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SPYGLASS CONSULTING FINDS WEAK ROI FOR PASSIVE RFID SOLUTIONS IN HEALTHCARE

Fewer Than 23 Percent of RFID Solutions Deployed By Healthcare Organizations Are Using Passive RFID Solutions

MENLO PARK, CA, August 17, 2005. Spyglass Consulting Group, a market intelligence firm and consultancy, today announced the results of a comprehensive market study focused on the current state of Radio Frequency Identification (RFID) adoption by **healthcare organizations (HCOs)** across the United States. Spyglass interviewed more than 100 healthcare organization professionals working in clinical engineering, materials management, pharmacy and medical/nursing informatics to better understand how RFID solutions could be used for positive patient identification, accurate mobile asset and patient tracking, and supply chain inventory management to help increase operational efficiency and improve the quality of patient care delivery.

Spyglass found fewer than 23 percent of RFID solutions deployed by healthcare organizations were using passive RFID technology. HCOs interviewed found it difficult to identify a strong business case to justify an investment in passive RFID citing lack of industry-wide standards, cheaper alternative solutions based on bar coding, and a lack of government or regulatory mandates.

RFID HAS BROAD APPLICABILITY ACROSS HEALTHCARE INDUSTRY

RFID is a disruptive technology that has broad applicability across the healthcare industry. Healthcare organizations interviewed are deploying RFID solutions to automate inefficient manual processes to positively identify patients, accurately track mobile assets and patients, and optimize supply chain inventory management and logistics.

Over the past few years, RFID has generated a significant amount of excitement and hype driven by initiatives and mandates by Wal-Mart and the Department of Defense. Unfortunately, healthcare organizations are finding it difficult to leverage these experiences because the needs/requirements and market dynamics of the healthcare industry are significantly different than the retail and government sectors.

HEALTHCARE ORGANIZATIONS ARE INVESTING IN RFID TODAY

Healthcare organizations interviewed are investing in RFID solutions today to better understand the viability of the technology and to figure out how to leverage RFID to solve real problems within their organizations.

ACTIVE SOLUTIONS ARE PROPELLING GROWTH OF RFID IN HEALTHCARE

Healthcare organizations interviewed are focusing their investments on active RFID solutions for tracking assets, patients and medical staff. With active RFID solutions, HCOs are achieving compelling ROIs to help increase operational efficiency and improve the quality of patient care delivery.

RFID SOLUTIONS NOT READY FOR LARGE-SCALE DEPLOYMENTS

Healthcare organizations interviewed believe current generation RFID solutions are not ready for large-scale, enterprise-wide deployments due to concerns about network infrastructure, network scalability, application availability, and systems integration complexities.

ABOUT SPYGLASS TRENDS IN RFID STUDY

Spyglass' most recent report, **Healthcare without Bounds: Trends in RFID**, provides valuable insights and perspectives on the current state of RFID adoption by healthcare organizations across the United States. The report uncovers strong opinions regarding the market opportunities and challenges for deploying RFID solutions for positive patient identification, mobile asset and patient tracking and supply chain inventory management.

Trends in RFID complements three other healthcare reports published by Spyglass focusing on mobile computing usage amongst physicians and nurses at the point of care to view referential materials, access clinical patient data, solve existing workflow inefficiencies and capture patient billing charges.

The content for **Trends in RFID** was derived from over 100 in-depth interviews with healthcare organization professionals working in a variety of functional areas including *pharmacy, clinical engineering, materials management* and *medical/nursing informatics*. These professionals were representative of a broad range of organization types and sizes.

The telephone interviews were conducted over a 3-month period starting in April 2005. The purpose of the interviews was to identify the needs and requirements for RFID through discussions about existing workflow inefficiencies, usage of wireless and RFID solutions today, and the potential impact for deploying RFID in the future.

The **Trends in RFID** report is targeted at:

- **Software and hardware vendors, systems integrators and management consulting groups** who are selling mobile computing devices, applications and services into the healthcare industry
- **Hospital administrators and IT executives** who are making strategic decisions to fund clinical information technology solutions
- **Clinicians** who are involved in informatics and clinical system evaluation and selection
- **Investment banking and private equity investors**

The complete market study "**Healthcare without Bounds: Trends in RFID**," is available for \$1,995 (USD) from the Spyglass Consulting Group website: <http://www.spyglass-consulting.com>

ABOUT SPYGLASS CONSULTING GROUP



The **Spyglass Consulting Group** is a market intelligence firm and consultancy focused on the current and future potential of mobile computing and wireless technologies within the healthcare industry. Spyglass offers products and services in customer & market intelligence, strategic partnership development, product marketing and investment due diligence.

Spyglass customers include leading high technology vendors such as **Cisco, Microsoft, Intel, IBM, McKesson, Cerner, Philips Medical, Cardinal Health, Hewlett Packard, Motion Computing, NEC, PalmOne, RIM, Sprint, Verizon Wireless, PriceWaterhouseCoopers, and Cap Gemini.**

Mr. Gregg Malkary is the **founder** and **Managing Director** of the **Spyglass Consulting Group**. He has over 20 years experience in the high technology industry working with Fortune 2000 companies to help them use information technology for competitive advantage. Mr. Malkary has domain expertise in mobile computing, wireless and broadband technologies with direct experience in the healthcare, hospitality, manufacturing, communications and entertainment markets.

Prior to founding **Spyglass Consulting Group** in August 2002, Mr. Malkary was an Associate Partner at **Outlook Ventures**, a venture capital firm that focuses on early stage investments in enterprise software and communications companies. Previously, Mr. Malkary was the Director of Strategic Planning for **Exodus Communications** where he was responsible for identifying, evaluating and executing growth initiatives for Exodus in the managed web-hosting marketplace. Mr. Malkary has also held consulting and senior management roles in business development, strategic planning and product marketing for public and private technology companies including **IBM, Hewlett Packard, Accenture, Silicon Graphics, SkyTel Communications and Liberate Technologies.**

Mr. Malkary is a frequent speaker at regional and national conferences focused on mobile computing, wireless technologies and healthcare related issues. He has been written about and quoted in numerous industry publications such as CIO Insight, Network World, eWeek, Wireless Week, MIT Technology Review, Health Data Management, Modern Physician, Health Management Technology, Healthcare IT News and ADVANCE for Health Information Executives.

Mr. Malkary is an honors graduate of **Brown University** having earned a MS and BA in Computer Science. He was awarded the prestigious North American Philips Corporation Fellowship for his graduate research work in graphical simulation environments.

For additional information about this study, please contact Gregg Malkary at gmalkary@spyglass-consulting.com.

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