

# Selling Healthcare IT Solutions in China

Composed in **October 2018** by **Rafael Jimenez**, Project Manager of Enterprise Estonia

Contact: rafael.jimenez@eas.ee

## The Software Outsourcing Landscape in China

China is home to the largest providers in software resources for IT projects. While in the past, cities like Chengdu were the option of choice because its attractive incentives, good talents, and low costs, for outsourcing international projects, the business now is the domestic market itself.

A cautionary approach is mandatory in this market for the following reasons

- The number and size of competitors<sup>1</sup>, international and domestic
- The critical mass required to offer being a one-stop provider
- The language barrier
- The idiosyncrasy of Chinese developer<sup>2</sup>
- Raising costs
- Great Firewall, communication inside/outside China
- Cloud restrictions, rewriting stack

## The Healthcare Software Landscape in China

With an aging population, and the fact that citizens have only part of the treatment cost covered by medical insurance, healthcare is the concern #1 for Chinese citizens. Government knows and has to keep a delicate balance among needs and costs since it can be a source of social unrest.

Some unique characteristics of Chinese market is at the same time a problem and an opportunity for software suppliers. Among them

- Huge population
- Vast geography
- The gap urban-rural
- Technology lag
- Nursing services
- Remote diagnosis
- Technology lag
- Rehab
- Orthopaedics design
- Mobile always first
- GPS coordinate system differs

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<sup>1</sup> See Annex

<sup>2</sup> See Annex

## Assessment/Suggestions

### 1.1. As a Software House

- a) Match expectations with resources. Entering<sup>3</sup> in the domestic market of China may require an investment whose return will take time. A positive cash flow for software development firms happens in average in year four.
- b) Contact your current clients. Ask, are you already in China, are you planning to enter in the Chinese market? Following the leader is a frequent tactic of value added providers in the software world, e.g., SAP partners in sectors as financials, or automotive. It helps to dampen quickly the costs of establishment if following a client to China with a project in hand. Foreign companies starting in China soon discover they do not have around the trusted suppliers they have and know in Europe. Do not underestimate this option. It happens more often than you might think. Ask your clients.
- c) Do a research on the top software houses in China<sup>4</sup>. It may well happen, than your fees in Estonia are smaller. Consider the option of contributing to projects from an Estonia base as subcontracted. Contact the software houses in China if offering *body shopping* is one of your services
- d) Contact large integrators in Europe that certainly are also in China. E.g. Thales ([www.thalesgroup.com](http://www.thalesgroup.com)) or Indra ([www.indracompany.com](http://www.indracompany.com)). Offer them your services, they might need them for large projects in China or when in a rush for meeting contract deadlines in China

### As a Healthcare Solution Provider

- a) Deconstruct your skills. Find in your Healthcare total solution the existing smaller units. E.g., while is difficult selling in China a whole solution, it may be relatively easy to sell the LIMS<sup>5</sup> module and its integration.
- b) Make a virtual list with all module once deconstructed. It may happen you have a module to deal with X-ray and MRI<sup>6</sup>. Once such virtual list is finished, please contact EAS again. We will set up a road map to find who is interested in China in such pieces for each one of pieces.

### General Advice

- a) Consider attending some software exhibition in China, along with a potential B2B. Contact author for reviewing pros and cons of various options
- b) Make clear with your partners at Board level what your technology transfer strategy is. You need to have one clearly articulated. Contact author for more information on how to proceed.

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<sup>3</sup> For a calculation of costs contact [rafael.jimenez@eas.ee](mailto:rafael.jimenez@eas.ee)

<sup>4</sup> See Annex

<sup>5</sup> Laboratory Information Management System

<sup>6</sup> Magnetic Resonance Imaging

- c) Increase your presence in social networks in China. No matter how abstruse or restricted a subject is, in China all goes through social networks.

## Annex

### **Main Software Houses**

Insigma <http://www.insigmaus.com/>

Neusoft <http://www.neusoft.com/>

Pactera <https://en.pactera.com/>

China Soft International <http://www.chinasofti.com/en/>

DHC Soft <http://www.dhc.com.cn>

iSoftStone <http://www.isoftstone.com/>

Vanceinfo <http://vanceinfo.com/>

Beyondsoft <https://www.beyondsoft.com/>

YonYou <http://www.yonyou.com/>

Achievo <http://www.achievo.com>

### **Chinese Software Developer**

See [China's Developer Survey Report](#)

Notice that Agile is first choice for half of developers

Notice that continuous integration (Jenkins etc.) is not widely used