

# Microsoft buys Nuance for \$19.7 billion to build out healthcare cloud business

Article

Microsoft is [acquiring](#) Nuance Communications in a blockbuster **\$19.7 billion** deal—its second-largest acquisition to date behind its \$26.2 billion [LinkedIn buy](#) in 2016. The tech

giant plans to use Nuance's AI voice assistant tech to augment its healthcare cloud products.

**Microsoft has been making big healthcare moves over the past year as demand for cloud-based tech spiked alongside the coronavirus pandemic:**

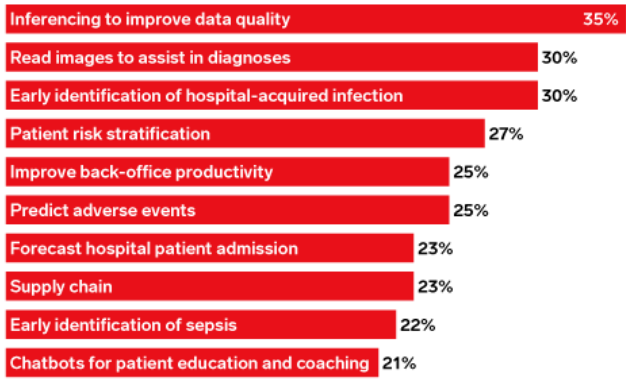
- **The pandemic accelerated digital transformation in healthcare, and the industry's interest in cloud-based tech ballooned.** Around 70% of healthcare organizations said they plan to place a premium on their IT strategies, with a focus on the cloud: Over half have increased their public cloud (56%) and hybrid cloud (51%) use from 2019 to 2020, [per](#) a December 2020 Nutanix report.
- **Microsoft first launched its [Cloud for Healthcare](#) solution in October 2020.** The solution combined its existing services such as Teams, Azure IoT, and chatbots, to [provide](#) enhanced capabilities for interoperability, telehealth use, patient monitoring, and end-to-end security.
- **Despite being in the AI for healthcare game for less time than its big tech [rivals](#) Amazon and Google, Microsoft bested them for strongest healthcare AI tools in 2020.** Around 35% of healthcare organizations surveyed said Microsoft's Healthcare AI offerings are strong to very strong, beating out Google, Amazon, and IBM, [according to](#) the 2020 KLAS Healthcare AI report.
- **Earlier this year, major health system Kaiser Permanente [tapped](#) Microsoft's cloud solutions—a massive deal considering Kaiser serves over 12.4 million patients.** In February, Kaiser Permanente partnered with Microsoft and Accenture to help provide its care teams with data insights to personalize patient care—a partnership that brought it toe-to-toe with **Google's** health system [tie ups](#).

**This blockbuster acquisition will help Microsoft sink its teeth deeper into health systems—making it a force to be reckoned with among big tech titans trailing into the same space:**

- **Nuance has been a pioneer of AI in healthcare—and it's already entrenched itself in plenty of health-system and [EHR vendor](#) partnerships.** Even before the pandemic-induced digital health rush, Nuance's Dragon Medical One platform was being used by over [500,000](#) clinicians globally in October 2019. Nuance has forged partnerships with 90% of hospitals and health systems globally and have been in the industry long enough to prove ROI: For example, its AI solutions have helped reduce duplicate imaging by [40%](#) and capture [\\$1 billion](#) of appropriate reimbursement annually. Microsoft can now tap Nuance's deep roots in healthcare as an entry point to drive sales for its cloud products.

## Use Cases for AI in Healthcare According to Health Executives in US, UK, and Germany, May 2020

% of respondents



Note: n=210

Source: International Data Corporation (IDC), "AI in Healthcare: Early Stage with Steady March to Maturity", Dec 2, 2020

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