

**Excerpts from:**

**SORRENTO VALLEY/GOLDEN TRIANGLE**

## **BUSINESS NEWS**

*Serving the Heart of San Diego's Technology Community Since 1987*

Volume XIII Issue VIII

August 2000

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### **HEALTHCARE INVESTMENT IN I-TECHNOLOGY LAGS OTHER SECTORS**

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#### **The Digital Revolution Takes Hold in Industry**

In the same way that the word processor has changed document creation and administrative functionality, business application software (aka Microsoft Office) has dramatically impacted the range and productivity of administration, finance, and marketing management functions across the business world.

#### **The Financial Services Leads in IT Investment**

The financial services industry has been one of the leaders in the adoption of information technology (IT) products. These products continue to improve the proliferation, productivity and profitability of these businesses with an information technology investment of nearly 8% of industry revenues. The adoption of IT products and services continues to be supported because they are cost effective while transforming the business that they support to new levels of customer service, transaction volumes and revenues.

#### **Healthcare Industry is More Conservative on IT Spending**

As the financial services and retailing industries have dramatically increased IT investments over the last 10 years.....the average healthcare IT budget is only about 2% of company revenues.

One short walk through a healthcare facility and it is clear that many redundant tasks are required and that a large amount of information is being handle manually..... If we examine these inefficiencies by the percent of revenue required to administer a given healthcare services organization, we see that it costs a typical physician's practice about 60% in administrative costs. Taking physicians and hospitals together requires about 35% in administrative costs to deliver a dollar of healthcare services. These administrative costs are among the highest for any service industry.