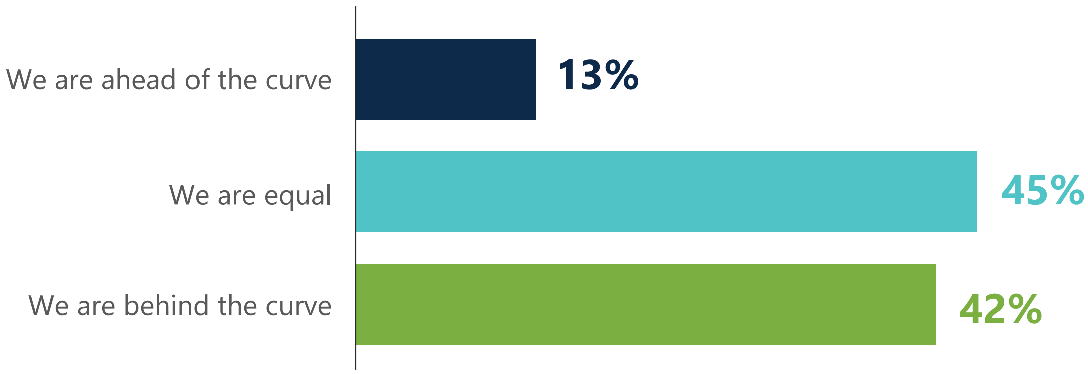
Providers' Top Competitors



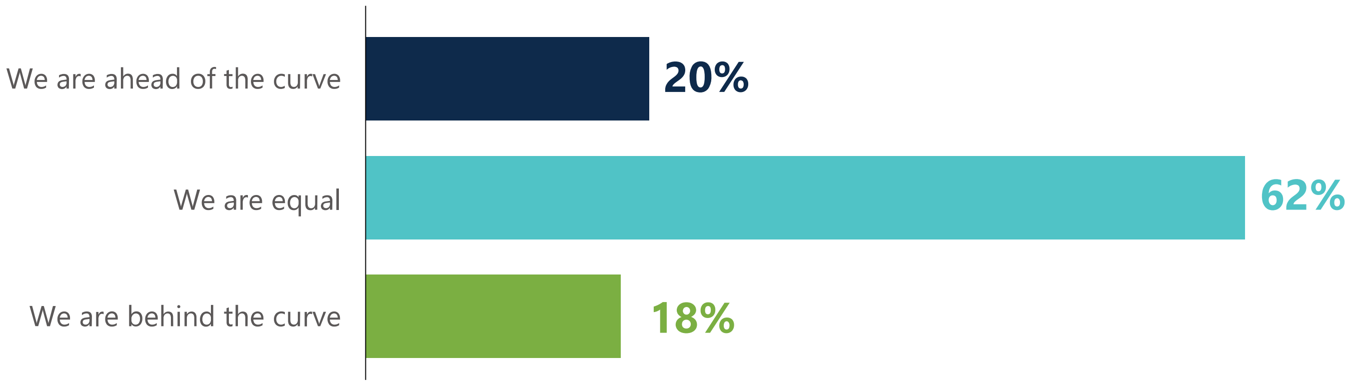
Finding 3: These new market entrants, not traditional hospitals and health systems, are setting the pace toward digital transformation.

Not only are disruptors representing new competitive threats to hospitals and health systems, but they are also setting the bar in many markets as the digital transformation leaders. Consequently, hospitals and health systems should be looking at these disruptors, not their peers, to calibrate their perceptions of what a competitive digital health program looks like.

Progress toward digital transformation compared to today's disruptors



Progress toward digital transformation compared to other hospitals and health systems



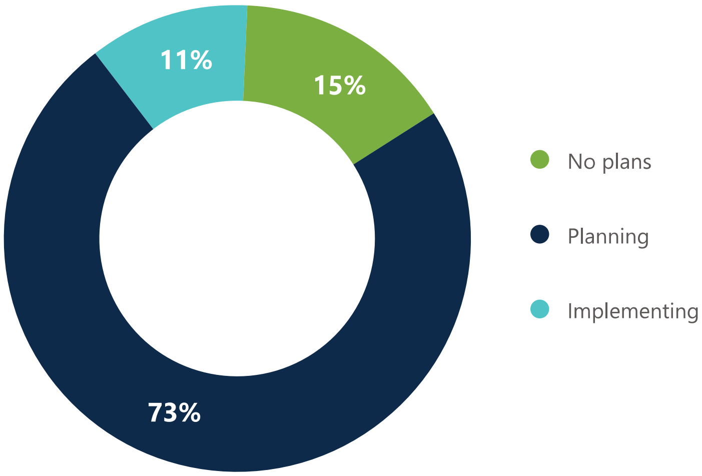
Finding 4: Health systems want to better understand their patient consumers but have not yet aggregated those insights to meaningfully personalize care.

Among the foremost benefits of digital transformation is gaining greater insight into consumer behavior to personalize care experiences. Hospitals and health systems know it's important to gain an aggregated view of the consumer data they capture so they can better tailor the care they deliver. However, most organizations are still only in planning mode and have not yet established the means to gather and apply these critical insights.

Recognized importance of personalized care

Recognized importance of single view of each consumer's data

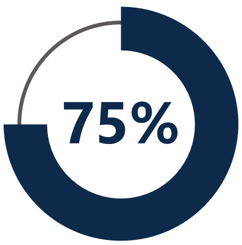
The majority of U.S. organizations are still in the early planning stages for personalized care:



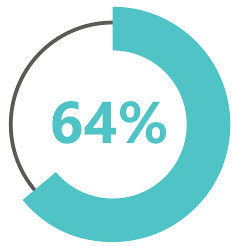
Finding 5: Expanding their scope of insights beyond clinical interactions will give health systems the depth of understanding they need to create differentiated digital experiences.

While data generated during clinical interactions will continue to be central in understanding patient needs, other data points should be supplemental for a fuller understanding of consumer behavior. It's important to track how patients are accessing care, not just why they are. Consolidating touch points like portal usage, phone calls, and web traffic can provide insightful data for providers to learn more about the patients they serve and match the digital offerings to patient interaction trends.

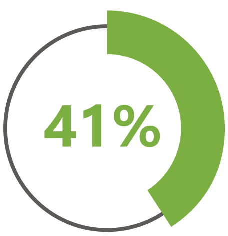
Perceived importance of data on consumer touch points



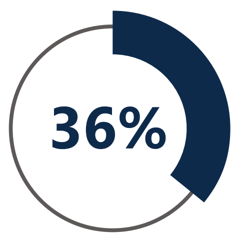
Say **clinical interactions** are very important



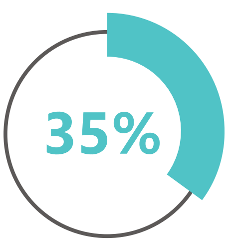
Say **consumer portal usage** is very important



Say **access to patient-generated data** is very important



Say **web activity** is very important



Say **phone calls** are very important

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Finding 6: Key to successfully achieving digital transformation will be linking value drivers for the patient (like a seamless consumer experience) with value drivers for the health system.

Achieving digital transformation is distinguished not so much by the technology itself as by the insights that technology can generate and apply. Accurately gauging consumer behavior and tailoring experiences to meet those needs enables hospitals and health systems to realize key value drivers that make those digital investments worthwhile.

Most important consumer experience attributes

74% Say it is very important that it is **easy and intuitive** for the consumer to find the information they need and take an action

59% Say it is very important that it is **available to the consumer 24/7**

59% Say it is very important that there is a **consistent look, feel, and experience**

56% Say it is very important that there is **consistent availability and use of each consumer's information and preferences across the enterprise**

55% Say it is very important that there are **multiple ways for the consumer to communicate with care teams**

53% Say it is very important that the **consumer receives updates and reminders based on needs and preferences**

Important drivers for growth and expansion into new markets

73% Say **new consumers** are very important

69% Say **existing consumers** are very important

62% Say **referring physicians** are very important

52% Say **employers** are very important

39% Say **new markets outside of core geographies** are very important

Governance models matter

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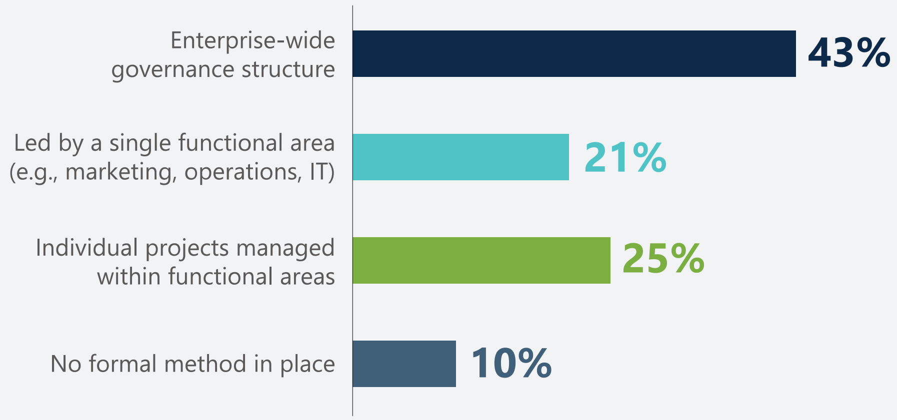
of U.S. respondents who reported enterprise-wide governance structure had >$1B in annual revenue



Implications & Opportunities

Digital transformation is no longer an opt-in priority for hospitals and health systems. It is a necessary journey for them to not only plan but implement—and time is of the essence. New market entrants are disrupting the digital health space and quickly raising the competitive bar for what patient consumers expect from their care experiences. Without immediate action, provider organizations risk losing their ability to attract new patients, retain their existing ones, build robust provider networks, and enter new markets.

Answering this call to action will require provider organizations to create comprehensive views of their consumer behaviors, aggregate these insights, and apply them directly to improving the digitally enabled experiences they offer. It also requires linking those differentiated experiences with value drivers for the organization to create sustainable business models that have often eluded digital health programs. Finally, it requires taking an enterprise approach that coordinates leadership and expertise across several domains so the technology infrastructure, operational processes, and clinical staff all align toward unified strategic goals.

Consumers will not wait for hospitals and health systems stuck in planning mode. They demand improved digital care experiences now and seek care through organizations that offer those experiences. It's time to meet these needs and advance the digital transformation journey to implementation.

About The Chartis Group

The Chartis Group® (Chartis) provides comprehensive advisory services and analytics to the healthcare industry. It brings critical thinking and deep industry experience paired with cutting-edge data, analytics, and technology to deliver #NextIntelligence. With an unparalleled depth of expertise in strategic planning, performance excellence, health analytics, informatics and technology, digital and emerging technologies, clinical quality and operations, and strategic communications, Chartis helps leading academic medical centers, integrated delivery networks, children's hospitals and healthcare service organizations achieve transformative results and build a healthier world. Chartis has offices in Atlanta, Boston, Chicago, New York, Minneapolis, and San Francisco.

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