



# Digitalization – a task for top management

## Why digitalization in hospitals is a strategic undertaking that belongs on the board agenda

Digital transformation in hospitals is about more than just IT procurement. It is part of a strategic vision that places patients at the center and accompanies them along the entire treatment process. It leads to better quality – and a better patient experience. Digitalization, then, is a differentiator for hospitals amid increasingly fierce competition for patients. At the same time, it lays the foundation for the future. Large volumes of data, coupled with artificial intelligence and machine learning, will enable even more precise diagnosis and more personalized treatment. This, in turn, translates into higher quality for patients.

The healthcare system is facing major challenges. The trend favoring outpatient over inpatient care continues, forcing hospitals to address how to strategically align themselves to this shift and safeguard their sustainable success – despite lower revenues. Last but not least, patients are increasingly in need of holistic care along the entire patient journey (integrated care). To achieve this, care needs to be coordinated more closely between service providers from different sectors and multidisciplinary collaboration optimized.

In this context, it is crucial to exploit the increasing possibilities of digitalization and the great potential it unleashes in the entire healthcare system and in hospitals in particular. A 2017 study by KPMG showed that savings of around CHF 300 million would be possible if the potential of digitalization in the Swiss healthcare system were consistently exploited. For this reason alone, it is absolutely essential that hospitals' strategic decision-makers identify this potential and press ahead with digitalization.



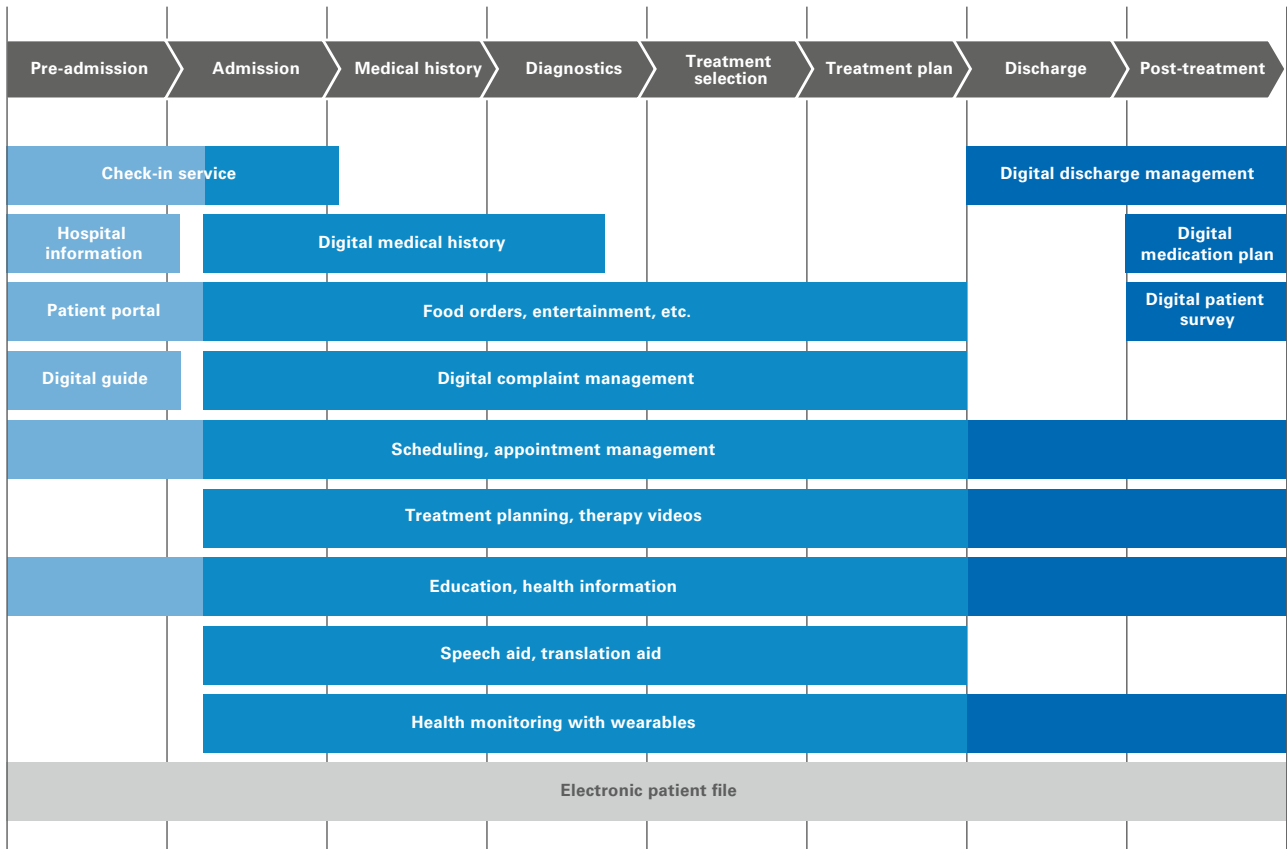


### Stronger focus on patients

Digitalization not only brings cost benefits, it can also enable better quality care for patients. This relies, in particular, on keeping the “digital patient journey” in mind at all times.

In order to provide information and services targeted to specific groups and delivered in the right place, at the right time, hospitals need to be aware of – and manage – the physical and digital touchpoints with patients. The “patient journey” serves as a tool to identify and manage these touchpoints with the respective service provider. The patient journey maps the personal and digital interactions between the patient and the hospital and shows the patient’s progress

through all phases of their treatment. The “digital patient journey” encompasses everything the patient can experience through contact with the service provider, and especially through the use of digital technologies. The diagram below illustrates a patient journey:



“Used appropriately, AI can bring about significant improvements in the quality and efficiency of patient care, while also cutting costs in diverse areas.”

A digital patient journey can only be realized if hospitals first have a patient-oriented technological infrastructure in place to support patients with a variety of services and information – before, during and after their hospital stay. Digital technologies enable patients to be incorporated in the clinic’s information flow and, in turn, benefit from the possibilities opened up by digital interaction.

### **Strategy as a success factor**

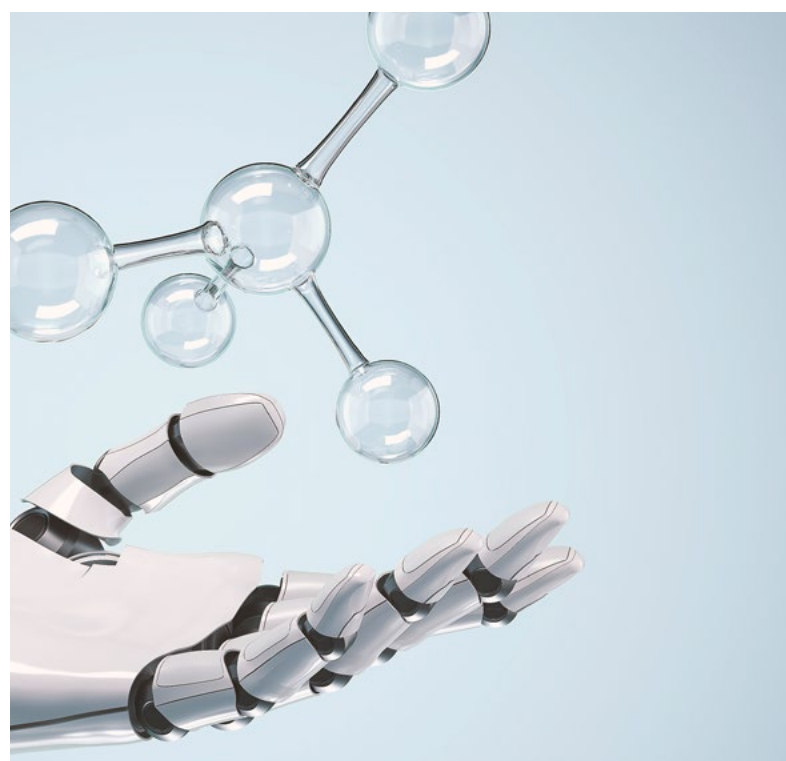
To record, improve, and ultimately align the patient experience to patient needs before and during the entire journey, hospitals must first lay the strategic, organizational and technical foundations. The most important task falls to the board of directors, which must define the right strategic approach – an essential prerequisite for any operational and technical implementation that follows.

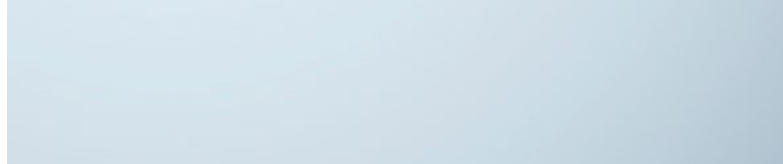
Defining a goal-oriented vision and strategy is essential, as this is the only way to attract hospitals’ interest and support for shared digital initiatives like the digital patient journey. The digital vision should reflect the values of the hospital and be based on the hospital’s own capabilities and orientation.

Faced with a multitude of options, however, hospital decision-makers will need to ask which goals will really drive the hospital’s digital transformation and then prioritize these. As part of the process, they will need to align themselves more closely than before with patients’ needs and wishes. They will have to concentrate on specific use cases and prioritize those when addressing patient centricity. And they will need to record and map all of this within a comprehensive strategy based on specific, measurable goals that ultimately result in the hospital’s systematic realignment.

### **Artificial intelligence boosts efficiency**

Beyond the focus on digital transformation, the use of artificial intelligence (AI) will also become increasingly important. In a world inundated with vast amounts of data, AI systems enable healthcare professionals to do their jobs more accurately and efficiently. Used appropriately, AI can bring about significant improvements in the quality and efficiency of patient care, while also cutting costs in many different areas – from radiology and clinical care to administrative processes in hospitals and insurance companies. Currently, automated medical diagnostic imaging is one of the most successful domains of AI-based medical applications. Many specialties – including radiology, ophthalmology, dermatology, and pathology – already rely on image-based diagnosis. For example, AI provides more accurate results than medical experts when it comes to identifying disease patterns on X-rays.





AI also offers countless opportunities to researchers. Machine learning enables new active substances and therapies to be developed faster than ever before and ideally adapted to patients. Besides offering technical advances, AI also frees up resources who can then focus more on people. Employing AI for routine clinical tasks, for instance, saves doctors time that is better spent with patients or on more demanding work.

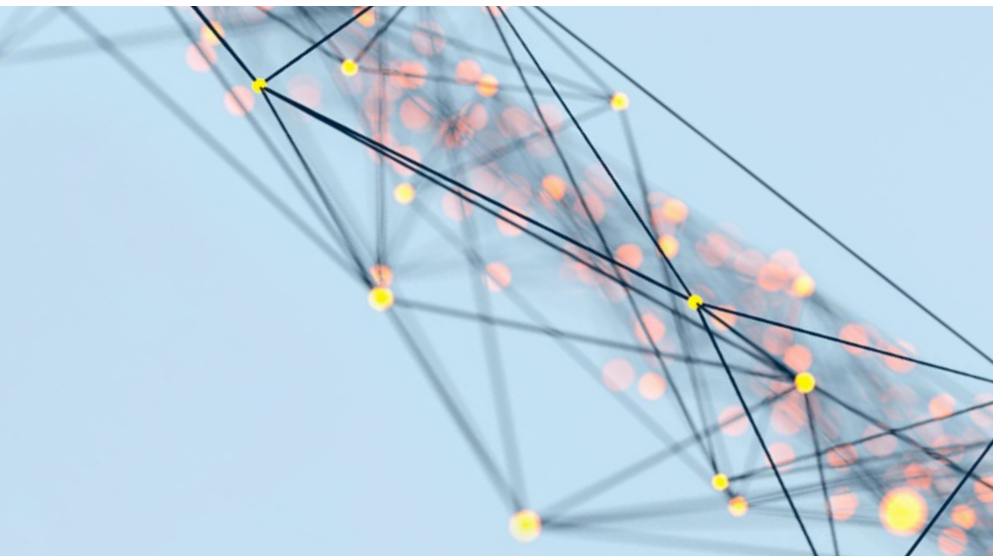
Advances in AI within the healthcare sector are also associated with major challenges, however. Decisions are no longer made exclusively by humans, but partly – or even entirely – by “machines”. Some debates have yet to be settled around the topics of responsibility, transparency of decisions, patient consent and privacy.

The difficulty and complexity of such challenges is well illustrated by the issue of transparency. Interpreting or explaining many of the AI algorithms used for image analysis is virtually impossible, which makes that final check by the physician more important than ever. At the same time, it will not always be possible to explain the logic behind a decision to patients. The result is a risk that incorrect AI decisions could go undetected, which would then cause patients and healthcare professionals to perceive the technology as unreliable or untrustworthy.

AI clearly offers enormous potential. But as with any technology, it needs to be established step by step. There will be failures along the way, but these are an important part of the process of building confidence in the opportunities of AI and creating a heightened awareness of the dangers that could arise as a result. The role of people – and physicians in particular – will be more important than ever. It is they who set the standards for controlling these applications and using them for the benefit of the patient. This calls for a multidisciplinary and integrative approach that goes beyond healthcare. Because one thing is certain: this goal can only be achieved together. Strategic management of hospitals can contribute significantly by supporting the use of the corresponding technologies and creating the necessary strategic conditions.

#### **Where do hospitals stand?**

Digitalization offers enormous potential. However, many hospitals today do not feel adequately prepared for digital transformation. Results from a 2021 study by KPMG reveal that some Swiss hospitals feel less prepared for digital transformation than they did in 2019. None of the hospitals surveyed said they were “very well” prepared to meet the challenges of digital transformation at their institution. Interestingly, the number of hospitals that considered themselves “satisfactorily” prepared fell from around 47 percent in 2019 to 35 percent in 2021. One in five hospitals even stated that they were only “sufficiently” or even “poorly” prepared for digital transformation.





In principle, this is not surprising from KPMG's point of view. As organizations develop with regard to digital transformation, they inevitably gain a more comprehensive understanding of the scope of the task – and, with it, their status/self-assessment regarding the challenge of digital transformation. In addition, as digitalization initiatives are rolled out, new, previously overlooked obstacles can become apparent.

Against this background, it is all the more important for hospitals to tackle digital transformation consistently at the strategic management level. Digital transformation is an important starting point for advances like the digital patient journey and the use of artificial intelligence. It is up to the board of directors of each hospital to drive these developments in a forward-looking and consistent approach that also anticipates growing future requirements.



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### Summary

The digitalization of clinics and hospitals is becoming an increasingly important strategic differentiator, which makes it essential for boards of directors to address the topic. Our suggestions:

- Be inspired by best-in-class approaches. Look at good examples where digitalization focuses consistently on the patient.
- Ensure a solid foundation is in place. A sustainable digital patient journey can only be designed with a functioning clinic information system in place as a "backbone".
- Launch pilot tests with individual applications rather than attempting a "big bang" rollout across the entire clinic. That lets you gain experience step by step, score initial successes and avoid wasting large amounts of money.

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