



**Healthcare-IT  
Quarterly Analysis  
(Fourth Quarter)**

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*December 2004*

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*Let Us Tek You To The Future*

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This study (Ref: TP0277R04V01) provides brief look on activities in the Healthcare-IT Market in the fourth quarter of Year 2004. Please follow the licence conditions agreed during the original sale, as any breach of the terms of sale will constitute an illegal act. Please make sure that if you have a single site licence you do not send this issue to other sites or any third party.

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## Quarterly Analysis – Fourth Quarter 2004

### HIS related news

In October, Agfa Healthcare acquired French Healthcare-IT provider Symphonie On Line for €42 million in cash.

In November, Fujitsu, the LSP for southern cluster made a deal with Medic-to-Medic. According to the deal, Medic-to-Medic will provide its software 'Map of Medicine' (that allows local, national and specialist clinical information to be collected at one place, its subjects includes accident and emergency, oncology, paediatrics and palliative care) to all the clinicians in the region.

In November, Accenture, LSP for northeast and eastern region, signed agreements with Microsoft, Liquidlogic and The Phoenix Partnership to provide technology solutions for the region. According to the agreement, Liquidlogic will provide application to manage the single assessment process for elderly people whereas Microsoft will provide a range of core enterprise products (SQL Server 2000, Windows Server 2003 and BizTalk Server 2004). Under the agreement, The Phoenix Partnership will provide an alternative primary care solution to the practices needing to upgrade their practice systems prior to iSoft's Lorenzo, core clinical and administration system becomes available. The Phoenix Partnership will also supply software for Accenture's child health and community systems solution.

In November, Eclipsys Corporation announced its intentions to acquire eSys Medical. eSys Medical is a RIS vendor and if acquired by Eclipsys will extend Eclipsys' reach in diagnostic imaging arena. With almost 100 installations, RadioLogic is eSys Medical's RIS offering that facilitates administration, workflow optimisation and best practices in hospitals and imaging centres. According to the agreement, eSys Medical will operate as a subsidiary of Eclipsys and RadioLogic will be re-branded as Sunrise RIS.

In November, Agfa Healthcare reached an agreement to acquire German Healthcare-IT vendor GWI for an up front payment of €256.5 million and earn out of up to €95 million dependent on achievement of specific commercial milestones.

In November, IDX Systems acquired structured reporting firm PointDx for about \$8 million (expected price). IDX plans to integrate PointDx's REX structured reporting technology into its Imagecast RIS/PACS software to enhance its capabilities.

In November Stentor and Meditech integrated their PACS and EMR solutions respectively. The integrated solution enables the healthcare providers to view diagnostic images throughout their organisation directly through their HIS.

In December, BT signed a six and half year contract with Perot Systems Corporations worth £108 million. Under the contract Perot Systems will provide its clinical transformation expertise to help BT to deliver integrated local EPR applications and systems for London (NPfIT contract).

## **PACS related news**

In November, GE Healthcare signed a contract with Fujitsu, the LSP for southern region, to provide PACS. The contract is worth £110 million. Under the contract, GE will install PACS in 72 hospitals (run by 42 NHS trusts) in the region; the implementation will begin in early 2005 and is scheduled to be completed by March 2007.

Kodak has been selected by the US Department of Defence for DIN-PACS II contract for Kodak DirectView PACS System 5, Kodak DirectView CR and DR systems. Under the contract, the Department of Defence, army, navy, air force, Marine Corps, federal civilian agencies and the Department of Veterans Affairs will purchase advanced medical imaging and information systems from approved suppliers. The contract is for one year with four renewable options in effect through September 2009.

In November, at RSNA annual conference, Fujifilm Medical Systems USA and Silicon Graphics Inc. announced an alliance. Silicon Graphics is a provider of high performance visual computing; under the alliance, Silicon Graphics Prism visualisation platform will be integrated with Fuji's Synapse PACS.

In December, ComMedica signed eight and half year contract with CSC to provide PACS imaging software. The contract is worth £33 million. CSC is a LSP for Northwest and West Midlands region. For the region, ComMedica will supply specialist software to capture, distribute and manage digital images and Kodak will provide RIS, CR and the long-term digital archive.

## Other significant HIT related news

In October, Kodak announced an agreement with Acceletronics. Under the agreement, Acceletronics will market Kodak 2000RT CR Plus System in the US to radiation therapy departments. Acceletronics is a provider of systems, service and networking support for radiation therapy departments and centres. Kodak will provide installation, service and support for the 2000RT CR Plus systems.

In October, iSoft announced to acquire Hewlett Packard's New Zealand healthcare application support business. The acquisition will position iSoft as the leading supplier of patient administration systems in New Zealand.

In October, Torex Switzerland began the transition to become iSOFT Switzerland GmbH and Torex GAP GmbH officially became iSoft Deutschland, part of iSoft Group of companies.

In October, Cerner launched a ten-year initiative to provide personal health records to every kid in the US with Type 1 diabetes. The company plans to invest as much as \$25 million in ten years.

In October, Xansa has been recommended as the preferred partner for a joint venture to provide finance and accounting services to the NHS in England. Xansa is an IT services company; the fifty-fifty deal with the Department of Health will run over 10 years. It is expected to be worth £250 million to Xansa and is expected to start in April 2005. The financial and accounting services in NHS England accounts for about £1 billion; Xansa and Department of Health can generate expected revenues even if they gets half the market.

In October, Cedara Software completed the acquisition of eMed Technologies Corporation for \$48 million in cash. eMed is a privately held company that provides PACS and web based imaging radiology solutions.

In November, Nordic healthcare IT player TietoEnator acquired the laboratory business from a Swedish vendor InformationsLogik. In addition TietoEnator also purchased all shares in its subsidiary InformationsLogik Netherlands B.V. InformationsLogik is one of the leading supplier of pathology information systems in the Nordic countries and controls 95 percent of the pathology installations in the Netherlands.

In November, TietoEnator purchased 98.3 percent of the Swedish healthcare IT supplier C&S Healthcare Software AB and 51 percent of its subsidiary C&S Management AB. The

purchase strengthens TietoEnator's position as the leading IT partner for the Nordic healthcare IT industry.

In November, Cerner signed an agreement to buy Medical Division of VitalWorks for \$100 million. VitalWorks is a provider of physician systems and servers nearly 3,500 physician offices and hospitals with practice management, ambulatory EMR and transaction processing. The deal will expand Cerner's presence in the physician practice market and will help VitalWorks to focus on its radiology business. Cerner estimates that 100,000 physicians are using its solutions in the hospitals and physician offices; the acquisition will bring additional 30,000 physicians. Cerner's strategy fits well with current high growth in primary care IT systems.

In November, healthcare IT vendor BMS – Business Management Solutions UK took over ISL. ISL manufactured Secure-IT and SentiNET security systems that uses biometric means (fingerprints) for authentication, log on and identification verification. The new company will be called BMS Biometrics Ltd.

In November, In Practice Systems, a healthcare IT systems specialist acquired UK arm of NDCHealth. NDCHealth provides pharmacy IT solution that has penetrated nearly 20 percent of the UK market. (More than 2,000 pharmacies). It will now be known as Cegedim Pharmacy Services Ltd.

In November, Microsoft signed a memorandum of understanding with the NPfIT to deliver a standard user interface for all NHS clinical information systems. According to the agreement, Microsoft will invest around £40 million in R&D in the healthcare market and deliver customised versions of Windows and Office for the NHS. The user interface standards will be applied to software applications on all devices (desktops, laptops, tablets, PDAs) within NPfIT.

Microsoft has also signed a three-year software licensing deal with NPfIT worth £500 million (estimated by Times). The deal enables the use of Microsoft desktop software on total of 900,000 computers across the NHS. It will also include a facility for NHS staff to access Microsoft desktop software from home for free. The agreement is structured to run for nine years subject to three-year break points.

Meditech - Medical Information Technology, Inc., a supplier of healthcare IT solutions formed a strategic alliance with Zynx Health Inc., the originator of integrated electronic evidence-based medicine knowledge. According to the agreement, Zynx Health's Executable Knowledge Manager will be integrated into Meditech's CPOE and EMR solutions.

US based MED3000 Inc., a healthcare management and technology company, has acquired The Carolina Health Group Inc., an application service provider of physician practice management systems.

MercuryMD, provider of mobile clinical technologies has partnered with AT&T Wireless. The new AT&T Wireless-MercuryMD solution features a service that would integrate data from existing clinical information systems and deliver it to clinicians' wireless handheld devices.

Siemens Medical Solutions has acquired Jerusalem based CADVision Medical Technologies. The company expects that the acquisition will strengthen its position in computer-aided mammography.

3M Health Information Systems, provider of clinical, financial and administrative systems, has acquired Info-X Inc., provider of medical coding compliance software.

Picis Inc., provider of automated surgical and critical-care technologies, has acquired Ibox Healthdata Systems in a stock-swap deal. Picis will leverage Ibox technologies to add hospital emergency department automation to its offerings.

Dictaphone Corp.'s Healthcare Solutions Group and medical imaging company eMed Technologies have integrated Dictaphone's PowerScribe Workstation 4.6 speech recognition application and eMed's Matrix 1.1 PACS. The integration will allow radiologists to use a single workstation from initial image acquisition and dictation to final report editing.

The English NHS' e-booking program called 'Choose and Book' is running behind the schedule due to stability problems with the central system. The program is being tested at four sites since August but not even 100 live booking had been made on the system. The e-booking contracts were awarded to Atos Origin and Cerner. According to Cerner, its e-booking system is designed to handle 13 million OPD consultations, 4 million emergency admissions and 617 million prescriptions.

In November, GE Healthcare partnered with storage vendor EMC to offer PACS specifically designed for smaller hospitals and facilities. It is a scaled down version GE's Centricity PACS Enterprise Edition and uses Intel based server and EMC's CLARiiON AX100 system.

In November, WebMD Practice Services formed a strategic alliance with Dynamic Imaging. According to the agreement, Dynamic Imaging will interface its IntegradWeb PACS with WebMD's RIS. WebMD will begin selling IntegradWeb PACS.

IBA Health announced a proposed merger with Health Communication Network Limited (HCN). For that, in November IBA acquired 6,884,760 shares in HCN accounting for 10.9 percent stake of the company becoming its largest shareholder.

In November, IBA Health acquired New Zealand based healthcare IT vendor E Pi Limited for A\$3 million with a deferred consideration of A\$1.6 million based on achievement of agreed revenue targets. The acquisition will further solidify IBA's position in the Asia Pacific market.

In November Cedara Software and ANEXA Corporation, a subsidiary of Analogic Corporation entered into a co-operative agreement. Under the agreements both the companies will deliver complete, fully integrated digital imaging solutions that meet their customer's imaging and image management requirements.

In November Cedara Software entered into a co-operative distribution agreement with Air Techniques Inc. to create an affordable, low priced CR solution for private practice clinics, cost-conscious hospitals and radiology imaging centres. According to the agreement, All-Pro Imaging, a division of Air Techniques will package Cedara's I-Acquire CR acquisition console software with its own ScanX Digital Imaging System.

In November, Cedara Software signed an agreement with ONI Medical Systems, provider of family of dedicated purpose MRI systems that offer high-field performance at a low cost. Under the agreement Cedara will supply certain of its medical imaging console technologies to ONI.

In December, the English Department of Health launched NHS Direct Interactive (at a cost of £15 million) that will be available over digital TV. The digital TV site has around 2,500 pages with information available in 16 languages on how to obtain help. It provides basic information on local health services and advice on treating common illnesses.

In December, GE Healthcare announced that it has been selected US Government's Tricare Management Activity to supply pharmacy information system for the Department of Defence healthcare facilities. The agreement will proceed on a project-by-project basis with the potential for 10-year duration and more than \$80 million.

In December, IBA Health and Fujitsu Australia announced a strategic alliance to combine Fujitsu's broad technology and consulting capabilities with IBA's healthcare-IT solutions. Together both the companies will provide the applications, resources, expertise and focus required to be a leading partner in delivering Australia's public health reform initiatives.

## Significant solution news

In October, McKesson launched PhotoManager, a digital medical photograph solution. It is a software designed to allow the clinical staff to access digital medical photographs using web browser. It can integrate with EMR/EPR and can provide a seamless interface with any clinical database.

In its annual user conference, Eclipsys announced availability of its several key products – Sunrise ED Manager 3.6 XA and Sunrise Ambulatory Care Manager 3.6 XA. Sunrise ED Manager 3.6 XA includes tools for faster patient registration and staff management, real-time status reporting and monitoring. Sunrise Ambulatory Care Manager 3.6 XA includes advanced prescription writer with real-time formulary checking, ambulatory workflow manager and ability to manage alerts.

In October, Agfa introduced Practice Management System, a RIS targeted at the imaging centres in the U.S. and Canada. It includes scheduling, reporting, workflow management, worklist integration, billing and practice analysis, as well as integration with Agfa's Impax PACS network.

In October, WebMD Practice Services launched Intergy EHR, a suite of software modules that provides access to patient information, clinical systems, encounter documentation, and outcomes reporting from a single view.

In November Kodak announced expansion of availability of its remote monitoring services. Initially it was offered only for KODAK DRYVIEW laser imagers; now it is available for virtually all of the company's digital medical imaging and information equipment. In addition to that Kodak Health Imaging Group has also launched a new pricing package for its professional services offerings.

In November, Misys Healthcare Systems launched Misys Pharmacy IMM Solution. It is part of Misys Optimum Product family and is patient-centred, integrated, browser-based pharmacy information system that manages every aspect of medication management.

In November, Daou Systems added a digital image management services to its portfolio of healthcare-IT solutions. It has been resulted from its partnership with storage vendor InSiteOne.

In November, DR Systems, a provider of diagnostic imaging systems received clearance from the US FDA on its PACS for digital mammography images.

In November, Merge eFilm released a new software product called Fusion eFilm and an update to its eFilm Workstation software. Fusion eFilm is a workstation software application designed for Merge eFilm's Fusion PACS and RIS/PACS software systems. eFilm Workstation 2.0 is a new release of the vendor's desktop diagnostic imaging software.

In November, Cedara launched OrthoWorks Care Manager, an orthopaedic knowledge management system. The software provides a central database, from which results such as implant usage, pain thresholds, recovery rates, complications, mobility, and mortality statistics can be extracted.

In November, Provox Technologies introduced VoxEnterprise, an enterprise-wide speech recognition and dictation-based medical documentation and workflow management system.

In November, Philips Medical systems released a Portuguese Radiology ConText package for its SpeechMagic speech recognition software. ConText incorporates a Portuguese user interface and a general interface to application systems and was developed in cooperation with Philips Medical Systems Portugal.

In December, IBM has updated its Medical Assessment Workstation. This will enable the healthcare providers to set up two monitors for viewing different kinds of patient information, such as digital images and records, at the same time. The company also has released a new version of its Medical Archive Solution for data storage. The Medical Assessment Workstation II costs between \$8,000 and \$14,000 where as cost for Medical Archive Solution for data storage starts from \$50,000.

In December, Kodak highlighted its new healthcare IT offerings at RSNA. The offerings included 5.2 version of its DirectView System 5 PACS, version 5.3 of DirectView System 5 PACS, DirectView Mammography Workstation, RIS 2010 imaging centre version, Mammography CAD System, DirectView DR 7500, DirectView Capture Link system, DryView 8150 Laser Imager and Colour Medical Imager (CMI) 1000.

In December, at RSNA, Agfa Healthcare introduced a collection of new products and upgrades that included reconfigured CR line, dry laser printers and RIS/PACS technology. The company presented its reconfigured CR line - CR 25.0 and CR 75.0, an enterprise digital imaging system - Impax ES for Radiology, Impax 6.0 - PACS based on Microsoft's .NET framework, MediWeb thin-client radiology order communication and results distribution system, new mammography diagnostic workstation - Impax MA3000, version 3.0 of its TalkStation speech recognition offering and a family of dry film printers (DryStar 5300 tabletop printer, DryStar 5500 and 4500M printer).

At RSNA, Fujifilm Medical Systems showcased some of its new products and enhancements including version 3.1 of Synapse, enhancements in Synapse Web Administration Tools, Synapse multi-modality breast imaging workstation and DryPix 4000 imager.

Philips Medical systems showed a range of new products at RSNA. It included Brilliance 64 CT scanner, Brilliance Big Bore 16, a wide-bore CT scanner, Panorama 1.0T, a 1-tesla open superconducting scanner, Xtenity RIS, EasyAccess Focus, a PACS targeted for low-volume facilities, PACS financing options and upgraded Gemini hybrid PET/CT platform with Gemini GXL among others.

At RSNA, Siemens Medical Solutions highlighted a new mobile flat-panel x-ray system, a 64-slice PET/CT scanner for cardiac imaging and new multi-slice CT scanners among others. The solutions includes flat-panel digital detector option for its Mobilett XP mobile x-ray system, Arcadis Orbic 3D, a mobile C-arm with intra-operative 3D imaging capabilities, DynaCT, a technique that allows Siemens' Axiom Artis FD systems to perform angiographic CT studies, a mobile flat-panel detector for Axiom Sireskop SD fluoroscopy system, DiamondView software upgrade for Axiom Aristos line, Somatom Spirit, a new entry-level dual-slice CT scanner, biograph 64, Siemens upgrade in PET/CT platform, Symbia, a SPECT/CT system, Novation DR full-field digital mammography unit and enhancements in Novius RIS.

GE Healthcare showcased its new 64-slice PET/CT scanner, a portable digital radiography system and new high-definition MRI technology among others at RSNA. The new solutions and upgrades include Discovery 64, a 64-slice version of its Discovery hybrid PET/CT platform, Volume Viewer Plus, software for viewing fused PET/CT images on a variety of different workstations, the next generation of its Xstream package of hardware and software enhancements for its CT line, called Xstream FX, Centricity PACS SE, a PACS targeted at community hospitals and imaging centres, InnovaBreeze, a peripheral vascular imaging technique and Precision Rxi, a remote radiography/fluoroscopy system.