

# Microsoft goes all in on healthcare cloud services and could emerge as King of Healthcare Cloud

Article

**The news:** Microsoft launched [Azure Health Data Services](#) to boost healthcare interoperability and expand its healthcare cloud strategy across data, AI, and clinician

experiences.

- For example, the new Azure service could allow a physician to pull up an MRI alongside a patient's medical history, or use AI to analyze data from wearable devices to determine whether or not a patient has a healthy lifestyle.

**How we got here:** Microsoft's healthcare strategy culminated in its 2022 roll out of new healthcare cloud features.

- **Microsoft first launched Cloud for Healthcare in October 2020.** The solution combined its services (e.g. Teams, Azure IoT, and chatbots) to provide enhanced capabilities for interoperability, telehealth use, patient monitoring, and end-to-end security.
- In April 2021, Microsoft made its \$19.7 billion acquisition of AI voice recognition company **Nuance** to boost its cloud strategy and gave it inroads into more provider organizations (Nuance's tech is being used by more than 90% of US hospitals and 500,000 clinicians).
- And during the pandemic, Microsoft Teams was one of the top video conferencing platforms used for telehealth. Microsoft Teams was ranked as the best healthcare video conferencing solution, per KLAS' 2021 ranking. In fact, telehealth giant **Teladoc** even partnered with Microsoft to integrate Teams' video conferencing software into its telehealth platform.

**Market snapshot:** Microsoft isn't the only big cloud player elbowing into the healthcare cloud space.

- **Amazon's cloud platform Amazon Web Services (AWS) for Health** linked up with prominent healthcare partners like **Olive**, **GE Healthcare**, and **Moderna** to provide healthcare, biopharma, and genomics solutions.
- **Google Cloud** secured partnerships with **Amwell**, **Mayo Clinic**, **Highmark Health**, and **Ascension**. Plus, it rolled out a new API to boost data privacy last year, and launched the Google Cloud Healthcare Interoperability Readiness Program in November 2020.
- **Salesforce** has been amping up its healthcare cloud game with remote patient monitoring, appointment scheduling, and medication management tools as well as partnerships with Humana, Deloitte, Mount Sinai.
- **But Microsoft's cloud platform does hold the second largest share in the cloud market (just behind Amazon)** combined with its range of healthcare cloud products could help it lead the pack.

**What's next?** Healthcare cloud adoption is expected to skyrocket in coming years, and Microsoft is well positioned to be a leader in this growing market.

- **Healthcare cloud adoption is expected to spike from 27% to 51%** in the next three years, [per](#) a March 2022 Nutatix Cloud Index report.
- And healthcare cloud spending is projected to reach **\$19.71 billion by 2023**, [per](#) our Healthcare Cloud Spending forecast.

**Competitive edge:** There are 2 key reasons why Microsoft could become king of the healthcare cloud market.

### **1. It has a strong foothold in the provider space.**

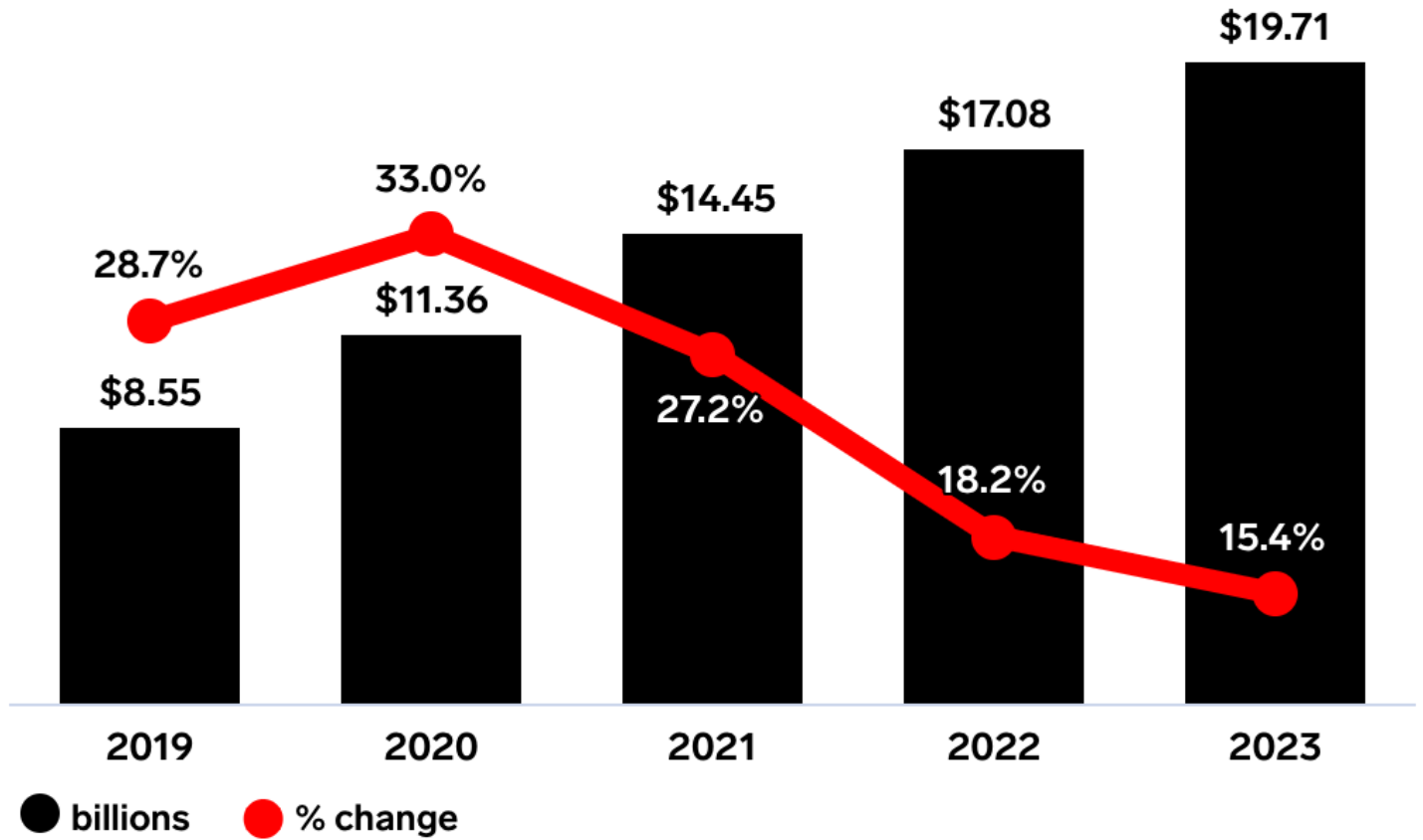
- It has a long list of provider partners, including **HCA Healthcare, Kaiser Permanente and Northwell Health**—three of the largest health systems in the US.
- Plus, Microsoft Azure was selected as **Truveta's** (healthcare analytics startup spearheaded by 17+ health systems) exclusive cloud partner.

**2. It's meeting interoperability needs.** Microsoft's healthcare cloud service placed major emphasis on interoperability—something that's been a major pain point for providers.

- Nearly **59% of doctors believe better interoperability will help them more quickly identify high-risk patients**, while **95% of docs agree** enhanced interoperability will ultimately **improve patient outcomes**, [per](#) Google Cloud's July 2021 physician healthcare interoperability survey.

# Healthcare Cloud Spending

US, 2019-2023



Source: eMarketer, March 2021

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