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**RIVALS WILL DRIVE TOWARD ALLIANCES OR MERGE  
IN HEALTHCARE IT INDUSTRY,  
NATIONAL BIZ SCHOOL WAR GAME PREDICTS**

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**MIT'S Sloan, Columbia, Northwestern's Kellogg and Penn's Wharton  
Compete in Fuld & Company War Game Simulation**  
*Sloan Students Win Close Competition for Third Time in Last Five Years*

**CAMBRIDGE, MA (APRIL 7, 2009)** - Four top business schools predicted last Friday in a public war game that most prominent companies in the healthcare information technology and healthcare delivery industries—including Microsoft, McKesson, Kaiser-Permanente, and Allscripts—will quickly move to create alliances and in certain cases merge with their rivals—to take advantage of the government push to adopt electronic medical records (EMRs).

This year's event, "The Battle for Healthcare Information," was held in New York City on April 3, 2009, and is the fifth national war game championship organized and run by Cambridge, Mass.-based Fuld & Company. As in past war game contests in the technology industry, this contest, featuring teams from the Wharton School of Business, Columbia University School of Business, MIT's Sloan School of Management, and Northwestern's Kellogg School of Management is expected to accurately anticipate competitive events..

According to Leonard Fuld, president and founder of Fuld & Company, "In this day-long event, teams assumed the identity of four major healthcare icons, simulating and 'stress testing' their anticipated strategies to determine who will profit from the adoption of EMRs. The Obama administration's injecting \$19 billion to kick-start this nascent electronic medical records industry just gets the players moving. It is no guarantee you will see universal adoption of electronic records in healthcare anytime soon."

Among the predictions during this fast-paced business school war game event are:

- **Entrenched interests will continue to resist EMRs for some time to come. Healthcare system change, engendered by EMR, means some interests will win dollars while other traditional players will lose - and no one wants to lose.** Physician, hospital and patient/consumer markets—are going to be major challenges for all companies in the field, the teams acknowledged. Hospitals and doctors actually can make money through these current inefficiencies and will likely resist

change. Smaller medical practices may continue to resist installing such EMR systems, not wanting to invest in long-term promises while sinking lots of money into new and complicated electronic medical records systems. Emerging pay-for-performance requirements, and reimbursement incentives, may sway the thinking.

- **A shortage of technical manpower will slow down the implementation of electronic medical records**, no matter how much money is thrown against the challenge.
- **Allscripts (and other similar pure plays, such as Epic Systems) will seek to leverage its unusually close proximity to the medical community to bring EMRs to smaller medical practices** than had been reached before. In order to penetrate the small medical practice market where most of the EMR potential user base exists, it will have to form an alliance or merge with a larger player that has a far more extensive sales force.
- **The market that is driving efficiencies, such as EMRs and other scalable solutions, will act as a catalyst to force small medical practices to band together or merge in the next few years, allowing doctors to spread the cost – and the risk – of EMR implementation.**
- **Kaiser-Permanente seeks to lower healthcare costs by “undocking” healthcare information within its system, vastly increasing the access and portability of patient data.** As a major healthcare provider, Kaiser is well positioned to set industry best-practices and influence adoption of EMR systems, rather than provide the ‘killer app’ platform itself. Kaiser will become the nexus of important alliances between government and industry to craft standards in healthcare IT—e.g., to afford interoperability of data-related tools and technologies—that have been nonexistent.
- **McKesson will be working to vastly expand its healthcare IT niche through its dominance in logistics and understanding of the health value chain, data creation and data utility**—with an emphasis on physician, payor and healthcare delivery applications. The company will be looking to generate synergies among all these different points of the healthcare delivery chain through information technology.

MIT’s team, simulating the McKesson strategies, won the war game competition based on four criteria: the team’s strategic insight, accuracy in presenting McKesson’s strategy, creative ways it expressed McKesson’s culture and goals, and finally, its ability to project their strategic vision into the future. Last year’s war game on “The Battle for the Wireless Internet”, won by the Kellogg MBA team, successfully predicted a number of industry alliances.

Fuld & Company has facilitated war games for companies around the globe. These are typically private, closed-door sessions for executives needing to make critical decisions.

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The Annual Strategy War Game National Championship, “The Battle for Healthcare Information,” was organized by Fuld & Company's Technology Practice in conjunction with the Pharmaceuticals Practice, which provides all levels of competitive support from research to consulting. The firm has serviced over 100 biotech, pharmaceutical and diagnostics/device companies for training, custom research, and systems consulting needs. Fuld assesses new product progress from early-stage development to product launch, technology partnerships between biotech and big pharma, as well as changing global technologies, regulations, and markets. The firm has researched over 60 different therapeutic categories worldwide.

Fuld & Company’s strategic gaming practice is run by Wayne Rosenkrans, Ph.D., a Distinguished Fellow at the Center for Biomedical Innovation at MIT working on healthcare strategy and policy issues related to science and medicine, and a member of the Ethics and Systems Medicine Program at Georgetown University. He is also Chairman, President and a member of the board of directors of the Personalized Medicine Coalition, a Washington DC-based organization working with government and other agencies on evolving healthcare policy for Personalized Healthcare.

### **Fuld & Company**

Fuld & Company, based in Cambridge, Massachusetts, with offices in London, is the world's preeminent research and consulting firm in the field of competitive intelligence. Founded by Leonard Fuld, a pioneer and recognized leading authority in the field, Fuld & Company is a full-service competitive intelligence firm, providing research and analysis, strategic gaming, intelligence process consulting, and training to help clients understand the external competitive environment. The firm's mission is to help clients improve their performance by making better decisions through the application of solid intelligence on their markets and competitors. For additional information, please contact Kyra Baltzar, Fuld & Company, kbaltzar@fuld.com, +1 (617) 492-5900 or [www.fuld.com](http://www.fuld.com).

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