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The Pendulum Swings—Specialization vs. Integration

by Vince Kuraitis

This is a “wake up and smell the coffee” editorial. The requirements for success in telehealth are changing. Whereas yesterday the value proposition of specialization in telehealth technology was more important, tomorrow the value proposition of integration will be dominant.

I will explain specialization versus integration in the context of an example—remote patient monitoring (RPM) technology—one of the most promising telehealth technologies.

A vendor that emphasizes a value proposition of specialization would describe its offering as follows:

“We offer the best RPM technology. We have developed focused expertise in this area—we have the best researchers and engineers, our technology is more user friendly than anybody else’s, we have the finest manufacturing facilities, we have developed the best software in the market, etc. Our RPM offering is best-of-breed.”

A vendor that emphasizes a value proposition of integration might say:

“Our RPM technology has been built with the understanding that it is one part of a broader and evolving home care delivery system. Our customers have told us that our RPM device should be able over time to connect with other eHealth technologies—the electronic health record (EHR), ePrescribing, patient/physician communication tools, and others. They have also said that they wished that our RPM device was interoperable with other vendors’ RPM devices—for example, that the data was transmitted in a standard format, that

reporting measures and formats were compatible. We recognize that it is becoming more and more important that different players in the health care system—doctors, hospitals, home care providers—can share data with each other seamlessly.”

The issue of specialization versus integration is not a choice between black and white—it is a choice between relative shades of gray. While both specialization and integration are important, the shift in relative emphasis is critical.

and Sony was first to market with a wide range of improvements). Over time, however, the market came to value the integration offered by VHS more highly. Customers valued the ability to watch prerecorded VHS tapes in any VHS machine and the ability to record VHS tapes in one machine and play them back in another VHS machine. By 1987 VHS had cornered 95% of the VCR market—the best technology did not win this race.

The most visible signpost of the market’s shift toward valuing integration is the wide-

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One might ask, “Isn’t it possible to emphasize *both* specialization and integration?” There are practical trade-offs between specialization and integration. In theory, vendors could design technology that is both highly specialized and integrated. However, as pointed out by Yogi Berra, “In theory there is no difference between theory and practice. In practice there is.” The reality is that vendors must make important design and marketing choices in emphasizing specialization versus integration.

One example of a technology that illustrates the trade-offs between specialization and integration is the VCR technologies of the 1970s and 1980s. There was a battle between Betamax technology developed by Sony and VHS technology initially developed by JVC and licensed to a wide range of other VCR manufacturers. Betamax was a superior technology (e.g., it offered better video quality, the tapes were longer in length,

spread support being received to make the EHR the foundation for health care information technology. EHRs are emerging as the consensus leader in the eHealth technology race.

EHR development was put on the fast track in 2003. The Department of Health and Human Services announced that it had asked the Institute of Medicine and Health Level 7 (HL7) to design a standard for EHRs. The Healthcare Information and Management Systems Society issued a declaration supporting a universal electronic health record. Other influential groups have followed suit supporting EHRs. President Bush acknowledged the importance of electronic records in his State of the Union speech.

All of this is increasingly leading customers to value the benefits of integration. So, please, smell the aroma of change—it’s a wonderful, invigorating scent if you are awake early enough to savor the experience. ■

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