

HEALTH CARE MARKET IS FAST-GROWING, BUT RISKY

Buzzkill warning: Telemedicine is just the tip of the iceberg in a competitive and ultra-complicated health care market. *by Tom LeBlanc, illustration by Kveta*

IT'S EASY TO PICTURE the carnage — so many integration firms battered, beaten and left on the side of the road after reading that health care is the commercial integration market's "fastest-growing customer segment" and chasing business in the challenging and nuanced vertical. There's no evidence to suggest that InfoComm International and Acclaro Growth Partners were wrong when they wrote that in their 2012 AV Market Definition and Strategy Study that for integrators the health care market reflects a potential "hot spot for growth over the next several years."

In fact, there is little doubt that they're right for the reasons they cite, which include an aging population that requires investment in new facilities and the emerging demand for telemedicine solutions.

The problem and the reason for the carnage is that health care is a market that integrators have to live and breathe in order to be successful in, and therefore have to make an organizational commitment to chasing it. "This isn't an area you can have as a hobby," says CW Koellman, AVI-SPL's VP of medical sales.

"Although we are very large, we have specialized in [health care] for 13 years. I don't think you can get the expertise overnight. You have to have the wherewithal to exist in the surgical space. You have to go to the school of hard knocks. The rank-and-file A/V companies that think this is going to be a gold mine they can capitalize on will find that there is no low-hanging fruit."

What's Driving the Market?

Trendy solutions like telemedicine and electronic archiving of medical records

may get a lot of attention when analyzing the health care integration market, but *CI's* survey of health care integrators shows that traditional product categories are more commonly installed. Boston-based consultant AV Helpdesk is in the midst of a flurry of hospital and medical center projects and president Steve Grace describes pretty traditional solutions — "digital signage, digital check-in, television in the waiting areas and fancy welcome centers."

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Tried and true health care integrators tend to scoff at the notion that telemedicine is driving the market. "The problem is what has been classified as telemedicine," says Bruce Kaufmann, president and CEO of Human Circuit, which reports doing more than 25 percent of its business in the health care sector. "Telemedicine right now is really about point A to point B," he says, but a truly integrated solution should provide doctors and nurses with a centralized view of all the equipment in the room, not just telemedicine, visually tying it together in a user-friendly way.

That, Kaufmann says, is what separates health care audio/video integrators from medical technology companies.

"The more integrated approach, that's where we think we have a unique offering. It has to be done well from a control layer. Infrastructure, both A/V and IT, can be done by a whole lot of people, but what makes it usable is the user interface. Unifying the visual communications becomes critical to the efficiencies and the betterment of the outcome and patient satisfaction, which is how hospitals are being judged these days."

Being judged has become increasingly important for hospitals. A pay-for-performance measure in the so-called Obamacare health care law ties hospital reimbursements to the results of patient satisfaction surveys. Nearly \$1 billion is expected to be paid to hospitals in 2013 as a result of those surveys, and many hospitals are upgrading their facilities to increase patient satisfaction.

AVI-SPL, which recently announced a branded line of standardized health care solutions (see "Integrators Launch" sidebar, page 90), is addressing that demand with its Point of Care "infotainment" system. The bedside solution offers TV, Facebook, Skype and other entertainment options to patients while also providing hospitals with a nice platform for pushing information and personalized updates and it even collects meal orders.

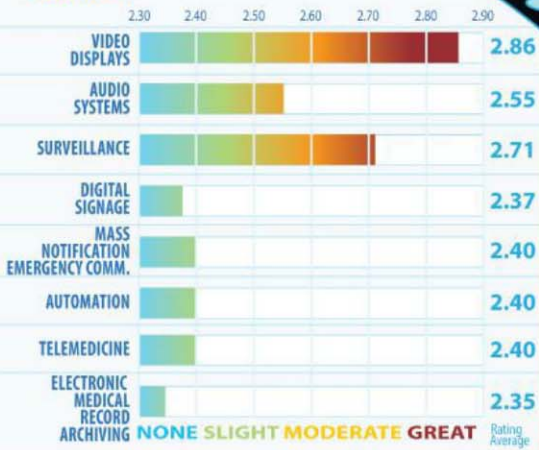
Patti Roundtree, account manager for AVI-SPL Medical, says solutions like these are driven by the new reality that it's in hospitals' best interests to keep their patients informed and satisfied with their service since there are financial ramifications.

Numbers Belie Challenges

Integrators are pretty optimistic about the health care market. *CI's* survey *continued on page 91*

HEALTH CARE

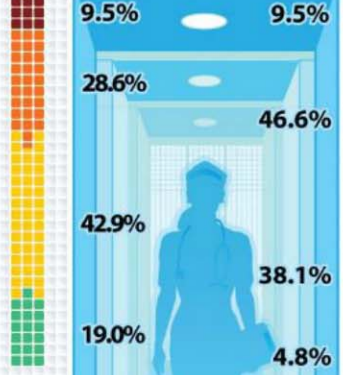
How would you describe demand among health care clients for the following solutions?



How would you describe your firm's business with health care clients in 2012?

Based on your expectations for 2013, how do you expect your health care business to perform?

- Up a great deal vs. 2011
- Up a moderate amount vs. 2011
- About the same as 2011
- Down from the level of 2011



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- About the same as 2012
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TOTAL Health Care Construction Spending Trends

Annual Percentage Change from Prior Year

Year	Spending (US \$ Millions)	Annual Percentage Change
2006	38,472	+11.7%
2007	43,766	+13.8%
2008	46,902	+7.2%
2009	44,845	-4.4%
2010	39,344	-12.3%
2011	39,173	-0.4%
2012p	40,655	+3.8%
2013	N/A	-2.5%

Total CAGR

2009-2012	13%
2012-2015	17%
2009-2015	15%

GLOBAL Health Care



SOURCE: EH RESEARCH

SOURCE: U.S. DEPT. OF COMMERCE

SOURCE: EH RESEARCH

SOURCE: INFOCOMM/ACCLARO

KVETA

INTEGRATORS LAUNCH HEALTH CARE SOLUTIONS

THERE'S NO QUESTIONING AVI-SPL's and Human Circuit's commitment to the health care market. The firms, both of which were named Top Five Health Care Market Integrators in the 2012 *CI* Industry Leaders, have launched branded solutions for medical clients.

AVI-SPL is launching an extensive line of solutions ranging from portable telemedicine carts to infotainment tables and a natal care unit that provides point to point communication between at-home moms and hospitalized infants. The \$580.7 million integration firm's medical line is made up of standardized packages of partner products.

Human Circuit's ACUMEN, which is designed to be integrated into a hospital's existing network and BYOD-friendly, is a point-of-care capture and control system. It allows caregivers to communicate, record, stream, share and review information using live, high-quality video from any location on any web device. A key aspect of the solution is that it is "brand agnostic at this point," says Bruce Kaufmann, president and CEO of Human Circuit.

AVI-SPL announced these products in its new line in May at the American Telemedicine Association's (ATA) annual meeting and trade show in Austin, Texas.



AVI-SPL's VP of medical sales CW Koellman with Virtual Exam Cart.

The mobile diagnostic Cart is an agnostic telemedicine platform, according to a press release. The Nurse Command & Control IP (NCIP) is an IP-based camera monitored care solution suitable for monitoring surgical floors, intensive care units, patient rooms or managed care facilities, according to AVI-SPL. The Point-of-Care solution offers patients bedside entertainment, including IPTV, games and video on demand as well as hospital messaging. AVI-SPL says the "infotainment" system also offers hospitals quick access to electronic health records.

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shows that 57 percent of health care integrators expect that segment of their business to be up in 2013 versus 2012, a year in which 39 percent of integrators say their health care business grew.

Construction data offers lukewarm support for integrators' optimism. Spending on health care facilities, including private and public, rose steadily and sharply during the early new millennial years before beginning a three year dip in 2009, according to the U.S. Department of Commerce. Spending was back in the black in 2012 and is roughly flat so far in 2013.

There's room for skepticism. One reason so many integrators expect growth in their health care business is probably because they haven't done much work in that market in the past. Human Circuit, which was named a 2012 *CI* Industry Leader in the health care market, expects its business in that vertical to be up "a great deal" in 2013, but Kaufmann says it won't come easy.

"It's not that we've gotten new work in [the health care market]," he says. "In fact, we've lost a couple of opportunities. In both cases we were up against established medical players that have done a great job of supplying medical gear, bought the dinners, played the rounds of golf. Competition isn't getting thinner; if anything it's getting potentially worse."

How to Step Up

Human Circuit expects that its 2013 growth will come from providing what those medical players can't, a high level of integrated control. Like AVI-SPL, Human Circuit is rolling out a self-branded health care market solution aimed at helping medical professionals collaborate and communicate better. ACUMEN is a portable point-of-care capture and control system that can be integrated into a hospital's existing network, enabling recording, streaming and collaborating on any device.

The standardized solutions that Human Circuit and AVI-SPL are developing reflect both firms' commitment to the health care market and are an example of what integrators entering the market are up against. "You can't just walk

into the OR," says Tony McClain, VP of AVI-SPL Medical. "There are 30 or 40 states that have unique power requirements and we have had to train for that. Those are the commitments it takes to

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run a medical division."

Success in the health care market also takes a particular mindset, says Koellman. When clients start talking about, for instance, a display they want to put on a

wall, a health care integrator has a "list of questions [that] spring to mind that aren't what a normal A/V integrator would think to ask," he says. "It's something only experience can teach you. It's not for the faint of heart. You can't jump in and say 'I can do this.'"

AVI-SPL, which essentially entered the health care market 13 years ago, wasn't profitable at first, McClain says. But the firm was patient and allowed the medical division to "grow to the point where we can handle 500 or 600 ORs per year and are willing to invest in those skills."

As integrators look to capitalize on the fast-growing health care market, they need to ask if they can sustain those growing pains and invest in the necessary skills. Those that do not risk being left on the side of the road.

Each month Commercial Integrator analyzes the opportunities, challenges in a vertical market. CI

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