

Chapter 3: Medem



The Medem iHealthRecord iPHR platform was originally developed by the AMA and the AMA and affiliate state organizations are strong proponents of the product. Platform and revenue model focuses on provider-patient communication, upon which all else revolves.

Overall	_____	B
Product	_____	C
Marketing	_____	B
Domain Expertise	_____	A

Company Headquarters: San Francisco, CA
 Website: www.medem.com
 2007 Revenue: \$15-17M (est.)
 Number of Employees (as of Jan. 2008): 60

Year Founded: 1999
 Ownership: Private

Ideal Customer Physician practices looking to provide their patients with value-added services that increase patient retention.

Top Three Differentiators:

1. Strong partnership and support from AMA and affiliate state organizations.
2. Patient-provider communication and engagement tools.
3. Partnership with AllScripts.

Product	Product Innovation _____	C-
	Product Execution _____	C

Product Name: iHealthRecord
 Date of Latest Release: Q1 2008, Version 3.9.4

✓✓ Product Breadth	✓ Data & Document Mgmt
✓ Product Depth	✓✓✓ Communication
✓✓ Ease of Use	✓ Interoperability
✓ Flexibility	✓✓ Standards Supported
✓ Health & Wellness Support	✓✓✓ Portability
✓✓ Disease Mgmt Tools	✓✓ Privacy
✓ Interactive Tools	✓✓✓ Security
✓✓ Data Export Capabilities	★ Provider Information
✓✓ Data Import Capabilities	Device Connectivity

Medem's iHealthRecord iPHR was originally developed by the American Medical Association (AMA) to provide physicians a solution that would assist with patient retention. Therefore, it was and still is, more of a marketing solution for physicians than a consumer-centric iPHR.

Core to the Medem iPHR is physician-patient communication, which is enabled by secure, encrypted email to facilitate scheduling of appointments, re-ordering prescriptions, receiving consultation, etc. The interface is quite simplistic and dated - long overdue for an update, which may signal lack of resources for development. Through its partnership with AllScripts, Medem's iPHR is interoperable with AllScripts's physician solutions.

The iHealthRecord iPHR is based on Microsoft.Net and the interface can be easily customized by the physician to reflect their personal branding strategy. Physician may also modify various patient forms within iHealth to ensure that digitally submitted forms from a patient readily flow into existing physician work-flows.

Medem's product emphasis on the physician, however, may also be its weakness. The iHealthRecord platform is built first and foremost to serve physicians and secondly, the end consumer. Medem relies on input from its physician customers for product enhancements and less so from consumers. This results in a platform that relies heavily on partnerships to provide functionality that is common in other iPHR solutions as well as a lack of other features that may be important to a consumer, but not a physician (e.g., financial, healthcare spend tracking, or provider ratings).

Portability of patient's iPHR is provided through Medem's associated site, which is free to consumers, at www.iHealthRecord.org. Physicians who are Medem customers, can gain online access to a record if patient allows. For non-Medem customers, a consumer can print a summary of their iPHR for their physician visit.

Marketing **Marketing Vision** _____ **B**
Marketing Execution _____ **B+**

Primary Market: Providers, particularly small practices
Secondary Market: Health Plans (new in 2007)
Estimated Number of Users (as of Jan 2008): 325,000, approximately 25% physicians
Revenue Model: Physician subscription fee (\$295/yr if AMA member), plus messaging fees
Flagship Customers: Medical Mutual of Ohio, LSU Healthcare Division, Univ. of MA

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|--------------------------|--------------------------|
| ✓✓ Brand Recognition | ✓✓✓ Partner Strategy |
| ✓✓ Market Acceptance | ✓ Services |
| ✓✓ Geographical Coverage | ✓✓ Management Strength |
| ✓✓✓ Vertical Expertise | ✓✓ Go-to-Market Strategy |

Medem's *joie de vivre* is to serve the physician community. Since the release of its first product in 2001, the company has seen accelerating growth and now has over 70,000 physician customers. Medem still maintains close ties with its founding organization, the AMA and also has relationships with all 50 state affiliates of the AMA. Medem effectively leverages these relationships to grow its customer base as any physician who is a member of one of these organizations receives a 25% discount on the annual subscription fee. The consumers/patient is not assessed any fees to have an iHealthRecord PHR, all costs are borne by the physician/provider practice.

The company has been successful in expanding geographically across the US and today is one of the largest, independent iPHR vendors on the market.

In early 2007, in an effort to pursue additional growth opportunities, the company began targeting health plans. While this is an increasingly competitive market, Medem is having some success landing several clients in this market the biggest being Medical Mutual of Ohio in 2007. Medem's marketing message to health plans is that iPHR adoption will only occur if the iPHR delivers value to both the patient and provider and the greatest value is in the ability to facilitate patient-provider communication. A good marketing message that has some validity.

The company relies heavily on partnerships for filling gaps in its product offering as well as for distribution. The electronic medical records (EMR) vendor, AllScripts is an important reseller for Medem. This partnership also allows Medem to work directly with AllScripts to provide an interoperable (EMR-PHR) solution for physicians, which is unique among independent iPHR vendors. In March, AllScripts agreed to merge with competitor Misys. This may expand Medem's potential in the market, provided they develop the appropriate integrations to the Misys EMR as well. As stated in the product section, Medem's solution is dated, resources for development appear lacking, thus capitalizing on the AllScripts-Misys merger may not occur for some time.

As with its product strategy, Medem's marketing focus on the physician, and more recently health plans may not be in their best interests long-term as it is the end consumer that ultimately will receive the greatest benefit from a iPHR. Medem apparently realizes this, which is best represented by their active participation in Microsoft's HealthVault initiative. As to whether or not they will further extend themselves beyond HealthVault to reach-out to the end consumer remains in question.

Medem does not offer any health and wellness services. Again, this harkens back to their focus on the physician and not the consumer. The company defers to the physician as the one in the best position to define health and wellness care and services for a given patient.

HealthRecord is built first and foremost to serve physicians, thus many consumer-centric features are lacking.