

## Volume 2 / Issue 1 Spring 2007 - Features

### Benefits of Open Source in Healthcare

---

#### Author

**Shahid N. Shah**

*is CEO of Netspective Communications, a software consultancy specialised in delivering custom healthcare software solutions.*

#### The Benefits of Open Source

**Visibility:** If a vendor open sources its software, its visibility will be increased because it's not proprietary and the press, competitors, partners, etc will all talk about it without thinking they are promoting a specific company.

**Ubiquity & Ecosystem:** Open sourcing can create almost unstoppable power as it picks up rapid momentum, and establishes a real self-sustaining ecosystem. Mindshare is paramount and publicity matters so the visibility helps create an ecosystem around it. Other competitors and partners can be encouraged to build products around newly open sourced software without fear. If a vendor approaches the strategy properly, the software becomes ubiquitous without spending millions on marketing.

**Consulting, Training and Education:** If a vendor open sources software, it will be discussed in classes and can be used to develop best practices around the software.

**Design Discipline:** All future changes to open source software would be public and open to the community – it will create a design discipline that will help establish credibility and ensure utility for a long period.

**Building a Community:** Vendors can start having real conversations about their products by open sourcing. They can engage a broad group of users, developers, partners, and even competitors.

**Design Help:** By opening up software, vendors can have other companies help design future improvements and updates to something that they started. Improvements can come from anywhere if that's something they want to foster.

**Guidance for a Proprietary Version:** If vendors want both a "community version" and a "proprietary version" then they can use the community version to help define and fine-tune the proprietary one. This is a very powerful way of using the "Freemium" business model where they offer a free version that anyone can use and a "premium" version that they control.

**Risk Reduction:** By open sourcing, vendors help spread and share out the risk of further development and testing. If there are any issues in the software, the community can help find them and correct them.

**Commoditise Competition:** If there are any competitors that a vendor wants to impact they can commoditise their competitors' products by open sourcing and having everyone build on their standards instead of their competitors'.

#### Trends in the Hospital Environment

The health insurance reforms were predated by a new system for hospital financing established in 2005, and known as Diagnose Behandelend Combinaties (DBC's).

The DBC is a diagnosis-related-group (DRG-type) system covering all hospital- provided products and services, beginning from the initial consultation and diagnosis of the medical specialist in the hospital through to discharge. The DBC facilitates bilateral negotiations between health insurers and hospitals on prices, and also enables drawing up differences between coverage in the new, compulsory basic insurance package and coverage under complementary schemes. In effect, the reforms in the Netherlands mark a new phase in the ongoing shift from a supply to demand orientation in healthcare.

#### Implications for Healthcare IT

The above trends are expected to impact dramatically on hospitals, and their IT operations - to quickly enhance efficiency in the face of a rise in systemic, internal competition.

For example, the State-supported Website ([www.kiesbeter.nl](http://www.kiesbeter.nl)) already offers comparative information about healthcare services, and will shortly offer data about the record of different hospitals in the treatment of six conditions (a figure due to rise to 80 by the turn of the decade).

Such factors are expected to make insurers more selective in awarding contracts – to the most competitive, and cost-effective hospitals.

In the worst-case scenario, inefficient hospitals face the risk of being unbundled and disaggregated into centres for separate healthcare services – consolidated around different DBCs.

For the more nimble and fleet of foot, however, there is a choice: to use the reality of reforms to usher in innovative new medical and supportive technologies. Most of these will inevitably centre on IT and e-Health (above all, in terms of telemedicine and the EHR).

The overriding aim will be reduce demand for costly inpatient care and increase hospital productivity – an area, where the Netherlands has been lagging other industrialised countries (see box). (TS, CC and CV)

Published on : Sat, 21 Apr 2007