Opportunities and Challenges in the Health Care IT Sector: The ShiftMarket Case Study

Andrew N. Garman, Rush University, USA
Mayur Patel, Rush University, USA
Rod Hart, Advantage Health LLC, USA

Abstract

The health care sector represents one of the largest and most rapidly growing IT markets in the world. Health care lends itself readily to IT entrepreneurship in a number of ways, but also poses some unique challenges. Many of these facets are illustrated through the experiences of ShiftMarket, a startup company developing and promoting technology-driven solutions for staffing hard-to-fill hospital shifts. Started without any external funding, ShiftMarket negotiated a strong beginning by pursuing technology transfer in collaboration with a U.S. hospital rather than building from scratch. At the time of this case study, ShiftMarket is facing some unexpected challenges and must re-evaluate its strategy moving forward.

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Background

The health services delivery market can be described as encompassing all aspects of professional services aimed at improving health, including the infrastructure that facilitates its delivery and makes it more efficient. Health care is an enormous market, particularly in the United States, where it currently represents 16% of GDP, with over 6,000 hospitals delivering care.

In the privatized health care system of the United States, hospitals compete locally with each other for patients. Using traditional measures of market competition, health care would be considered extremely competitive—75% or more of the nation’s hospital markets are considered “highly concentrated” (Welton, 2004).

Focus on efficiency. In these markets, operational efficiency has become a key driver of competitive advantage, and information technology is often viewed as the cornerstone for innovations in operational efficiency. Although currently the most visible attention is being paid to electronic medical records, information technology solutions are permeating throughout health care systems, optimizing everything from quality monitoring and telemedicine to patient and staff scheduling.

Collaborative innovation. Although hospitals may compete with each other within geographic regions, they are often highly collaborative with hospitals in other markets. Administrators frequently look to other hospitals to identify practices they might adopt to improve health care and hospital operations.

Dissemination of innovations is supported through a variety of activities. Two in particular are highly relevant to entrepreneurship: professional associations and operational benchmarking. In terms of professional associations, the health services industry has spawned dozens of them, many claiming membership rosters in the thousands or tens of thousands. Most of these associations sponsor annual conferences, typically involving members presenting on “best practices” from their hospitals.

Operational benchmarking involves identifying similar services across hospitals and comparing process and outcomes data to identify highly efficient and/or effective practices. Leaders in hospitals joining such organizations will encourage their administrators to access the data and contact peer organizations to learn new approaches. There is a normative expectation of collaboration within such organizations; if a member receives a call, they are expected to provide what they know to the person calling, in exchange for the opportunity to contact others in the network as needed.

Taken together, the operational benchmarking and professional associations create a climate conducive to disseminating innovations. However the climate itself is not sufficient to facilitate technology transfer on its own, and the chasm between innovation and dissemination represents a healthy breeding ground for entrepreneurial ventures.
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