

## Service Providers: A Tourniquet for the Hemorrhaging Healthcare System

In 2011, Americans spent \$2.64 trillion on healthcare, nearly 18 percent of annual GDP. This staggering expenditure is a growing concern to governments, insurers, and medical professionals. Further, over the next 30-40 years, demand for healthcare will be compounded as the population that consumes the most significant share, those over 65, will double in size.

Cisco's Internet Business Service Group (IBSG), in a series of projects with key U.S. Service Providers (SPs), explored how SPs can play a role in facilitating more efficient delivery of health solutions. SP interest in healthcare opportunities is clear and increasing.

### Service Provider Role in Delivering a Better Health Care Experience

The recent Federal healthcare legislation has raised awareness of America's need to find creative solutions for affordable and effective care, including the need to use technology to do so. There are hundreds of apps and devices that provide wellness advice, deliver medication alerts, and monitor blood pressure. Advances in home networks have enabled sophisticated home testing. Yet, these fragmented offers address only singular elements of patient and ecosystem needs.

Consider the case of chronic diseases: Five percent of the U.S. population accounts for 50 percent of health spending<sup>i</sup>. The top six chronic diseases cost over \$655 billion annually. Studies suggest that by employing holistic solutions to better monitor, support and interact with chronic-disease patients, cost savings of up to 30 percent, or nearly \$200 billion, are attainable<sup>ii</sup>. In contrast, getting a pill monitoring device from one device player and an app from another provider can add to the complexity of treatment.

SPs can play an important role in providing integrated solutions that address the breadth of patient needs, while also helping to reduce expenses for the health ecosystem overall. By entering this market, SPs have the opportunity to capture a share of the \$200 billion in savings available. SPs bring a set of distinct assets to the table, in the form of building blocks and capabilities that they can use to win in healthcare:

1. **Making connections—critical mass:** U.S. SPs connect to and communicate with more than 110 million households on a monthly basis—and nearly 80 percent are broadband connected. Additionally, more than 280 million people are connected to a service provider via a mobility account. SPs have deep and trusted relationships with their customers.



2. **Service management:** SPs have expertise in managing customers' connected devices/CPE. Connected Home offerings give SPs expertise in delivering reliable connected experiences. Servicing the connections, understanding management of devices, and provisioning services are core competencies of SPs.
3. **Existing suite of services to connect healthcare and patients:** SPs have expertise in critical elements of connected health solutions, including a rich suite of services that enable the next generation of healthcare: Collaboration tools, educational videos, data storage, remote device access, and remote monitoring.
4. **Managed services in partnerships:** SPs have deep experience working within broad ecosystems and partnerships to deliver comprehensive managed services. With the complexity of the healthcare ecosystem, coordination, integration and developing partnerships within the healthcare industry—the practitioners, insurers, device manufacturers, and app developers—will prove critical in delivering solutions of lasting and significant value.

In analyzing market needs on behalf of several SPs, IBSG has identified a range of healthcare opportunities for SPs that include interactivity and education, collaboration with health providers, monitoring of chronic conditions and symptoms, and social support systems. SPs can provide the glue that connects all of these services and facilitate partnerships for holistic solutions to address the breadth of the patient experience.

## SPs Entrée to Healthcare

SPs have many options for entering the healthcare market.

In the short-term, SPs should consider a phased entry. A near-term offering could include a suite of collaboration services (e.g. patient monitoring, elder care assistance, and wellness programs) as a first step. SPs should design near-term offerings as a platform for future expansion into more sophisticated solutions addressing broader chronic conditions.

Longer term, SPs have the opportunity to expand into disease management offers that provide the health industry with greater access to patients and result in improved care at a lower cost. IBSG analyzed more than 50 opportunities for SPs, and found that the most opportune long-term solutions address key chronic disease conditions, such as congestive heart failure, cancer and diabetes. Unlike narrow, single-solution providers, SPs are in a position to deliver integrated solutions to improve patient outcomes, while facilitating dramatic cost savings for the entire system.

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<sup>i</sup> The US Department of Health and Human Services, Agency for Health Care Research and Quality; largely elderly people with chronic diseases

<sup>ii</sup> Numerous studies by providers of solutions around medication adherence, pre-post surgery management, monitoring, backed up by bottoms-up analysis conducted by IBSG SP

### More Information

Cisco Internet Business Solutions Group (IBSG), the company's global consultancy, helps CXOs from the world's largest public and private organizations solve critical business challenges. By connecting strategy, process, and technology, Cisco IBSG industry experts enable customers to turn visionary ideas into value.

For further information about IBSG, visit <http://www.cisco.com/go/ibsg>.

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