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Record number of M&A predicted for '08: reader

In response to Shawn Rhea's "[Phoenix Data purchased in \\$24 million deal](#)":

The recent purchase of Phoenix Data Systems is the latest in a gathering wave of mergers in the healthcare information technology sector. In fact, we believe 2008 will likely bring a record number of mergers and acquisitions in the industry.

Although a deteriorating consumer economy might seem at first glance to decrease corporate acquisitions, it is probably encouraging consolidation in the HIT sector. That is because many industry analysts see healthcare as relatively recession-proof, which may be spurring more *Fortune* 500 corporations, such as Google and Microsoft Corp., to launch initiatives in the sector.

In addition, smaller companies are facing increased costs of competition, as new interoperability and privacy standards take hold. Also, new technologies such as smart phones, radio frequency identification and genetic testing must be addressed or incorporated into product offerings. There is general consensus, expressed at several seminars at the Healthcare Information and Management Systems Society's Orlando, Fla., conference, that the industry is due for major consolidation, as there are too many small and medium-size players competing for a limited number of customers.

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