

Oracle might kick off 2022 with a \$30 billion Cerner acquisition—here's what that would mean for the EHR market

Article

The news: Oracle is reportedly in talks to acquire electronic health records (EHR) giant **Cerner** in a deal valued around \$30 billion—which would be the biggest deal ever for Oracle, per The Wall Street Journal.

The significance of the deal: Even though Oracle is a legacy tech company, it has fallen behind tech giants like Microsoft, Google, and Amazon when it comes to cloud computing—this deal would change that.

- For example, **Microsoft's** cloud software **Azure** has been used by the largest health systems in the US, and it also acquired AI voice assistant giant **Nuance** earlier this year.
- And **Amazon Web Services** powers healthcare giants like **GE Healthcare** and **Olive**—and in general, holds the greatest share (45%) of the global cloud market.

What would this mean for the EHR market? Cerner is the second-largest EHR player on the market, holding 25% of the US' total EHR market—just behind Epic's 31%.

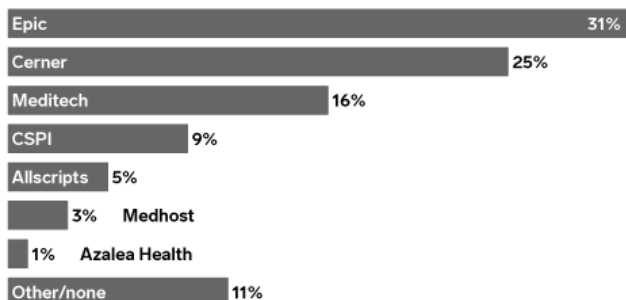
- Cerner also has **billions** tied up in partnership with the Department of Veterans Affairs (VA) to help it modernize its EHR plans.
- Last December, it **scooped up** healthcare analytics firm **Kantar Health**.
- And earlier in October of this year, Cerner appointed former Google Health exec, David Feinberg, as its new CEO.
- Altogether, these moves indicate that Cerner is digging deeper into digital health, and Oracle's acquisition could help move things along faster, plus boost its business in favor of higher pricing.

"Oracle could triple down on healthcare and make some significant investments, post an acquisition, such as making internal R&D resources for additional AI and ML investments or accelerating the transition to cloud"

- Michelle Mattson-Hamilton, ST Advisors

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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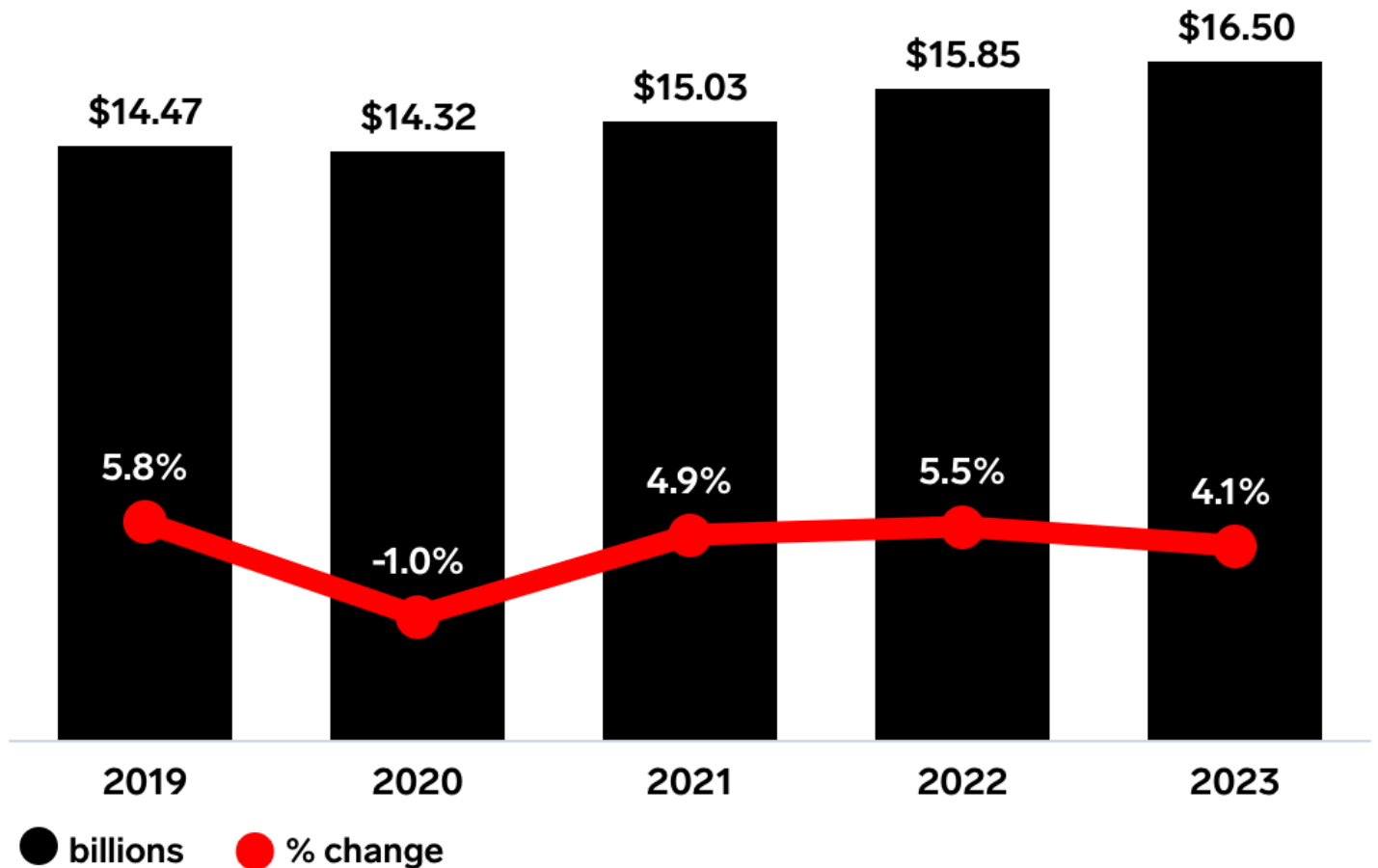
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What's next? Healthcare stakeholders will be increasingly relying on cloud computing tech and better EHR integration to boost their businesses.

- The US healthcare system already collectively spent over **\$15 billion on EHR costs** this year alone—and that's expected to **spike to \$16.5 billion by 2023**, per Insider Intelligence's estimates
- And US healthcare cloud spending is expected to jump from \$14.45 billion in 2021 to \$19.71 billion by 2023, per Insider Intelligence's estimates.
- At the intersection of these two lies the opportunity for an Oracle-Cerner company to catch up to big tech competitors that are also trying to use their cloud solutions and EHR integrations to grab a larger slice of the booming healthcare market.

Electronic Health Record (EHR)/ Electronic Medical Record (EMR) System Spending

US, 2019-2023



Source: eMarketer, August 2021

InsiderIntelligence.com

Note: This article was written before the December 20 announcement that Oracle officially acquired Cerner.