Top HIS Vendors by Revenue

By Vince Ciotti and Bob Alcaro

How does your HIS vendor rank in terms of annual revenue? With so many "HIT" vendors selling diverse products and services such as hardware, imaging, consulting and outsourcing, "Top Vendor" lists have become very confusing. For example, is it fair to include hardware vendors like IBM, niche players like CareFusion, or consulting firms like CSC?

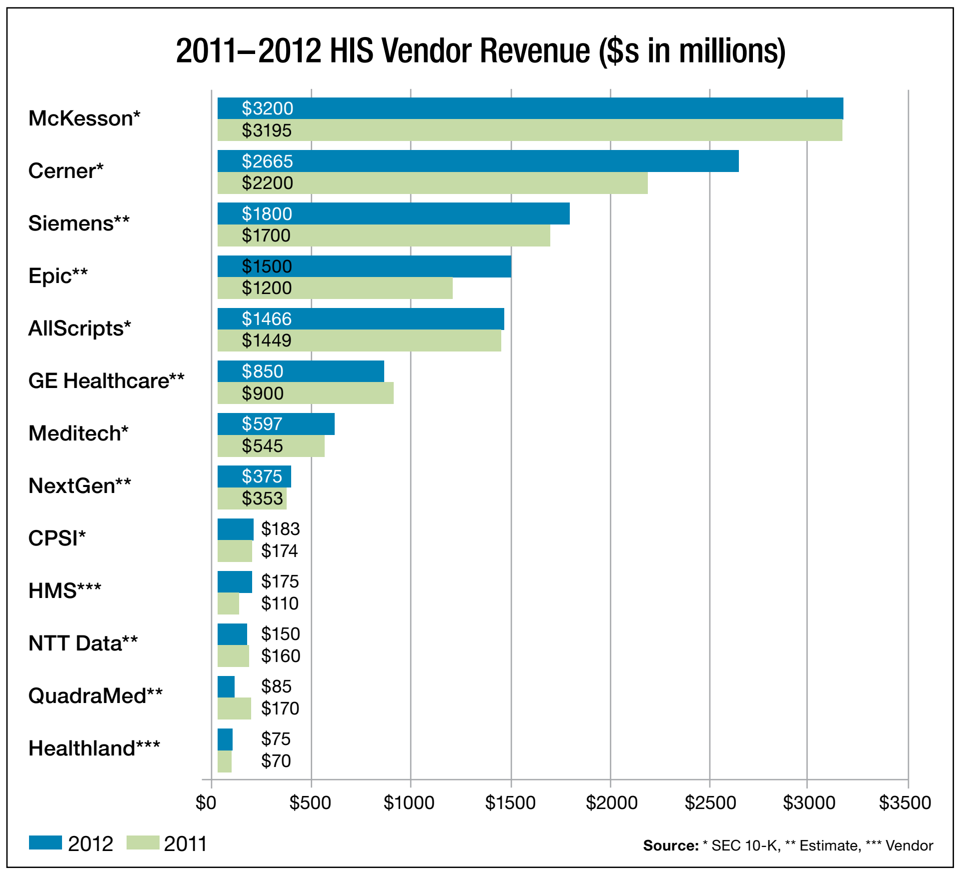
To set matters straight, industry experts at HIS Professionals, LLC, devoted their 25 years of consulting experience to come up with a true list of HIS vendor revenue, comprising technology vendors whose business is primarily hospital information systems, defined as follows:

• **HOSPITAL:** The target market is primarily hospitals, not physician practices, managed care organizations, long-term care facilities or other niches. Granted, many vendors sell to multiple markets, but the majority of their revenue should come from hospitals.

• **INFORMATION:** The full suite of software needed to automate the major departments in a hospital: both financial and clinical systems. Thus, specialty vendors like Sunquest for lab and Lawson for enterprise resource planning systems are not included.

• **SYSTEMS:** The complete package of hardware, software and implementation that is needed, plus the ongoing software maintenance and support to keep it running. This excludes vendors like Dell and Hewlett Packard whose billions in annual revenue are quite impressive, but offer hardware and consulting only, not HIS software.

To obtain 2012 revenue figures, HIS Pros scoured government and financial Web sites, published earnings reports and contacted vendors directly to come up with the following table showing leading HIS vendors' 2012 revenue. In some cases, estimates had to be made for companies that are privately held and don't publish such figures (e.g.: Epic and Healthland), or are a part of large conglomerates whose revenue includes many non-health care sectors (e.g.: Siemens and GE). These estimates were based on past years when HIS revenue was reported and adjusted for market share growth/decline since.



HIS Pros also provides commentary about each vendor, highlighting product offerings, significant changes from previous year's operations and explaining how any revenue estimates were made:

1. McKesson: Its Provider Technologies division was only 3 percent of the parent company's $122 billion+ revenue, but a far larger ratio of profits. The $3.6 billion in technology revenue includes non-hospital divisions such as InterQual and RelayHealth; therefore we estimated their pure HIS revenue at about $3.2 billion, slow growth from last year due to a sad sunset on the Horizon, despite which they are still the Paragon of HIS vendors.

2. Cerner: Revenue grew by 21 percent as sales of its Millennium suite of HIS products yielded annual revenue of $2.6 billion, again earning the company a solid second ranking. Cerner is selling strongly in the community hospital market through its remotely hosted solutions, has a large international presence and now even offers Community Works to critical access hospitals with less than 25 beds.

3. Siemens: The $1.8 billion HIS revenue is estimated based on its complex parent organization, which does over $100 billion worldwide, of which 17 percent is attributable to health care, primarily through sales of imaging equipment. Soarian is selling very well, and future prospects are rosy due to a superb sales organization as well as hundreds of clients on its aging Invision and MedSeries4 systems that are lucrative Soarian prospects.

4. Epic: This tidal wave in the HIS industry has won virtually every major integrated delivery system and academic medical center contract over the past several years, topping 2012 with the win at New York City's Health and Hospitals Corp. We estimate revenue at $1.5 billion, coincidentally equal to what their CEO Judy Faulkner was recently valued at in *Forbes* magazine. Future prospects are equally rosy as the "lemming effect" seems to be taking hold in large HIS decisions.

5. Allscripts: Slipped from 4th place in 2011 due to a year of turmoil in its C-suite, boardroom and stock price. New CEO Paul Black from Cerner may represent a Sunrise in their future. Allscripts has been a leader in the physician EMR and practice management market for years, so combined with the HIS it acquired from Eclipsys, it's are now a major player in the interoperability/ACO world.

6. GE: Slipped again this year due to losing many Centricity Enterprise (hospital) clients and not winning a single large hospital sale in many years. We estimate HIS revenue has dropped to $850 million, although parent GE is still the 6th largest firm in the United States by gross revenue, and its health care division, which sells myriads of technology products in radiology (RIS/PACS) and other niches (CVIS) is still going strong.

7. Meditech: The $597 million revenue figure would be even larger if it included hardware, Meditech and Epic being the only HIS vendors that do not sell servers but rather pass that revenue to Perot (which acquired JJ Wild). Net income was $130 million with a 21 percent profit margin, testimony to its ability to juggle three product platforms with hundreds of hospitals on each: Magic, Client/Server and Release 6. Wonder when Release 7.0 is coming out?

8. NextGen: A relative newcomer in HIS circles and a division of Quality Systems, Inc., it acquired the Opus hospital EMR and Sphere's financial systems, creating a total HIS to go along with strong physician EMR/practice management products. We estimate its 2012 revenue at $375 million, mostly in the small hospital market where most of their competitors struggle with the underlying concepts.

9. Computer Programming & Systems (CPSI): The leader in the small (under 100 bed) hospital market with $183 million in revenue and a 16 percent net profit margin. Revenue was up only 5 percent from 2011's $174 million, but profits rose to $30 million, thanks to sales of its highly integrated CPSI System and upgrades in its client base of over 600 small hospitals, many of which are upgrading to EMR modules.

10. Healthcare Management Systems (HMS): The company from Nashville (not the other "HMS" based in NYC providing managed care software), another leader among small hospitals that we estimate had $175 million in annual revenue last year, much of it from it acquisition of MedHost, a premier EDIS, and a new ambulatory EMR system. The company is owned by Primus Capital, a private equity firm.

11. NTT Data (formerly Keane): The company's parent (Nippon Telegraph & Telephone) is a $133 billion worldwide giant. The I.T. subsidiary, NTT Data Inc., posted more than $1.25 billion in worldwide revenue in 2012, of which we estimate HIS revenue at about $150 million, thanks mainly to its industry-leading long-term care system plus other NTT Data I.T. acquisitions.

12. QuadraMed: The $106 million revenue is down from last year's $175 million, due to the sale of the Quantim HIM system to Nuance, which had been a large chunk of their business. The company's QPCR EMR at New York City's Health and Hospitals Corp. will be replaced over the next few years by Epic, so its owner, Francisco Partners, might face long-term challenges.

13. Healthland: The leader in the under 25-bed critical access hospital market, with $75 million in estimated 2012 revenues, due mainly to sales of EMR applications to the large client base of 400+ hospitals, as well as upgrading many Classic clients to the newer Centriq EMR. ■

About the Authors
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