

Why Oracle's acquisition of Cerner could help it gain more market share

Article

The news: In 2021, EHR giant **Cerner** won more small customers (hospitals with less than 200 beds) than competitors, but it lost a substantial number of large hospital clients, per a new KLAS report.

- The large hospital losses meant Cerner had the largest net decrease in number of beds (-3,155) compared with competitors like **Epic** and **Meditech**.

- In fact, outside of Cerner's government contracts, no new large health systems have selected Cerner since 2013, per KLAS.

What this means: Although Cerner gained traction among small hospitals, the large health system losses decreased its market share in 2021 compared with previous years.

Last year, Cerner added 71 new clients, including smaller hospitals like California-based Regional Medical Center and Ontario-based Brockville General Hospital. Most of its large health system customers were not new clients, but rather expansions of previous partnerships.

- For example, In 2021, Dallas-based **Methodist Hospital** (nearly 400 beds) expanded its 25-year relationship with Cerner.

Cerner's new small hospital clients weren't enough to aid its market share in 2021, and it still trails behind market leader Epic.

- In 2021, Cerner held 24.4% in market share. That's down from **25%** in 2020.
- For comparison, in 2021, Epic had a nearly 33% stake in the market, up from 31% the year before.

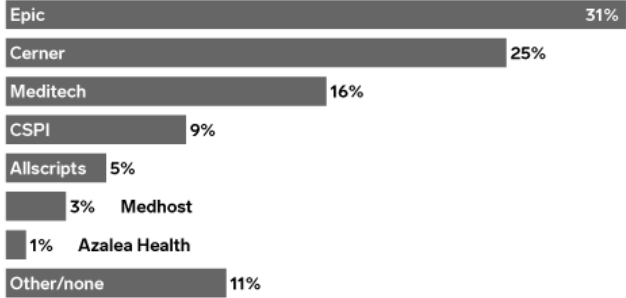
What's next? Oracle's acquisition of Cerner could help the EHR company broaden its AI voice tech to attract new health system clients over the next few years.

When Oracle scooped up Cerner in a **\$30 billion** deal last December, their press release noted that AI voice tech is a key component of their expansion strategy. Oracle plans to extend its hands-free voice interface to Cerner's clients to lower physicians' administrative burden, per Cerner.

- New AI voice tools could make Cerner more attractive to health system clients and help it gain ground on Epic's lead in market share.
- That's because high admin burden is a top driver for physician burnout. About 60% of doctors say "too many bureaucratic tasks" contribute most to their burnout, per Medscape.

US Electronic Health Record Market Share, 2020

% of total



Note: includes data from acute care facilities

Source: KLAS Research, "2021 US Hospital Market Share Report" as cited by Health Leaders Media, May 20, 2021

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