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Strategic Analysis of the Global Healthcare Biometrics Market

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Strategic Analysis of the Global Healthcare Biometrics Market
Understanding opportunities for growth

April 2012

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FROST & SULLIVAN

Contents (continued)

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Total Healthcare Biometrics Market—Market Trends

Consolidation in the industry is expected to continue, with major companies taking over small companies in order to grow business and smaller companies looking for stable partners in order to survive in the competitive market. Besides these mergers and acquisitions, vendors have realized the significance of strategic partnerships with global participants as evidenced by the following developments:

- The ISO (International Standards Organization) and IEC (International Electro Technical Commission) put out a new standard to ensure security of personal and sensitive biometric data processed online.

- In February of 2011, Lumidigm and Imprivata partnered to deliver an integrated solution for healthcare clinicians to provide reliable and quick access to EMR applications even while wearing surgical gloves. Lumidigm also partnered with Verimetrics to deliver a leading biometric single sign-on solution for applications such as hospitals, emergency response vehicles, and retail stores.

- In July of 2011, SAFRAN finalized the acquisition of L-1 Identity Solutions, Inc.. This acquisition has strengthened SAFRAN's position in the biometrics market and in August , BIO-key International, Inc. signed an agreement to acquire fingerprint manufacturer Montreal-based S.I.C. Biometrics Inc.

- In September of 2011, Nuance Communications, Inc. closed the acquisition of Loquendo. This will help the company to offer a broad, and high-quality portfolio of solutions.

- Also in September of 2011, Biometric Signature ID, Inc. entered into a partnership with Valtech to provide solutions that would greatly enhance the online security of its worldwide customers.

Total Healthcare Biometrics Market—Market Trends (continued)

- Hospitals are switching to biometrics technology to enhance security, speed the admission process, and reduce avoidable errors.

- Some of the biometric technologies hospitals are using include fingerprint, palm readers, iris scanners, and voice recognition systems. These devices are used to identify a patient's medical record and track and control the sensitive information from being breached or tampered.

- The clinic Urban Health Plan in Bronx, New Year, has been using iris scanners for last two years to avoid mistaken identities and also to ensure that patient records are not mishandled.

- The Veterans Affairs Medical Center in West Palm Beach, Florida, has a voice recognition system to allow patients to access information over the phone.

- St. Vincent Hospital and Health Care Center, Inc., an Indiana-based healthcare provider will be deploying fingerprint biometrics scanners to enhance security and at the same time provide the speed and simplicity of access demanded by the users.

- Simply Healthcare Plans (SHP), a Florida-based HMO, will be implementing biometrics technology to curb fraudulent activities. The SHP customers will have their irises scanned at the initial point of contact at the healthcare facility.

Total Healthcare Biometrics Market—Technology Trends

Total Healthcare Biometrics Market: Technology Trends, Global, 2011

Short Term — Medium to Long Term

- Focus towards affordable, FBI certified and NIST compliant solutions
- Addition of palm print latent search capability
- Shift towards open architecture systems leading to interoperability
- Deployment of Multimodal biometrics
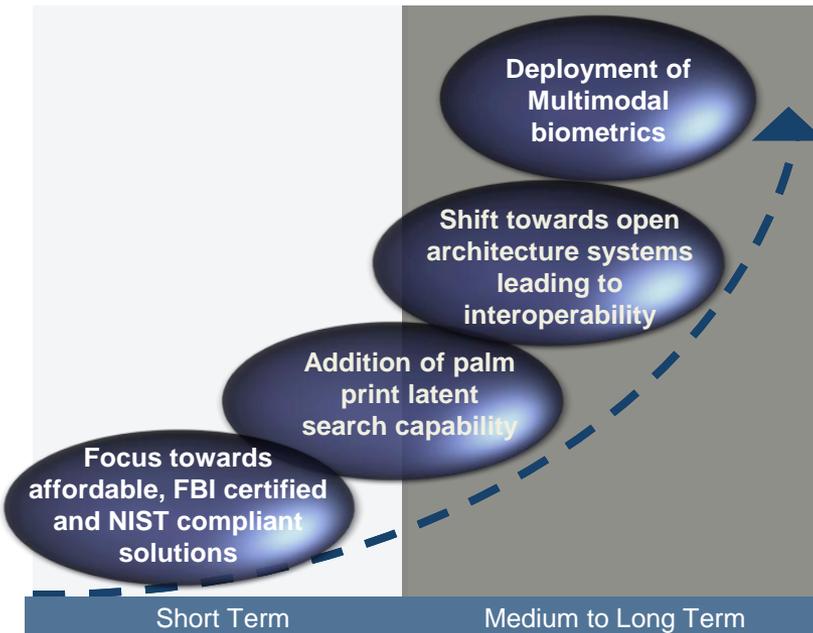
- Iris and vein recognition technologies are gaining momentum in the healthcare vertical and are expected to become the most widely deployed technologies in the long term.

- Emerging applications of remote authentication of patients with the use of voice verification and wireless PDAs are likely to witness a significant uptake in the market.

- The strong need for non-contact solutions for hygienic reasons, along with the increase in accuracy levels of face recognition technology, means the adoption of face recognition is inevitable.

- Companies are investing in research and development to innovate solutions that are cost-effective, time-efficient, reliable, accurate, interoperable, and standards compliant.

- For example, two programs in the Cross River State of Nigeria, Hope and Comfort are combining biometrics and solar energy to provide healthcare and economic support to some of the poorest citizens of the region.

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Distribution Trends

Total Healthcare Biometrics Market: Distribution Trends, Global, 2011

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┌─────────────────────────────────────────┐
│      Biometric Hardware Manufacturers    │
└─────────────────────────────────────────┘

┌──────────────┐
│   OEMs/ODMs   │
└──────────────┘

        ┌──────────────┐      ┌──────────────┐
        │   Software    │      │              │
        │   Algorithm   │      │     SIs      │
        │  Developers   │      │              │
        └──────────────┘      └──────────────┘

              ┌──────────────┐
              │     VARs     │
              └──────────────┘

┌─────────────────────────────────────────┐
│                End User                   │
└─────────────────────────────────────────┘
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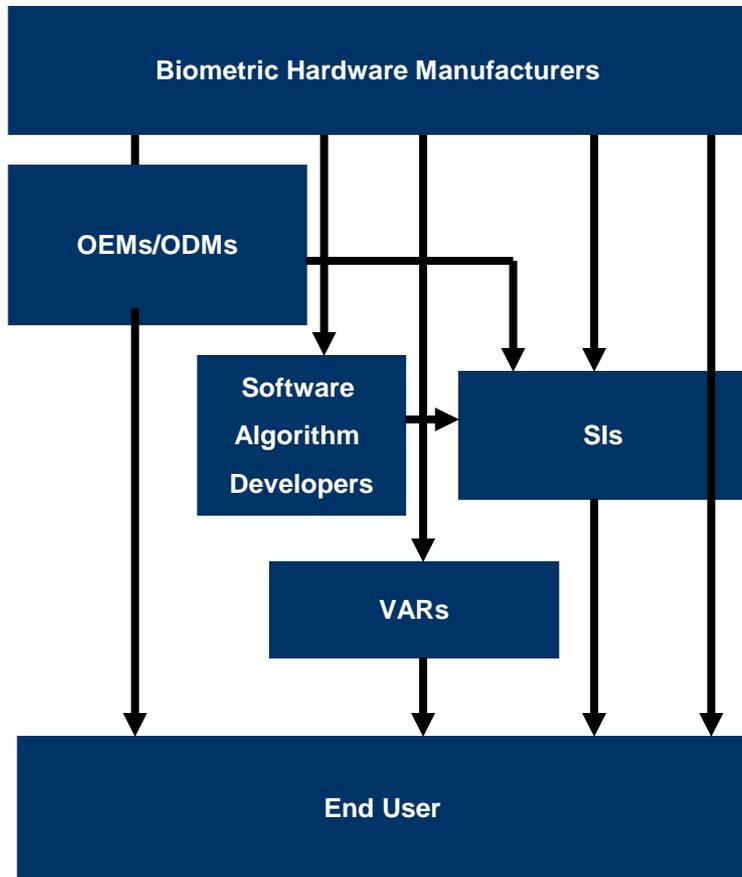
- In the healthcare vertical, indirect sales remains the primary channel of distribution of biometric-based solutions to large-sized organizations. This is mainly through a SI (system integrator) or an original equipment manufacturer.

- Approximately xx percent of the market uses SIs, and the remaining is direct sales.

- SIs provide customized solutions and are responsible for the design, development, and implementation of the system.

- Sales to small and medium-sized hospitals occur either through a VAR or directly to the end user. This is because biometric technologies need to be integrated into security systems or embedded into devices.

- The licensing model approach is based on a revenue-sharing agreement that is defined as a per-port model.

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Global Hot Spots

Total Healthcare Biometrics Market: Geographic Segmentation, Global, 2011

EMEA
Europe includes the EU states, former CIS states, Turkey, Russia and Caucasian Republics Middle East area comprises the Persian Gulf States, Lebanon, Jordan, Syria, Israel, Iran, Afghanistan and Pakistan.

Asia-Pacific
This region includes Central Asia and the CIS states in Asia (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan, Azerbaijan, Georgia, Armenia), East Asia, Australia and Oceania.

North America
This region includes the Unites States, Canada and Mexico.

Rest of World
This region includes Africa, Southern and central America, as well as the Caribbean islands.

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