



2022 KPMG U.S. Technology Survey Report

Healthcare industry insights



Looking to technology to accelerate agility and customer centricity

Healthcare organizations report good results from their digital transformation initiatives, particularly around automation and artificial intelligence (AI). But they're eager get more from their spending on technology. They are particularly keen on making further investments in AI, even as they worry that the growing complexity of operational technology and industrial control systems pose a major cyber security challenge for them. Healthcare organizations' primary goals for investing in enterprise technology are accelerating agility, amplifying customer centricity, and creating new value.



Big gains without extravagant budgets

Healthcare organizations are not big spenders on technology relative to those in other industries. Fifty-three percent of healthcare organizations represented in the 2022 KPMG U.S. Technology Survey devote less than 10 percent of their budget to technology, versus 42 percent of all organizations.¹

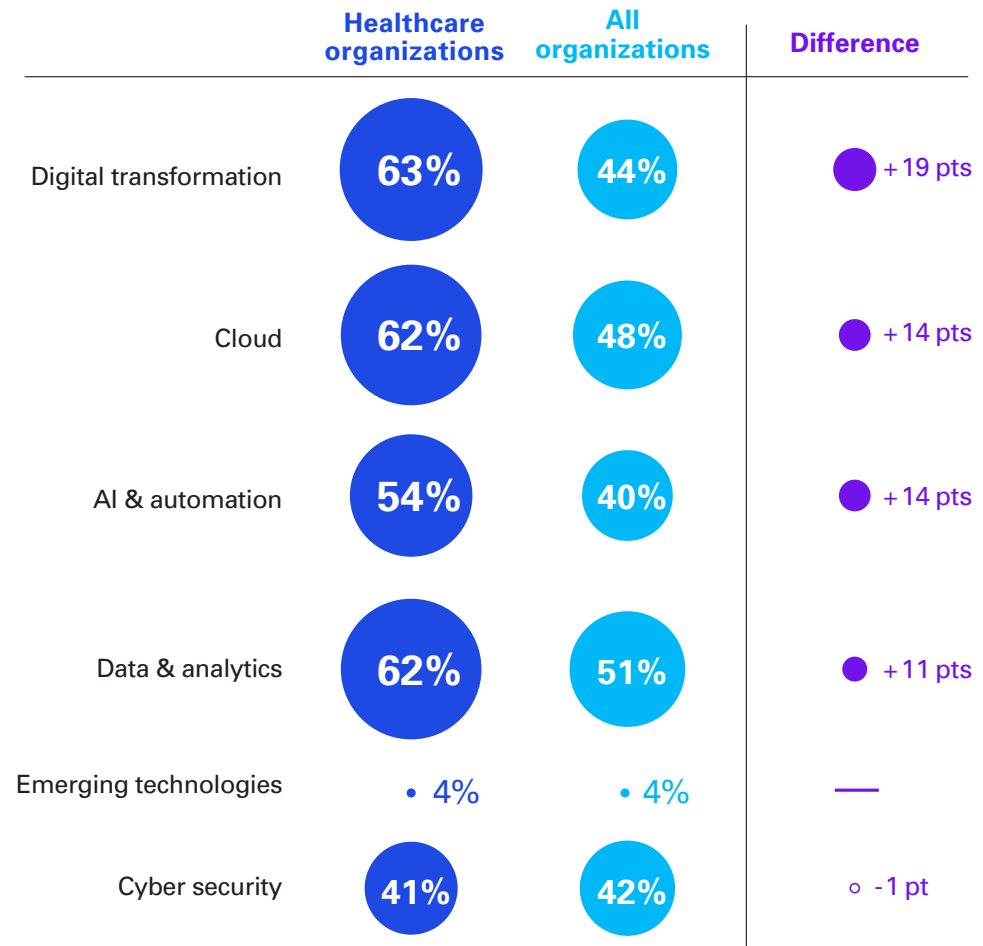
Yet healthcare organizations are getting good results for the money they do spend. Fifty-nine percent have been very or extremely effective in using digital technology to advance their business strategy. While that's below the 66 percent who've had similar success across all industries, 24 percent of healthcare organizations say digital transformation has had a more than 10 percent positive impact on their profitability or performance. By comparison, only 21 percent of all organizations claim similarly strong results.

"As recently as five years ago, healthcare organizations were lagging most other industries in digital transformation," notes Vince Vickers, national Healthcare consulting leader for KPMG in the U.S. "They are still not where they want or need to be, but they are making good progress."

Healthcare organizations also are more likely than others to be proactive in progressing against their digital strategy in several key areas, including AI and automation (54 percent versus 40 percent of all organizations), cloud (62 percent versus 48 percent), data and analytics (62 percent versus 51 percent), and digital transformation (63 percent versus 44 percent). (See Figure 1.)

Figure 1: Healthcare organizations progressing well against tech agenda

Percentage of organizations proactive in progressing against their strategy and continually evolving in the following areas:



Source: KPMG U.S. Technology Survey Report, KPMG LLP (U.S.), 2022.

¹ In May and June 2022, KPMG U.S. surveyed 1,052 U.S.-based, executive-level technology leaders across eight broad industry sectors about the current state of their organization's digital transformation journey, the challenges they are facing along that journey, and their planned technology investments. This report highlights the most significant differences in the survey findings for the healthcare sector relative to all sectors represented in the survey.

BIG GAINS WITHOUT EXTRAVAGANT BUDGETS *continued*

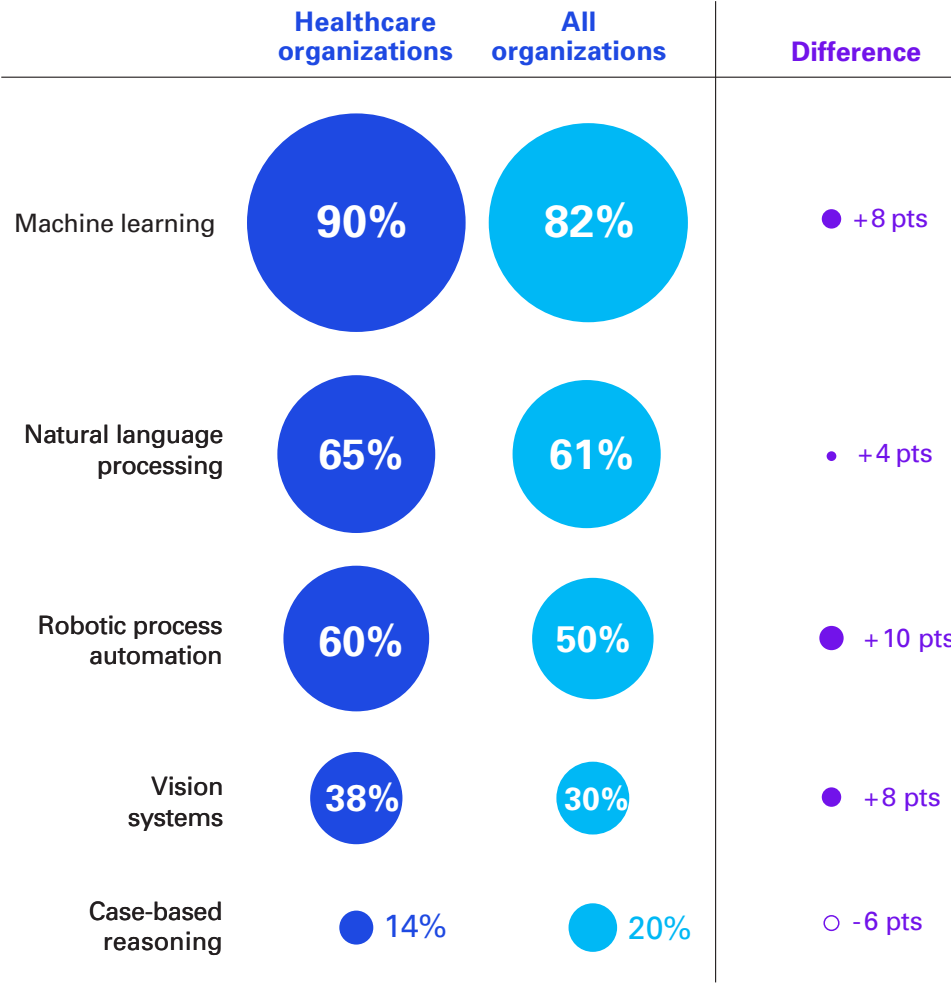
Finally, healthcare organizations are more likely than most to have generated a positive return on their investments in robotic process automation (60 percent versus 50 percent of all organizations), vision systems (38 percent versus 30 percent), machine learning (90 percent versus 82 percent), and natural language processing (65 percent versus 61 percent). (See Figure 2.)

To be clear, healthcare organizations have struggled with some aspects of digital transformation, especially around cyber security. Fifty-two percent of healthcare executives concede their organization’s cyber security strategy is proceeding slower than expected despite leadership support and funding.

As in other areas of digital transformation, healthcare organizations are mostly happy with their efforts to migrate information systems to the cloud. Very few—just 7 percent, versus 17 percent of all organizations—find their cloud agenda suffering from a lack of funding or lack of a business case. Healthcare organizations are more likely than others to say that improving system reliability or resilience is a top-three benefit of their cloud program (34 percent say this, versus 22 percent of all organizations).

Overall, healthcare organizations also are the most likely of all organizations to be investing in enterprise technology to “create new value” (32 percent identify this as a primary goal for investing, versus 22 percent of all organizations). They are equally likely to be investing with a goal of amplifying customer centricity (32 percent are doing so, versus 46 percent of all organizations). But their most commonly cited goal is to improve agility (45 percent versus 42 percent).

Figure 2: Healthcare organizations reap positive ROI from spending on AI
AI-enabled technologies where healthcare organizations report earning a positive ROI:



Source: KPMG U.S. Technology Survey Report, KPMG LLP (U.S.), 2022.

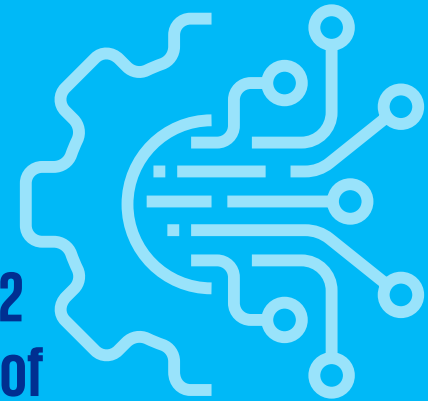
BIG GAINS WITHOUT EXTRAVAGANT BUDGETS *continued*

“Healthcare organizations provide vital services for the communities they serve, and their ability to adapt quickly to new challenges, as illustrated by the COVID-19 pandemic, will always be critical,” Vickers says. “Their push for greater agility is both laudable and necessary.”

In pursuing additional gains from digital transformation, 60 percent of healthcare organizations will make AI/machine learning a key area of investment over the next 12 months, compared with 48 percent of all organizations. That’s a trend they expect to continue three years from now, too, with 58 percent planning for it to remain a key area of investment at that point, versus 50 percent of all organizations.

Healthcare organizations’ concerns around cyber security center mostly around the growing complexity of operational technology and industrial control systems, with 40 percent of industry executives identifying that as a big cyber security challenge for their firm, versus 32 percent of all executives.

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Doubling down: How healthcare organizations can sustain their momentum

While healthcare organizations have made great strides with their digital transformation initiatives over the past several years, low-hanging fruit has largely been plucked. To maintain momentum, they'll need to continue to invest in new technology and further refine their strategies for how it will be used, says Vickers.

“Over the past few years healthcare organizations have made a major push to move material percentages of their technology into the cloud, catching up a bit to industries that had been much quicker to make that move,” Vickers explains. “They’re also in much better shape from a cyber security perspective today than they were a half decade ago. But now they really need to refine their strategy to take full advantage of everything the cloud and other advanced technologies have to offer.”

By way of example, Vickers notes that some healthcare organizations seem to see their move to the cloud as a one-time event that will lead to perpetual cost savings. Without the right strategy and careful attention to contract details and usage, however, realizing those cost savings could be challenging. Worse, many healthcare organizations haven't yet started to think more broadly about a strategy for leveraging the cloud and other advanced technologies to boost revenues, reduce disease, and improve patient outcomes—developments that could be far more beneficial than cost savings alone.

Vickers credits healthcare organizations for their focus on customer centricity as a driver of digital transformation and encourages them to continue pressing forward on that front using data as an enabler.

“One of the big goals for this industry is to provide patients with a seamless experience that looks and feels like what they get from the best retailers in the consumer world—one that's not based on individual visits or

transactions but on their entire interaction with the organization and over an extended period of time, perhaps their lifetimes,” Vickers says. “That means leveraging patient data to be more predictive and proactive in helping them improve their health.”

A continued commitment to cyber security will be important as well, Vickers says, if patients are going to continue to trust healthcare organizations with their data.

Healthcare organizations are in much better shape from a cyber security perspective today than they were a half decade ago.



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