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## Epic Systems

Epic Systems has been a private company since its founding in 1979. The company has had limited publicly available information, especially in its early years, regarding its business strategy, operations, historical financials, and financing. Our estimates were based on very limited public revenue information across non-Epic sources: an estimated revenue of \$1 million in 1985,<sup>1</sup> which was the earliest revenue number we could find, and \$4.9 billion in sales in 2023 at Epic.<sup>2</sup> We hypothesize that Epic's private valuation may have grown from approximately \$70,000<sup>3</sup> in 1979 to approximately \$32 billion in 2022, assuming its EV/EBITDA was close to Cerner, Epic's closest comp in electronic health record. **This would imply an estimated roughly 462,000x return on investment in Epic in 1979, around 35% CAGR for over four decades.** In 2021, Forbes estimated Judy Faulkner's 47% stake in Epic to be worth \$6 billion, suggesting a company equity valuation of about \$13 billion, assuming most of her net worth comes from her 47% ownership of Epic.<sup>4</sup> This would represent approximately a 185,700x return on the original \$70,000 investment made at the company's founding in 1979, a 33% CAGR. For details of the valuation, please refer to page 62 of this document.

### Mental Model Summary Derived from Epic Systems

1. **Electronic health records (EHR) have generally enabled meaningfully lower costs for both hospitals (reductions of 9.66%) and patients and higher quality care (45% of patients reported improved quality of care since EHR adoption and 44% felt their interactions with physicians improved<sup>5</sup>). Epic, for example, has helped prevent tens of millions of medical incidents annually (66 million in 2023).<sup>6</sup> However, over their tenure, EHRs have also been accused of leading to up-billing and more administrative work and documentation.**

A 2014 study published in the American Journal of Managed Care found that patients treated in hospitals with advanced electronic health record systems incurred (on average) 9.66% less in admission costs (\$731 per patient) compared to those in hospitals without such systems, after adjusting for patient and hospital characteristics.<sup>7</sup> In addition, according to the Kaiser Family Foundation, 45% of patients reported improved quality of care since the adoption of electronic health records, 44% felt their interactions with physicians improved, with just 7% reporting a negative impact and only 6% noting a decline.<sup>8</sup>

The opportunity cost of electronic health records, manual systems, failed to retrieve 18% of requested records on time, while computer-based systems had a 100% success rate, highlighting the reliability and value proposition of EHRs.<sup>9</sup> Higher accuracy in healthcare means saving lives, as seen in the results. **Epic's technology had a direct**

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<sup>1</sup> 1985: Epic Systems - An Epic Timeline. <https://web.archive.org/web/20240303041500/https://isthmus.com/news/cover-story/epic-systems-an-epic-timeline/>

<sup>2</sup> Data from 2024 was not available at the time of writing. 2023: Epic's Revenue over the Past 5 Years.

<https://www.beckershospitalreview.com/healthcare-information-technology/ehrs/epics-revenue-over-the-past-5-years/>

<sup>3</sup> The company raised \$70,000 at its founding. Judy Faulkner – Forbes.

<https://web.archive.org/web/20250218055846/https://www.forbes.com/profile/judy-faulkner/#7acb4f733b81>

<sup>4</sup> The Billionaire Who Controls Your Medical Records. Forbes.

<https://web.archive.org/web/20230302215032/https://www.forbes.com/sites/katiejennings/2021/04/08/billionaire-judy-faulkner-epic-systems/?sh=2ace4801575a>

<sup>5</sup> Public's Experiences With Electronic Health Records.

<https://web.archive.org/web/20230608091558/https://www.kff.org/other/poll-finding/data-note-publics-experiences-with-electronic-health-records/>

<sup>6</sup> An Epic Dystopia. <https://web.archive.org/web/20241231143302/https://prospect.org/health/2024-10-01-epic-dystopia/>

<sup>7</sup> Association of Electronic Health Records With Cost Savings in a National Sample. The American Journal of Managed Care.

<https://web.archive.org/web/20240313012614/https://www.ajmc.com/view/association-of-electronic-health-records-with-cost-savings-in-a-national-sample>

<sup>8</sup> Public's Experiences With Electronic Health Records.

<https://web.archive.org/web/20230608091558/https://www.kff.org/other/poll-finding/data-note-publics-experiences-with-electronic-health-records/>

<sup>9</sup> Chapter 4. Institute of Medicine. 1991. Computer-Based Patient Record: An Essential Technology for Health Care. Washington, DC: The National Academies Press. <https://doi.org/10.17226/18459>

**impact on patient safety: in 2023 alone, Epic systems helped prevent 66 million potential adverse drug interactions and 250,000 potential surgical errors.**<sup>10</sup>

Calculating customers' ROI of Epic is difficult to do, and determining the typical cost of implementing Epic's technology is challenging due to the wide range of variables involved, such as the number of hospitals, beds, users, the system's complexity, and the extent of customization. Neither Epic nor its clients publicly disclose contract terms or bidding details. A former Epic project manager noted that implementation costs can range from the low millions for smaller organizations to close to a hundred million for large health systems with 10 to 20 hospitals,<sup>11</sup> while a former director of implementation at Epic stated that "a large academic health system would probably spend \$250 million to \$350 million on their [total cost of ownership] for all functions of delivering." While Epic's implementation costs may appear high, depending on the size of hospitals, it delivers long-term financial benefits. For example, Cleveland-based University Hospitals, a health system comprising of 18 hospitals as of the end of 2023, planned to invest \$400 million in Epic with an expected payback period of less than five years.<sup>12</sup> The health system expected that, once fully implemented, the new platform was projected to generate annual financial benefits exceeding \$100 million.

Some critics of Epic argue that the company serves the financial goals of hospital administrators more than the clinical needs of physicians.<sup>13</sup> "Epic's clients are not doctors. They are the CEOs and CFOs who write the checks to Epic," one critic observed. **A study published in *Annals of Family Medicine* found that primary care doctors spend nearly two hours on electronic health record tasks for every hour of direct patient care when using Epic, fueling concerns that documentation has overtaken medicine.**<sup>14</sup> But it is important to note that these issues are not unique to Epic but are common across electronic health record systems.<sup>15</sup> Some have also accused Epic's tools (and EHRs broadly) of facilitating aggressive billing practices, serving the interests of the management team of hospitals instead of patients. One hospital executive noted, "Before Epic, nobody was able to systematize upcoding."<sup>16</sup> Epic allows hospitals to use about 10,000 billing codes, known as Hierarchical Condition Categories (HCCs), to increase reimbursement based on patient complexity. For example, a patient coded for diabetes and kidney failure could yield a capitation rate<sup>17</sup> of \$1,273.60 compared to \$894.40 with diabetes alone. Before a doctor can complete the record of a patient visit, they must respond to every question and check every required box, potentially giving hospitals financial incentives to maximize revenue.

- Epic has provided reliable, comprehensive, all-in-one solutions for healthcare systems, which has been a key driver of its success and high customer retention (90%).<sup>18</sup> Epic salespeople are "BFFs" ("Best Friends Forever") to their customers, building close relationships and driving sales with decision-makers.**

**Unlike Silicon Valley startups that embrace a "move fast and break things" mentality, the healthcare industry operates under a far more conservative ethos. As one former Cerner executive put it, "You can't tell a doctor it's okay to fail... It's not okay to fail. That's death."**<sup>19</sup> This risk aversion makes vendor selection a complex decision,

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<sup>10</sup> An Epic Dystopia. <https://web.archive.org/web/20241231143302/https://prospect.org/health/2024-10-01-epic-dystopia/>

<sup>11</sup> Interview with Former Project Manager at Epic. 12/14/2023

<sup>12</sup> University Hospitals' Epic Install to Cost \$400M. <https://www.beckershospitalreview.com/ehrs/university-hospitals-epic-installation-to-cost-400m/>

<sup>13</sup> An Epic Dystopia. <https://web.archive.org/web/20241231143302/https://prospect.org/health/2024-10-01-epic-dystopia/>

<sup>14</sup> Arndt BG, Beasley JW, Watkinson MD, Temte JL, Tuan WJ, Sinsky CA, Gilchrist VJ. Tethered to the EHR: Primary Care Physician Workload Assessment Using EHR Event Log Data and Time-Motion Observations. *Ann Fam Med*. 2017 Sep;15(5):419-426. doi: 10.1370/afm.2121. PMID: 28893811; PMCID: PMC5593724.

<sup>15</sup> Poissant L, Pereira J, Tamblyn R, Kawasumi Y. The impact of electronic health records on time efficiency of physicians and nurses: a systematic review. *J Am Med Inform Assoc*. 2005;12(5):505-516. doi:10.1197/jamia.M1700

<sup>16</sup> An Epic Dystopia. <https://web.archive.org/web/20241231143302/https://prospect.org/health/2024-10-01-epic-dystopia/>

<sup>17</sup> Capitation is "a way of paying health care providers or organizations in which they receive a predictable, upfront, set amount of money to cover the predicted cost of all or some of the health care services for a specific patient over a certain period of time." Capitation and Pre-payment. Centers for Medicare & Medicaid Services.

<https://web.archive.org/web/20250301050919/https://www.cms.gov/priorities/innovation/key-concepts/capitation-and-pre-payment>

<sup>18</sup> The Billionaire Who Controls Your Medical Records. *Forbes*.

<https://web.archive.org/web/20230302215032/https://www.forbes.com/sites/katiejennings/2021/04/08/billionaire-judy-faulkner-epic-systems/?sh=2ace4801575a>

<sup>19</sup> The Billionaire Who Controls Your Medical Records. *Forbes*.

<https://web.archive.org/web/20230302215032/https://www.forbes.com/sites/katiejennings/2021/04/08/billionaire-judy-faulkner-epic-systems/?sh=2ace4801575a>

driven by regulatory compliance and operational reliability. Even when Epic's products are delayed or still under development, hospital leaders often choose to wait rather than gamble on an unproven alternative. This cautious approach reflects the culture of healthcare itself, grounded in the guiding principle: "First, do no harm."<sup>20</sup> **Ultimately, it is Epic's reliability, not necessarily its speed of innovation, that has solidified its position as the default choice for many healthcare providers. With a 45-year track record and endorsements from major healthcare systems and academic medical centers, Epic continues to dominate through trust and incumbency.** The healthcare industry's conservative nature and high regulatory barriers have made it difficult for traditional tech giants and new entrants to gain meaningful traction.

Despite being in a highly conservative healthcare industry, Epic has also managed to be at the forefront of innovation in its field. A great example of Epic's innovation is in the area of electronic health record interoperability, something Judy Faulkner has claimed Epic invented. Epic claimed to be the first electronic health record company to enable hospitals to electronically share patient records across different systems, successfully doing so in 2008 between two hospitals in Long Beach, California<sup>21</sup> – years before interoperability became a regulatory requirement under the 21st Century Cures Act, passed in 2016.<sup>22</sup>

By design, hospitals using Epic can reportedly share patient records with each other quite easily, but data exchange with other vendors' systems is handled on a case-by-case basis.<sup>23</sup> That design, favoring internal connectivity (intra-operability), potentially helped Epic build a powerful network effect, especially during the company's early stage. As more academic institutions adopted Epic, clinical teams became more familiar with its interface and workflows, making it easier to onboard new staff and share data across organizations. Kristin Myers, the chief digital and information officer of Mount Sinai Health System, explained, "The ability to exchange clinical information between organizations, the [number] of clinical teams that have used Epic at other institutions, and the sophistication of the product will lead to other transitions."<sup>24</sup>

In addition, Epic takes a unique approach to managing customer relationships. Instead of using traditional account executives, each client is assigned a contact person known as a "BFF" (Best Friend Forever).<sup>25</sup> It is a bi-lateral matching process aimed at finding the right fit for each organization. This role is designed to build long-term, meaningful relationships with customers, based on the belief that once a client joins Epic, they will never leave. In fact, according to Faulkner, Epic has never lost an inpatient hospital client, except in cases involving acquisitions.<sup>26</sup>

The BFF is typically paired with a senior executive at the client organization, such as a CIO or CEO, and is responsible for maintaining close communication and staying informed about their needs. Internally, BFFs are given talking points on new features of products that they roll out. BFFs are encouraged to discuss these new features with their counterparts to spark interest and offer demonstrations when appropriate. If a client shows interest in lower-level offerings, the BFF can draft and send a term sheet. For larger or more complex deals, Epic brings in its sales leaders to guide negotiations and manage the sales process.

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<sup>20</sup> Epic's Market Share - Who Should Control The Levers Of Healthcare Innovation.

<https://web.archive.org/web/20240302193547/https://www.forbes.com/sites/sethjoseph/2024/02/26/epics-antitrust-paradox-who-should-control-the-levers-of-healthcare-innovation/?sh=1f2a71514438>

<sup>21</sup> Health Records Firm Epic Raises Profile.

<https://web.archive.org/web/20220815052700/https://www.politico.com/story/2014/10/epic-systems-digital-health-care-system-112288>

<sup>22</sup> Information Blocking. <https://web.archive.org/web/20250313205304/https://www.healthit.gov/topic/information-blocking>

<sup>23</sup> The Billionaire Who Controls Your Medical Records. Forbes.

<https://web.archive.org/web/20230302215032/https://www.forbes.com/sites/katiejennings/2021/04/08/billionaire-judy-faulkner-epic-systems/?sh=2ace4801575a>

<sup>24</sup> How Epic Won over Academic Medical Centers. <https://www.beckershospitalreview.com/ehrs/how-epic-won-over-academic-medical-centers/>

<sup>25</sup> Interview with Former Implementation Director at Epic Systems. 12/19/2023

<sup>26</sup> The Billionaire Who Controls Your Medical Records. Forbes.

<https://web.archive.org/web/20230302215032/https://www.forbes.com/sites/katiejennings/2021/04/08/billionaire-judy-faulkner-epic-systems/?sh=2ace4801575a>

3. **A large total addressable market and regulatory adoption tailwinds (\$27 billion government incentive adoption of electronic health record systems in 2009<sup>27</sup>) drove massive rapid adoption, from about 9% of hospitals in 2009 to over 95% by 2014.<sup>28</sup> Epic, led by Judy Faulkner and her strong political ties, was particularly well positioned to succeed.**

In 2008, only 1.5% of U.S. hospitals had fully implemented digital systems and then only 7.5% had a basic electronic system (a total of 9% of U.S. hospitals), according to a study published in the New England Journal of Medicine,<sup>29</sup> implying a significant total addressable market for a more comprehensive electronic health record system as Epic offers. By 2014, over 95% of U.S. hospitals had adopted electronic health record systems.<sup>30</sup> Although there were always many statistical benefits to hospitals adopting electronic health records such as efficiency, quality improvements, and cost savings, the adoption of electronic health records faced significant challenges through the 1980s. High costs, data entry errors, skepticism from physicians, and a lack of financial incentives all slowed progress.<sup>31</sup> The shift to electronic health records accelerated with a big push from Washington, D.C. In the final years of the George W. Bush administration, the Health Information Technology for Economic and Clinical Health (HITECH) Act received bipartisan support.<sup>32</sup> While the exact figure of market size of electronic health records was lacking at that time due to its early stage, President Obama stated in 2009 that “within five years, all of America’s medical records are computerized.”<sup>33</sup> Signed into law by President Barack Obama in 2009 as part of the American Recovery and Reinvestment Act (ARRA) to aid the Financial Crisis, the legislation offered substantial financial incentives, around \$27 billion, for hospitals and healthcare providers to adopt electronic medical records.

With this regulatory tailwind, Epic was well-positioned as it had strong political ties with the government, especially during the Obama administration. From 2009 to 2014, Judy Faulkner was appointed to a federal committee as the representative for health IT vendors<sup>34</sup> overseeing how \$19 billion in stimulus funding for health IT would be spent.<sup>35</sup> While others with backgrounds from Epic’s competitors also held roles in shaping healthcare policy during this period, their involvement drew less scrutiny and criticism than Epic did. For example, Nancy-Ann DeParle, who had served on Cerner’s board, stepped down in 2009 to join the Obama administration and help the president with health reform agenda with Congress. The White House emphasized that DeParle would sever all ties to former clients and distance herself from any matters related to former clients or employees.<sup>36</sup> In contrast, Epic faced heightened political criticism while other vendors were not subjected to the same level of public attention.

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<sup>27</sup> HITECH Act Drove Large Gains in Hospital EHR Adoption.

<https://web.archive.org/web/20250204001242/https://www.aha.org/news/headline/2017-08-08-study-hitech-act-drove-large-gains-hospital-ehr-adoption>

<sup>28</sup> In 2008, only about 1.5% of U.S. hospitals had fully implemented digital systems, and 7.5% had a basic electronic system. Epic Systems Soars with Transition to Electronic Health Records. <https://archive.jsonline.com/business/epic-systems-soars-with-transition-to-electronic-health-records-b99642837z1-366328781.html>; An Epic Dystopia.

<https://web.archive.org/web/20241231143302/https://prospect.org/health/2024-10-01-epic-dystopia/>; National Trends in Hospital and Physician Adoption of Electronic Health Records.

<https://web.archive.org/web/20250207234225/https://www.healthit.gov/data/quickstats/national-trends-hospital-and-physician-adoption-electronic-health-records>

<sup>29</sup> Epic Systems Soars with Transition to Electronic Health Records. <https://archive.jsonline.com/business/epic-systems-soars-with-transition-to-electronic-health-records-b99642837z1-366328781.html>

<sup>30</sup> National Trends in Hospital and Physician Adoption of Electronic Health Records.

<https://web.archive.org/web/20250207234225/https://www.healthit.gov/data/quickstats/national-trends-hospital-and-physician-adoption-electronic-health-records>

<sup>31</sup> Electronic Health Records Then, Now, and in the Future. <https://pmc.ncbi.nlm.nih.gov/articles/PMC5171496/>

<sup>32</sup> An Epic Dystopia. <https://web.archive.org/web/20241231143302/https://prospect.org/health/2024-10-01-epic-dystopia/>

<sup>33</sup> Address at George Mason University in Fairfax, Virginia.

<https://web.archive.org/web/20250208231734/https://www.presidency.ucsb.edu/documents/address-george-mason-university-fairfax-virginia>

<sup>34</sup> GAO Announces Appointments to Health Information Technology Policy Committee. 4/3/2009. United States Government Accountability Office.

<sup>35</sup> Democrat Donor Gets Federal Health Policy Slot Despite Conflicts of Interest.

<https://web.archive.org/web/20250226043642/https://www.heritage.org/political-process/commentary/democrat-donor-gets-federal-health-policy-slot-despite-conflicts>

<sup>36</sup> Cerner Director is Obama’s Health Czar. <https://www.digitalhealth.net/2009/03/cerner-director-is-obamas-health-czar/>

**A December 2013 transcript from the Health IT Policy Committee indicated that Faulkner was the only member representing an electronic health record vendor at the time.**<sup>37</sup> It was not until 2014 when Judy Faulkner left that Neal Patterson, the founder and the then CEO of Cerner, was appointed by the Government Accountability Office (GAO) as a member of the Health IT Policy Committee.<sup>38</sup> Faulkner's seat on the Health Information Technology Policy Committee as the representative of health IT vendors from 2009 to 2014<sup>39</sup> raised concerns of political favoritism. According to the Heritage Foundation, a think tank in Washington, D.C., between 2006 and 2009, Epic employees contributed nearly \$300,000 to Democrats, and Faulkner herself made donations to Democratic politicians.<sup>40</sup>

Faulkner's appointment was particularly controversial because Epic opposed the Obama administration's goal of multivendor interoperability, a system that allowed different health IT platforms to exchange data, favoring instead a single-vendor model.<sup>41</sup> While Epic claimed to support interoperability, in practice, as many industry participants pointed out, its systems only worked effectively when all parties used Epic software. Faulkner argued that using multiple vendors' systems can compromise patient safety, a position that conveniently supports the company's preference for its own ecosystems. During his presidency, Obama praised Epic clients such as Kaiser Permanente and the Cleveland Clinic as "examples of how we can make the entire health care system more efficient."<sup>42</sup> The Cleveland Clinic, he noted, had "one of the best health information technology systems in the country."

In 2014, Epic reportedly paid lobbyist Bradford Card, brother of George W. Bush's former chief of staff, over \$130,000 to persuade members of Congress that the company supported interoperability. Card claimed that Epic had been the "subject of misinformation," arguing that "they're not interoperable, when in fact they are."<sup>43</sup>

- 4. Epic's historical long-term focus on large academic medical centers and health systems<sup>44</sup>, representing more than 60% of patient revenue in the U.S., aligned closely with the institutions leading the adoption of electronic health records.<sup>45</sup> The company's extensive datasets and advanced data analytics reinforce and entrench its value proposition to large academic medical centers and hospital systems.**

Epic controls nearly 60% of the academic medical center market as of 2022.<sup>46</sup> The company's long-term focus is on academic medical centers and large health systems.<sup>47</sup> These organizations represent more than 60% of patient revenue in the U.S. and at least \$813 billion in healthcare expenditures flowing through Epic Systems in 2023 alone,

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<sup>37</sup> HIT Policy Committee Transcript. 12/4/2013.

<sup>38</sup> GAO Makes Appointments to Health IT Policy Committee.

<https://web.archive.org/web/20250205081126/https://www.gao.gov/press-release/gao-makes-appointments-health-it-policy-committee>

<sup>39</sup> 50 Things to Know about Epic and Judy Faulkner. <https://www.beckershospitalreview.com/healthcare-information-technology/50-things-to-know-about-epic-and-judy-faulkner/>; Health Information Technology Policy Committee Summary. 5/6/2014.

<sup>40</sup> Democrat Donor Gets Federal Health Policy Slot Despite Conflicts of Interest.

<https://web.archive.org/web/20250226043642/https://www.heritage.org/political-process/commentary/democrat-donor-gets-federal-health-policy-slot-despite-conflicts>

<sup>41</sup> Democrat Donor Gets Federal Health Policy Slot Despite Conflicts of Interest.

<https://web.archive.org/web/20250226043642/https://www.heritage.org/political-process/commentary/democrat-donor-gets-federal-health-policy-slot-despite-conflicts>

<sup>42</sup> Democrat Donor Gets Federal Health Policy Slot Despite Conflicts of Interest.

<https://web.archive.org/web/20250226043642/https://www.heritage.org/political-process/commentary/democrat-donor-gets-federal-health-policy-slot-despite-conflicts>

<sup>43</sup> We've Spent Billions to Fix Our Medical Records, and They're Still a Mess. Here's Why.

<https://web.archive.org/web/20250226035013/https://www.motherjones.com/politics/2015/10/epic-systems-judith-faulkner-hitech-ehr-interoperability/>

<sup>44</sup> Epic's Market Share - Who Should Control The Levers Of Healthcare Innovation.

<https://web.archive.org/web/20240302193547/https://www.forbes.com/sites/sethjoseph/2024/02/26/epics-antitrust-paradox-who-should-control-the-levers-of-healthcare-innovation/?sh=1f2a71514438>

<sup>45</sup> Epic Systems Soars with Transition to Electronic Health Records. <https://archive.jsonline.com/business/epic-systems-soars-with-transition-to-electronic-health-records-b99642837z1-366328781.html>

<sup>46</sup> How Epic Won Over Academic Medical Centers. <https://www.beckershospitalreview.com/ehrs/how-epic-won-over-academic-medical-centers/>

<sup>47</sup> Epic's Market Share - Who Should Control The Levers Of Healthcare Innovation.

<https://web.archive.org/web/20240302193547/https://www.forbes.com/sites/sethjoseph/2024/02/26/epics-antitrust-paradox-who-should-control-the-levers-of-healthcare-innovation/?sh=1f2a71514438>

aligning neatly with the institutions most likely to lead in the adoption of electronic health records.<sup>48</sup> **Also, over 90% of medical students and residents now train on Epic systems, giving the company a unique advantage in embedding its software deeply into the next generation of healthcare professionals' workflows.** A 2016 report underscored Epic's footprint in research institutions as well. **All 15 hospitals receiving the most funding from the National Institutes of Health at the time were Epic clients.**<sup>50</sup> **With most academic medical centers relying on Epic, the software often becomes the default standard in medical education, reinforcing its dominance.**

Christopher Sharp, the chief medical information officer of Stanford Health Care, noted that Epic initially gained traction because of "its integrated platform across ambulatory and inpatient care,"<sup>51</sup> adding that Stanford's children's hospital switched from Cerner to Epic largely due to Epic's "more robust ambulatory offering." This comprehensive integration was crucial for academic centers seeking seamless data sharing and operational coherence. Moreover, Epic's track record of consistent and successful implementation reassured major institutions about the value of their investment.

A pricing dispute occurred in 2018 when Cerner protested after losing a contract with the University of Illinois Hospital & Health System. Cerner's bid was \$60.5 million, slightly lower than Epic's \$62 million.<sup>52</sup> However, Epic countered that the total implementation cost for Cerner's system was projected at \$154 million, compared to \$151 million for Epic. Despite close bids in that case, **according to a former Cerner salesperson, Epic is widely regarded as the most expensive option, followed by Cerner, Meditech, and others.**<sup>53</sup> **In the hospital market, Epic was estimated to cost about 50% more than Meditech.**<sup>54</sup> Jeff Gautney, the chief information officer of Rush University System for Health, pointed out, "you get what you pay for 100% of the time," despite Epic being "not cheap." The reliability of Epic's implementation, combined with its ability to scale with large, complex systems, positioned it as a safer bet in a high-stakes environment.

Beyond product functionality, Epic created platforms like Cosmos, which aggregates data from over 217 million patient records, according to a 2023 report,<sup>55</sup> offering academic institutions a powerful tool for research and benchmarking. **As Dr. Sharp put it, "Where else can you get on a platform that has 210 million lives of data? This is kind of extraordinary." Epic's competitors lack comparable offerings, giving customers few alternatives and making Epic the only option for health systems seeking to leverage large-scale clinical data.**<sup>56</sup>

**This data is a powerful business asset for Epic, attracting and retaining customers with its growing data ecosystem, particularly through the Cosmos data science platform, initiated in 2019 and launched in 2022, and its public-facing site, Epicresearch.org.**<sup>57</sup> **These databases leverage Epic's large-scale healthcare data for actionable clinical insights and improved patient outcomes. As of 2022, Cosmos contained data from 2.2 billion provider visits and approximately 140 million patients (15.3 billion encounters, 7.4 billion face-to-face visits, and 296 million patients in 2025<sup>58</sup>). This de-identified data, shared by Epic's customers, forms the basis for high-impact clinical research that is being published in hundreds of medical journals across the country.** One study using Epic's dataset found a reduction in cancer screenings during the onset of COVID-19 that breast and cervical cancer

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<sup>48</sup> Diana ML, Kazley AS, Ford EW, Menachemi N. Hospital characteristics related to the intention to apply for meaningful use incentive payments. *Perspect Health Inf Manag.* 2012;9(Spring):1h.

<sup>49</sup> Epic's Market Share - Who Should Control The Levers Of Healthcare Innovation. <https://web.archive.org/web/20240302193547/https://www.forbes.com/sites/sethjoseph/2024/02/26/epics-antitrust-paradox-who-should-control-the-levers-of-healthcare-innovation/?sh=1f2a71514438>

<sup>50</sup> Epic Systems Soars with Transition to Electronic Health Records. <https://archive.jsonline.com/business/epic-systems-soars-with-transition-to-electronic-health-records-b99642837z1-366328781.html>

<sup>51</sup> How Epic Won Over Academic Medical Centers. <https://www.beckershospitalreview.com/ehrs/how-epic-won-over-academic-medical-centers/>

<sup>52</sup> Epic Defends UI Health Contract amid Cerner Dispute. <https://web.archive.org/web/20240303063942/https://www.healthcarelive.com/news/epic-defends-ui-health-contract-amid-erner-dispute/524248/>

<sup>53</sup> Interview with Former Sales Leader & Business Development and Strategic Partnership Expert at Cerner. 1/20/2023

<sup>54</sup> Interview with Chief Strategy Officer and Co-Founder at Clearwave Corp. 2/28/2024

<sup>55</sup> How Epic Won over Academic Medical Centers. <https://www.beckershospitalreview.com/ehrs/how-epic-won-over-academic-medical-centers/>

<sup>56</sup> Interview with Former Quality Manager at Epic Systems. 12/20/2023.

<sup>57</sup> Epic CEO in Exclusive Sit-Down at ViVE. <https://medcitynews.com/2022/03/epic-ceo-at-exclusive-sit-down-at-vive-we-are-now-interoperable-with-the-world/>

<sup>58</sup> About Epic Cosmos. <https://cosmos.epic.com/about/>

screenings dropped by 94%, while colon cancer screenings declined by 86%,<sup>59</sup> raising public health concerns that delayed detection may lead to an increase in late-stage cancer diagnoses and potentially worse outcomes. As a result of the study, many healthcare organizations encouraged patients to reschedule missed screenings and prioritize preventive care.

Epic also benefitted from a growing network effect. As more academic institutions adopted Epic, clinical teams became more familiar with its interface and workflows, making it easier to onboard new staff and share data across organizations. Kristin Myers, the chief digital and information officer of Mount Sinai Health System, explained, “The ability to exchange clinical information between organizations, the [number] of clinical teams that have used Epic at other institutions, and the sophistication of the product will lead to other transitions.”<sup>60</sup> This momentum created a tipping point where institutions found it increasingly advantageous, and eventually necessary, to join the Epic community. In addition, seamless record exchange via Epic’s Care Everywhere is crucial, especially for academic medical centers that depend heavily on specialty referrals.

Ultimately, once a health system adopts Epic, switching becomes exceedingly difficult. The platform supports the entire patient journey, from appointment scheduling to clinical documentation, billing, and follow-up, resulting in a deeply embedded infrastructure. Not only is it expensive to switch to a new electronic health record system, but it also takes a very long time to make a complete transition. For example, in 2020, Florida-based AdventHealth announced it would implement Epic’s electronic health record system across 37 hospitals.<sup>61</sup> The full deployment was projected to take over three years and cost approximately \$650 million, not including ongoing maintenance, which adds millions more annually. Institutions that invest hundreds of millions or billions into Epic are unlikely to abandon the system easily. Restuccia underscored this point:

“To change your electronic health record at this point, it’s literally hundreds of millions of dollars, if not billions, and then all the change management that goes with it. So once systems like this are in place, it takes a lot to remove them...I don’t know what the factor would be that would cause an institution to remove their Epic EHR at this point.”<sup>62</sup>

As a result, Epic’s early lead and consistent performance have helped it lock in its position, making it the default choice for academic medical centers and solidifying its dominance in the U.S. healthcare landscape.

5. **Epic frequently gathers feedback from users including doctors, nurses, and other healthcare professionals, and invests heavily in R&D to incorporate that input, more than double its closest competitor.**

**Epic listens to and addresses customers’ (doctors and hospitals) feedback directly, including writing responses to customers’ questions.**<sup>63</sup> The company also drives innovation by focusing on real-world problems and gathering ideas from a wide range of sources, including users who share feedback via conversations, emails, and steering committees made up of specialists.<sup>64</sup> **A key part of Epic’s innovation process involves “immersion trips,” where software developers are required to spend time in clinical settings like operating rooms to directly observe workflows, identify inefficiencies, and understand user needs.** According to a former senior program manager at Epic, many of the company’s system improvements stem from these developers on-site, where observing customers’ workflows helps identify ways to enhance core functionality.<sup>65</sup>

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<sup>59</sup> Cancer Screenings Are Still Lagging. <https://www.epicresearch.org/articles/cancer-screenings-are-still-lagging>

<sup>60</sup> How Epic Won over Academic Medical Centers. <https://www.beckershospitalreview.com/ehrs/how-epic-won-over-academic-medical-centers/>

<sup>61</sup> The Billionaire Who Controls Your Medical Records. Forbes. <https://web.archive.org/web/20230302215032/https://www.forbes.com/sites/katiejennings/2021/04/08/billionaire-judy-faulkner-epic-systems/?sh=2ace4801575a>

<sup>62</sup> How Epic Won over Academic Medical Centers. <https://www.beckershospitalreview.com/ehrs/how-epic-won-over-academic-medical-centers/>

<sup>63</sup> Epic Systems Soars with Transition to Electronic Health Records. <https://archive.jsonline.com/business/epic-systems-soars-with-transition-to-electronic-health-records-b99642837z1-366328781.html>

<sup>64</sup> Judy Faulkner, Founder and CEO of Epic Systems Shares How She Built One of the World’s Leading Healthcare Software Companies. <https://open.spotify.com/episode/4rCuhMn1kMz5biXl5nKabl?si=de268a90646748e5&nd=1&dlsi=78f29bcc4bb2484c>

<sup>65</sup> Interview with Former Senior Program Manager at Epic Systems. 12/19/2023

In 2016, Judy Faulkner, the founder of Epic, revealed in an interview that the company allocated 50% of its operating expenses to R&D, significantly outpacing its health IT competitors.<sup>66</sup> For comparison, Allscripts spent 34% of its operating expenses on R&D, Cerner, Epic's closest competitor, was at 19%, and athenahealth just 10%.<sup>67</sup> This level of investment even surpassed traditional tech giants such as Google, Apple, and Amazon when measured as a percentage of operating expenses, 45%, 36%, and 18%, respectively. In 2025, Epic's website states that it invests 35% of its operating expenses into research and development.<sup>68</sup> In contrast, Cerner's R&D spending, approximated by its software development costs, accounted for about 20% of operating expenses, according to its 2021 annual report, prior to its acquisition by Oracle Health.

Faulkner explained that Epic's high R&D spending is driven by its focus on building entire systems from scratch. Rather than acquiring companies or technologies and dealing with integration challenges, Epic invests directly in in-house development. This approach allows the company to dedicate its resources fully to innovation without diluting efforts on mergers or system compatibility issues. Faulkner said "It's totally about building new things... We don't have to spend a chunk of our R&D money trying to incorporate other stuff."<sup>69</sup>

A notable example of innovation is the interoperability of Epic software. Epic claimed to be the first electronic health record company to enable hospitals to electronically share patient records across different systems, successfully doing so in 2008 between two hospitals in Long Beach, California<sup>70</sup> – years before interoperability became a regulatory requirement under the 21st Century Cures Act, passed in 2016.<sup>71</sup>

Kristin Myers, the chief digital and information officer of Mount Sinai Health System, explained, "The ability to exchange clinical information between organizations, the [number] of clinical teams that have used Epic at other institutions, and the sophistication of the product will lead to other transitions."<sup>72</sup> Seamless record exchange is crucial, especially for academic medical centers that depend heavily on specialty referrals. **Holding more patient records than any competitor, Epic facilitates record-sharing with non-Epic hospitals and federal agencies; this capability serves as both a selling point and a perceived public service, strengthening its competitive moat and market dominance.**<sup>73</sup>

Another notable example of innovation from Epic is the launch of MyChart in 1999, which remains the company's primary patient portal used by over 190 million patients today<sup>74</sup> and exemplifies the impact of its R&D investments. At the time of its launch, MyChart was a pioneering tool giving patients direct access to their medical records, test results, and appointments, something that "many doctors viewed that information as theirs rather than belonging to patients".<sup>75</sup> Reflecting on the launch, Sumit Rana, Epic's senior vice president of R&D, noted, "it was new technology... But it was also a very disruptive and very uncomfortable thing."

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<sup>66</sup> Epic Reveals R&D Spending Outstrips Apple, Google and Its Competitors.

<https://web.archive.org/web/20221127141913/https://www.healthcareitnews.com/news/epic-reveals-rd-spending-outstrips-apple-google-and-its-competitors>

<sup>67</sup> Epic Reveals R&D Spending Outstrips Apple, Google and Its Competitors.

<https://web.archive.org/web/20221127141913/https://www.healthcareitnews.com/news/epic-reveals-rd-spending-outstrips-apple-google-and-its-competitors>

<sup>68</sup> About – Epic. <https://www.epic.com/about/>; Cerner Annual Report 2021.

<sup>69</sup> Epic Reveals R&D Spending Outstrips Apple, Google and Its Competitors.

<https://web.archive.org/web/20221127141913/https://www.healthcareitnews.com/news/epic-reveals-rd-spending-outstrips-apple-google-and-its-competitors>

<sup>70</sup> Health Records Firm Epic Raises Profile.

<https://web.archive.org/web/20220815052700/https://www.politico.com/story/2014/10/epic-systems-digital-health-care-system-112288>

<sup>71</sup> Information Blocking. <https://web.archive.org/web/20250313205304/https://www.healthit.gov/topic/information-blocking>

<sup>72</sup> How Epic Won over Academic Medical Centers. <https://www.beckershospitalreview.com/ehrs/how-epic-won-over-academic-medical-centers/>

<sup>73</sup> An Epic Dystopia. <https://web.archive.org/web/20241231143302/https://prospect.org/health/2024-10-01-epic-dystopia/>

<sup>74</sup> MyChart is Epic. <https://www.mychart.org/>

<sup>75</sup> Epic Reveals R&D Spending Outstrips Apple, Google and Its Competitors.

<https://web.archive.org/web/20221127141913/https://www.healthcareitnews.com/news/epic-reveals-rd-spending-outstrips-apple-google-and-its-competitors>



6. **Over nearly three decades, Epic has sustained high growth (an organic 25% sales CAGR from 1985 to 2023<sup>76</sup>) and likely strong internal rates of return. Public similar peer Cerner's median ROTCE has been 39% and ROIC of 15%.<sup>77</sup> Since 1985, Epic's revenue has grown at a 25% CAGR to \$4.9 billion in 2023.<sup>78</sup> Epic, assuming it followed similar economics to Cerner,<sup>79</sup> has been a high-return business, delivering a median ROTCE and ROIC of 39% and 15%, respectively, from 1993 to 2021.**

7. **Epic has a mission-driven offbeat culture.** This is best exemplified at its annual user conference, which blends serious tech discussions with the feel of an elaborate festival. These gatherings feature hundreds of seminars alongside themed experiences inspired by everything from Harry Potter to outer space. While the productions are whimsical and theatrical, Judy Faulkner's message remains grounded: "While you are here, learn a lot, have fun, make a plan, and when you go home, take action."<sup>80</sup>

Judy Faulkner emphasized that one of the key drivers of Epic's success is the strong sense of ownership among employees. Each person is expected to fully take responsibility for their work, whether it is a piece of the scheduling system or any other component.<sup>81</sup> She also highlighted the importance of helping staff understand the critical impact of their work in healthcare, where customers place immense trust in Epic to support patient care and the success of their organizations. Rather than focusing on money, Epic focuses on honoring commitments to its customers, and this mission-driven approach gives employees a deep sense of purpose and responsibility.

8. **Epic has remained private and founder-led in the long term. Judy Faulkner, the founder of Epic Systems, is reported to own 47% of the company as of 2025, and has never raised venture capital or made an acquisition, and develops all its software in-house.<sup>82</sup> Faulkner has served as Epic's CEO for over 45 years since its founding in 1979. Now, at 81, she still continues to lead Epic as its CEO.**

Despite the company's playful working environment, Epic maintains a reputation for being highly secretive, especially when it comes to its proprietary technology, internal operations, and business practices. The company has historically rarely talked to the media, and CEO Judy Faulkner has often kept herself out of the spotlight. **Faulkner stated that "being private allows us to avoid the tyranny of the quarter, and to focus on R&D."<sup>83</sup>** Influenced by

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<sup>76</sup> An estimated revenue of \$1 million in 1985, which was the earliest revenue number we could find, and \$4.9 billion in sales in 2023 at Epic. Judy Faulkner has stated that Epic has never raised venture capital or made any acquisitions, instead choosing to develop all of its software entirely in-house, implying an organic 25% sales CAGR. Judy Faulkner – Forbes.

<https://web.archive.org/web/20250218055846/https://www.forbes.com/profile/judy-faulkner/#7acb4f733b81>; 1985: Epic Systems - An Epic Timeline. <https://isthmus.com/news/cover-story/epic-systems-an-epic-timeline/>; 2023: Epic's Revenue over the Past 5 Years. <https://www.beckershospitalreview.com/healthcare-information-technology/ehrs/epics-revenue-over-the-past-5-years/>

<sup>77</sup> Calculated from Cerner Annual Report 1994 – 2021.

<sup>78</sup> An estimated revenue of \$1 million in 1985, which was the earliest revenue number we could find, and \$4.9 billion in sales in 2023 at Epic. Judy Faulkner has stated that Epic has never raised venture capital or made any acquisitions, instead choosing to develop all of its software entirely in-house, implying an organic 25% sales CAGR. 1985 – 2007: Epic Systems - An Epic Timeline.

<https://isthmus.com/news/cover-story/epic-systems-an-epic-timeline/>; 2008: Wired Medicine's Silent Giant. <https://web.archive.org/web/20100830224539/https://www.forbes.com/2009/10/08/epic-systems-business-healthcare-medical-tech-09-epic.html>; 2011: Epic Systems' Tough Billionaire.

<https://web.archive.org/web/20241203005231/https://www.forbes.com/sites/zinamoukheiber/2012/04/18/epic-systems-tough-billionaire/>; 2019 – 2023: Epic's Revenue over the Past 5 Years. <https://www.beckershospitalreview.com/healthcare-information-technology/ehrs/epics-revenue-over-the-past-5-years/>; Judy Faulkner – Forbes.

<https://web.archive.org/web/20250218055846/https://www.forbes.com/profile/judy-faulkner/#7acb4f733b81>

<sup>79</sup> Since Epic is a privately held company and does not publicly disclose its financials, we look to Cerner for comparison, given their long-standing rivalry and similar scale. In 2021, before its acquisition by Oracle, Cerner reported \$5.7 billion in revenue. Epic's revenue was estimated at \$3.8 billion.

<sup>80</sup> Epic Systems Soars with Transition to Electronic Health Records. <https://archive.jsonline.com/business/epic-systems-soars-with-transition-to-electronic-health-records-b99642837z1-366328781.html>

<sup>81</sup> Judy Faulkner, Founder and CEO of Epic Systems Shares How She Built One of the World's Leading Healthcare Software Companies. <https://open.spotify.com/episode/4rCuhMn1kMz5biXl5nKabI?si=de268a90646748e5&nd=1&dlsi=78f29bcc4bb2484c>

<sup>82</sup> Judy Faulkner – Forbes. <https://web.archive.org/web/20250218055846/https://www.forbes.com/profile/judy-faulkner/#7acb4f733b81>

<sup>83</sup> Epic's Market Share - Who Should Control The Levers Of Healthcare Innovation.

<https://web.archive.org/web/20240302193547/https://www.forbes.com/sites/sethjoseph/2024/02/26/epics-antitrust-paradox-who-should-control-the-levers-of-healthcare-innovation/?sh=1f2a71514438>

conversations with others who had negative experiences after going public or being acquired, she concluded that the company should neither be acquired nor acquire other companies,<sup>84</sup> preserving its independence and unique culture.

In recent years, however, the company has become more open to the media. Faulkner explained “It has to do with our growth in the industry...When we were smaller, it was fairly easy just to stay below the radar and concentrate simply on ‘are we developing good software? And are we doing a good job with our customers?’ That’s how life was.”

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<sup>84</sup> Judy Faulkner, Founder and CEO of Epic Systems Shares How She Built One of the World’s Leading Healthcare Software Companies. <https://open.spotify.com/episode/4rCuhMn1kMz5biXI5nKabl?si=de268a90646748e5&nd=1&dlsi=78f29bcc4bb2484c>

## Company Overview

“An ‘epic’ is a glorious recounting of a nation's events. Like the Iliad or the Odyssey, our electronic health records **chronicle the story of a patient’s healthcare over time.**”<sup>85</sup>

- Epic Systems

Epic Systems, one of the world’s leading providers of electronic health record (EHR) software today **that holds a 35.9% market share of U.S. hospitals and 47.6% hospital beds,<sup>86</sup> with patients covering 79% of the U.S. population,<sup>87</sup> was founded in 1979 by Judy Faulkner in a Wisconsin basement with a \$70,000 investment.<sup>88</sup> Originally called Human Services Computing, the company has grown organically into a healthcare technology powerhouse, without ever raising venture capital or making an acquisition.<sup>89</sup> Every line of its software has been developed in-house.**

**Figure 1: Judy Faulkner<sup>90</sup>**



Faulkner’s journey into health technology began long before Epic’s founding. Born into a medical family, of which her father was a pharmacist and her mother a physician,<sup>91</sup> she studied mathematics at Dickinson College in Pennsylvania. A

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<sup>85</sup> About – Epic. <https://www.epic.com/about/>

<sup>86</sup> Data reported in 2023. EHR Vendor Market Share in the US. <https://www.beckershospitalreview.com/ehrs/ehr-vendor-market-share-in-the-us/>

<sup>87</sup> Epic Touts New Software Features 'Turbocharged with AI'.

<https://web.archive.org/web/20250223123250/https://www.fiercehealthcare.com/ai-and-machine-learning/epic-touts-new-ai-applications-streamline-charting-and-bring-research>; Population Clock. Census Bureau. <https://www.census.gov/popclock/>

<sup>88</sup> Judy Faulkner – Forbes. <https://web.archive.org/web/20250218055846/https://www.forbes.com/profile/judy-faulkner/#7acb4f733b81>; Epic Systems Soars with Transition to Electronic Health Records.

<https://archive.jsonline.com/business/epic-systems-soars-with-transition-to-electronic-health-records-b99642837z1-366328781.html>

<sup>89</sup> Judy Faulkner – Forbes. <https://web.archive.org/web/20250218055846/https://www.forbes.com/profile/judy-faulkner/#7acb4f733b81>

<sup>90</sup> Epic CEO Judy Faulkner #6 on Forbes Richest Self-Made Women List. <https://www.healthcareitnews.com/news/epic-ceo-judy-faulkner-6-forbes-richest-self-made-women-list>

<sup>91</sup> How Judy Faulkner Built Her Health Tech Empire Epic Systems. <https://betaboom.com/how-judy-faulkner-built-her-health-tech-empire-epic/>

summer job in particle physics at the University of Rochester first introduced her to computer programming, sparking an interest that would shape her career. In 1965, Faulkner enrolled in the University of Wisconsin's newly launched computer science program for her doctorate (though she graduated without completing a dissertation).<sup>92</sup> While in Madison, she met psychiatrist and professor Warner Slack, a pioneer in the emerging field of medical informatics, and worked with his team.

Judy Faulkner was asked by Warner Slack to develop a patient record system that could maintain comprehensive patient information over time, regardless of visit frequency or type, whether inpatient or ambulatory.<sup>93</sup> Unlike the rigid, COBOL-based lab and billing systems of the time, this new system intended to let users define their own data elements and design their own screens without modifying source code. To meet this need, before commercial database systems like Oracle existed, Faulkner discovered a small system that Slack worked with Beth Israel with an early database management concept, which inspired her to build Chronicles, the underlying infrastructure that would power Epic later.

Warner Slack also introduced her to John Greist, then chief resident in medicine and now professor emeritus at the University of Wisconsin.<sup>94</sup> Greist was looking for a better way to schedule on-call doctors. In 1969, Judy Faulkner developed a program that allowed a secretary to punch data cards and generate a full year's doctor schedule in just 18 seconds for a cost of \$5. **Over the decades, this simple scheduling program has evolved into one of the most comprehensive and widely used electronic health record (EHR) systems in the world. Today, Epic is at the core of healthcare IT infrastructure for many of the largest hospitals and health systems globally, supporting everything from clinical documentation and order entry to billing, patient portals, population health management, telehealth, and even data-driven diagnostics,<sup>95</sup> providing all-in-one healthcare IT solutions.**

In 1979, Judy Faulkner and John Greist officially launched Human Services Computing with their \$70,000 startup capital. Although Greist left the board a few years later due to strategic disagreements, Faulkner remained committed to her vision of slow, deliberate growth, with a strong focus on customers and maintaining full control in the hands of the founders. Epic saw modest but consistent growth through the 1980s and 1990s, adding only a handful of customers every year and gradually expanding its customer base and product offerings.<sup>96</sup> In the late 1980s, it introduced billing software; in the early 1990s, it adopted a graphical user interface for outpatient clinics. Faulkner once described her approach as climbing a mountain, not by trying to see the entire mountain at once, but by focusing on the next hill in front of her. In a 2020 interview, Judy Faulkner explained that from day one, she designed the Epic system with the patient at the center.<sup>97</sup> Rather than building separate systems for different types of information, she structured all data around the patient. This approach allowed the system to grow and adapt as new types of data emerged, always anchored to the patient. This patient-centered architecture became a core principle of Epic's design and remains fundamental to how the company operates today. Faulkner also credits the company's success to the reliability of its computer code offered to customers, noting, "It's not perfect, but it's quite reliable."<sup>98</sup>

At its core, Epic is an integrated platform that helps healthcare providers manage nearly every aspect of a patient's journey. Like other electronic health record systems, it tracks patient histories, flags drug interactions, prompts physicians about underlying risks, and enables collaboration among multiple doctors treating the same patients.<sup>99</sup> Beyond those, Epic also offers tools for scheduling, billing, revenue cycle management, administrative workflows, patient engagement, and advanced analytics. Today, Epic serves a wide range of healthcare providers, including academic medical centers, urgent

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<sup>92</sup> The Billionaire Who Controls Your Medical Records. Forbes.

<https://web.archive.org/web/20230302215032/https://www.forbes.com/sites/katiejennings/2021/04/08/billionaire-judy-faulkner-epic-systems/?sh=2ace4801575a>

<sup>93</sup> Judy Faulkner, Founder and CEO of Epic Systems Shares How She Built One of the World's Leading Healthcare Software Companies. <https://open.spotify.com/episode/4rCuhMn1kMz5biXI5nKabl?si=de268a90646748e5&nd=1&dlsi=78f29bcc4bb2484c>

<sup>94</sup> The Billionaire Who Controls Your Medical Records. Forbes.

<https://web.archive.org/web/20230302215032/https://www.forbes.com/sites/katiejennings/2021/04/08/billionaire-judy-faulkner-epic-systems/?sh=2ace4801575a>

<sup>95</sup> Our Software. <https://www.epic.com/software/?searchText=>

<sup>96</sup> The Billionaire Who Controls Your Medical Records. Forbes.

<https://web.archive.org/web/20230302215032/https://www.forbes.com/sites/katiejennings/2021/04/08/billionaire-judy-faulkner-epic-systems/?sh=2ace4801575a>

<sup>97</sup> Judy Faulkner, Founder and CEO of Epic Systems Shares How She Built One of the World's Leading Healthcare Software Companies. <https://open.spotify.com/episode/4rCuhMn1kMz5biXI5nKabl?si=de268a90646748e5&nd=1&dlsi=78f29bcc4bb2484c>

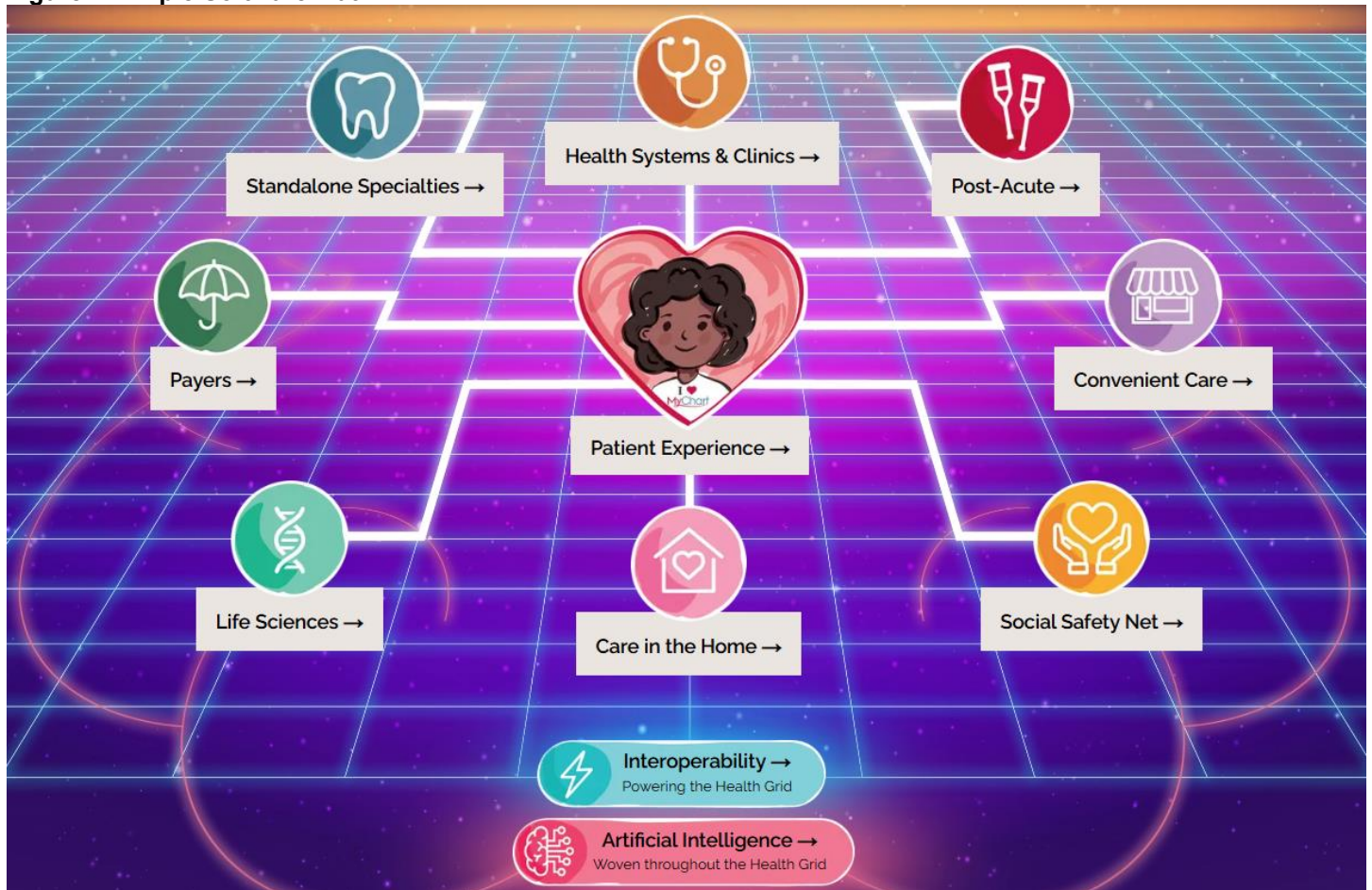
<sup>98</sup> The Billionaire Who Controls Your Medical Records. Forbes.

<https://web.archive.org/web/20230302215032/https://www.forbes.com/sites/katiejennings/2021/04/08/billionaire-judy-faulkner-epic-systems/?sh=2ace4801575a>

<sup>99</sup> An Epic Dystopia. <https://web.archive.org/web/20241231143302/https://prospect.org/health/2024-10-01-epic-dystopia/>

care clinics, outpatient facilities, mental health institutions, and rehabilitation centers.<sup>100</sup> It powers some of the most prestigious names in American healthcare, including the Cleveland Clinic, Mayo Clinic, Johns Hopkins Health System, and Duke University Health System.<sup>101</sup>

**Figure 2-1: Epic Software Matrix<sup>102</sup>**

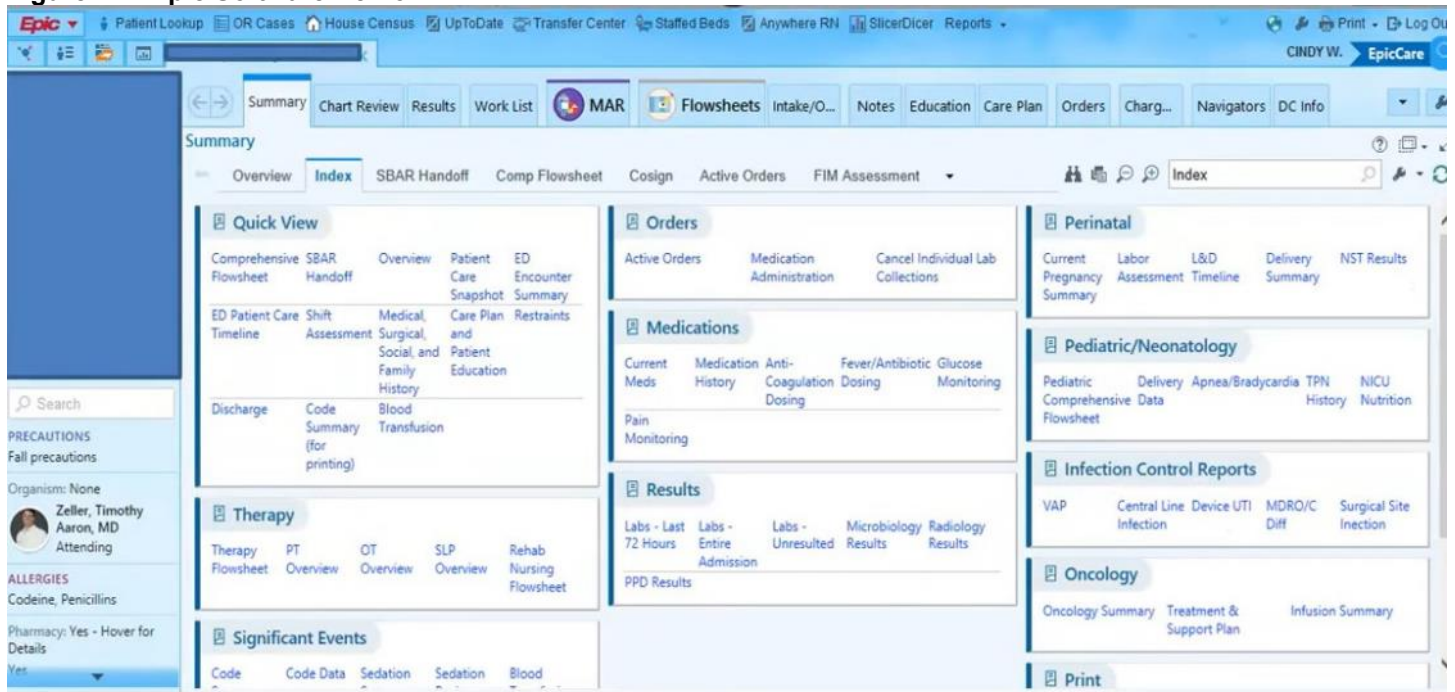


<sup>100</sup> About – Epic. <https://www.epic.com/about/>

<sup>101</sup> Epic Systems Soars with Transition to Electronic Health Records. <https://archive.jsonline.com/business/epic-systems-soars-with-transition-to-electronic-health-records-b99642837z1-366328781.html>

<sup>102</sup> Our Software. Epic. <https://www.epic.com/software/?searchText=>

Figure 2-2: Epic Software Demo<sup>103</sup>



As of 2023, Epic reported \$4.9 billion in revenue,<sup>104</sup> representing an estimated CAGR of 25% since 1985.<sup>105</sup> Given the company's private and secretive culture,<sup>106</sup> it does not publicly disclose its financial details. According to Forbes estimate, the company has around 30% EBITDA margin and has no debt.<sup>107</sup> Perhaps more significantly, the company's technology had a direct impact on patient safety: in 2023 alone, Epic systems helped prevent 66 million potential adverse drug interactions and 250,000 potential surgical errors.<sup>108</sup>

<sup>103</sup> Comprehensive Guide To The Epic EMR System. <https://mhstd.msu.ac.zw/dimos3/comprehensive-guide-to-the-epic-emr-system.html>

<sup>104</sup> 2019 – 2023: Epic's Revenue over the Past 5 Years. <https://www.beckershospitalreview.com/healthcare-information-technology/ehrs/epics-revenue-over-the-past-5-years/>

<sup>105</sup> The company has grown organically without ever raising venture capital or making an acquisition. Judy Faulkner – Forbes. <https://web.archive.org/web/20250218055846/https://www.forbes.com/profile/judy-faulkner/#7acb4f733b81>; 1985 – 2007: Epic Systems - An Epic Timeline. <https://isthmus.com/news/cover-story/epic-systems-an-epic-timeline/>

<sup>106</sup> Epic Systems has a reputation for being highly secretive, particularly regarding its proprietary practices, intellectual property, and internal operations. The company rarely talked to reporters and the CEO kept its image away from the limelight. When talking to reporters in 2015, the founder's one request was that her photo not be taken, so she could go to her favorite ice cream shop in Madison without having people notice her. Judy Faulkner stated that "being private allows us to avoid the tyranny of the quarter, and to focus on R&D." Epic Systems Soars with Transition to Electronic Health Records. <https://archive.jsonline.com/business/epic-systems-soars-with-transition-to-electronic-health-records-b99642837z1-366328781.html>; Epic's Market Share - Who Should Control The Levers Of Healthcare Innovation.

<https://web.archive.org/web/20240302193547/https://www.forbes.com/sites/sethjoseph/2024/02/26/epics-antitrust-paradox-who-should-control-the-levers-of-healthcare-innovation/?sh=1f2a71514438>

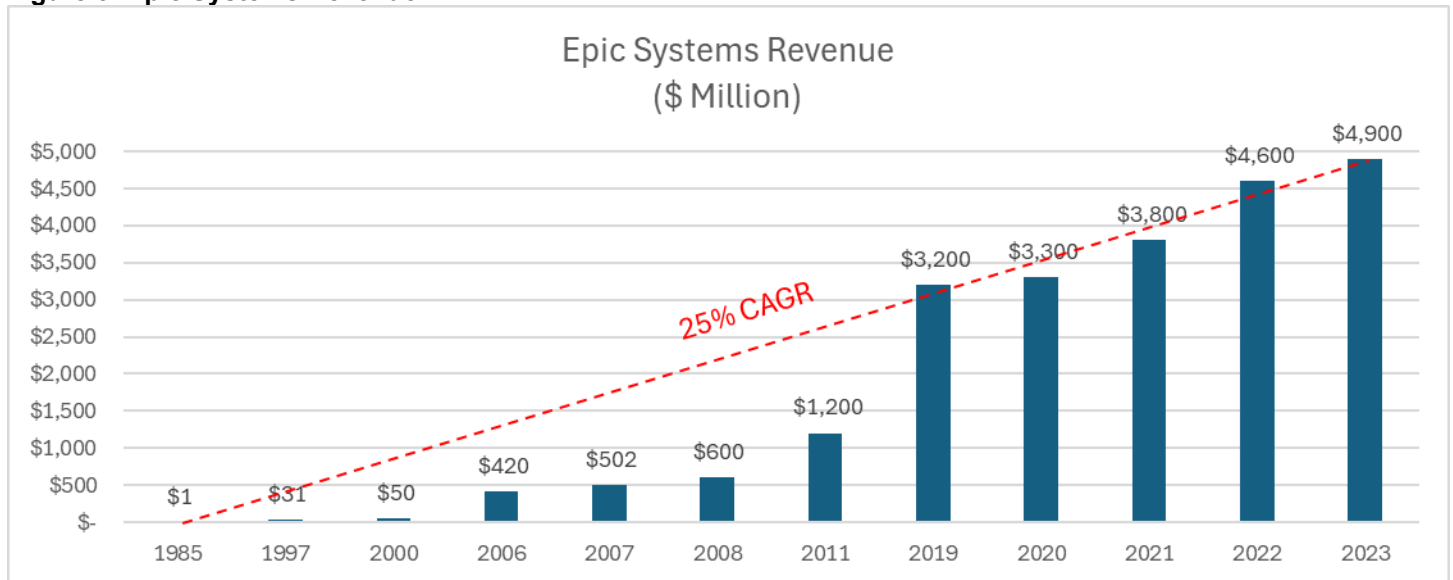
However, the company in recent years has been more open to reporters than it had been in the past.

<sup>107</sup> The Billionaire Who Controls Your Medical Records. Forbes.

<https://web.archive.org/web/20230302215032/https://www.forbes.com/sites/katiejennings/2021/04/08/billionaire-judy-faulkner-epic-systems/?sh=2ace4801575a>

<sup>108</sup> An Epic Dystopia. <https://web.archive.org/web/20241231143302/https://prospect.org/health/2024-10-01-epic-dystopia/>

Figure 3: Epic Systems Revenue<sup>109</sup>



Notes:

1. **The company has grown organically without ever raising venture capital or making an acquisition.**<sup>110</sup>
2. Epic is a private company and does not publicly disclose its financial details. The earliest available revenue data we found dates back to 1985.<sup>111</sup>

<sup>109</sup> 1985 – 2007: Epic Systems - An Epic Timeline. <https://isthmus.com/news/cover-story/epic-systems-an-epic-timeline/>; 2008: Wired Medicine's Silent Giant. <https://web.archive.org/web/20100830224539/https://www.forbes.com/2009/10/08/epic-systems-business-healthcare-medical-tech-09-epic.html>; 2011: Epic Systems' Tough Billionaire. <https://web.archive.org/web/20241203005231/https://www.forbes.com/sites/zinamoukheiber/2012/04/18/epic-systems-tough-billionaire/>; 2019 – 2023: Epic's Revenue over the Past 5 Years. <https://www.beckershospitalreview.com/healthcare-information-technology/ehrs/epics-revenue-over-the-past-5-years/>

<sup>110</sup> Judy Faulkner – Forbes. <https://web.archive.org/web/20250218055846/https://www.forbes.com/profile/judy-faulkner/#7acb4f733b81>

<sup>111</sup> Epic Systems - An Epic Timeline. <https://isthmus.com/news/cover-story/epic-systems-an-epic-timeline/>

## Industry Overview

Since 1918, virtually every person in the United States who has received medical care has had a patient record. For decades, these records were paper-based, and often duplicated.<sup>112</sup> A 1991 report from the Institute of Medicine found that most individuals had multiple records, one for each provider they had seen. In large metropolitan hospitals, patient records had grown so extensively that some facilities held more than 4 million paper files. Stacked together, these records would stretch an estimated 200 to 400 meters<sup>113</sup> (656 to 1,312 feet). Although not all of these records were actively used at any one time, legal requirements mandated storage for up to 25 years, depending on the jurisdiction. This imposed significant costs on hospitals, not just in terms of physical storage, but also in handling, retrieving, and processing information. A 1970 study found that communication activities such as managing these records accounted for 35% to 39% of total hospital operating costs.<sup>114</sup> Moreover, a 1973 study estimated that physicians spent roughly 38% of their time writing up patient charts, while nurses spent as much as 50%. It was not uncommon for a single patient to have multiple records even within the same institution, further complicating care and administrative efficiency. With the volume of paper records growing rapidly, it became clear that a more efficient system was needed.

**Figure 4: Paper Medical Records<sup>115</sup>**



<sup>112</sup> Introduction. Institute of Medicine. 1991. *Computer-Based Patient Record: An Essential Technology for Health Care*. Washington, DC: The National Academies Press. <https://doi.org/10.17226/18459>

<sup>113</sup> The average thickness of a regular copy paper ranges from 0.05 to 0.10 millimeters. Thickness of a Piece of Paper. <https://web.archive.org/web/20250115091333/https://hypertextbook.com/facts/2001/JuliaSherlis.shtml>

<sup>114</sup> Introduction. Institute of Medicine. 1991. *Computer-Based Patient Record: An Essential Technology for Health Care*. Washington, DC: The National Academies Press. <https://doi.org/10.17226/18459>

<sup>115</sup> Medical Records Supporting San Francisco's Universal Care Add Millions to Official Cost.

<https://web.archive.org/web/20241102141053/https://www.sfpublicpress.org/medical-records-supporting-san-franciscos-universal-care-add-millions-to-official-cost/>



The first move toward electronic health records began in the 1960s. One of the earliest clinical information systems was developed by Lockheed Corporation.<sup>116</sup> Around the same time, the University of Utah partnered with 3M to create one of the first clinical decision support systems, known as HELP (Health Evaluation through Logical Processing). In 1968, Massachusetts General Hospital's Laboratory of Computer Science introduced COSTAR (Computer Stored Ambulatory Record). The federal government joined the wave in the 1970s, with the Department of Veterans Affairs implementing the Decentralized Hospital Computer Program, an electronic record system used across its national network of hospitals and medical centers.

Despite these advances, the adoption of electronic health records faced significant challenges through the 1980s. High costs, data entry errors, skepticism from physicians, and a lack of financial incentives all slowed progress.<sup>117</sup> A 1991 Institute of Medicine report noted that computer-based patient record systems cost between \$2 million and \$6 million for a mid-sized hospital, with annual maintenance accounting for an additional 10% of that cost.<sup>118</sup> At the time, the cost per patient encounter was estimated to be 26% higher with electronic systems compared to manual ones. However, this came with a tradeoff – while manual systems failed to retrieve 18% of requested records on time, computer-based systems had a 100% success rate, highlighting their reliability and potential.<sup>119</sup>

Earlier surveys further underscored the steep investment required. A 1975 study of automated ambulatory care systems found development costs ranged from \$100,000 to \$10 million, with timelines from 1 to 7 years.<sup>120</sup> In 1977, the Congressional Office of Technology Assessment estimated it would take 10 years and \$25 million to build a commercial medical information system.

At the time of Epic System's founding in the 1970s, the market for electronic health record systems was still in a very early stage. Computer applications were not well understood or widely accepted by healthcare providers, creating uncertainty about the size and viability of the industry.<sup>121</sup> Vendors were hesitant to invest heavily without clearer signals of demand. Many believed that support from government agencies or other change agents, such as legislative incentives, would be necessary to spur adoption and market growth.

The 1990s marked a turning point for software in general, including electronic health record systems.<sup>122</sup> Personal computers became more affordable, and the rise of the internet dramatically changed how information was accessed and shared. These developments paved the way for web-based electronic health records, making electronic health records more practical, scalable, and accessible.

The shift to electronic health records (EHRs) accelerated with a big push from Washington, D.C. In the final years of the George W. Bush administration, the Health Information Technology for Economic and Clinical Health (HITECH) Act received bipartisan support.<sup>123</sup> Signed into law by President Barack Obama in 2009 as part of the American Recovery and Reinvestment Act (ARRA) to aid the Financial Crisis, the legislation offered substantial financial incentives, around \$27 billion, for hospitals and healthcare providers to adopt electronic medical records. It was estimated that only 9% of hospitals at that time had any kind of electronic record system while others relied on paper.<sup>124</sup> President Obama

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<sup>116</sup> Chapter 3. Institute of Medicine. 1991. Computer-Based Patient Record: An Essential Technology for Health Care. Washington, DC: The National Academies Press. <https://doi.org/10.17226/18459>

<sup>117</sup> Electronic Health Records Then, Now, and in the Future. <https://pmc.ncbi.nlm.nih.gov/articles/PMC5171496/>

<sup>118</sup> Chapter 3. Institute of Medicine. 1991. Computer-Based Patient Record: An Essential Technology for Health Care. Washington, DC: The National Academies Press. <https://doi.org/10.17226/18459>

<sup>119</sup> Chapter 4. Institute of Medicine. 1991. Computer-Based Patient Record: An Essential Technology for Health Care. Washington, DC: The National Academies Press. <https://doi.org/10.17226/18459>

<sup>120</sup> Chapter 4. Institute of Medicine. 1991. Computer-Based Patient Record: An Essential Technology for Health Care. Washington, DC: The National Academies Press. <https://doi.org/10.17226/18459>

<sup>121</sup> Chapter 4. Institute of Medicine. 1991. Computer-Based Patient Record: An Essential Technology for Health Care. Washington, DC: The National Academies Press. <https://doi.org/10.17226/18459>

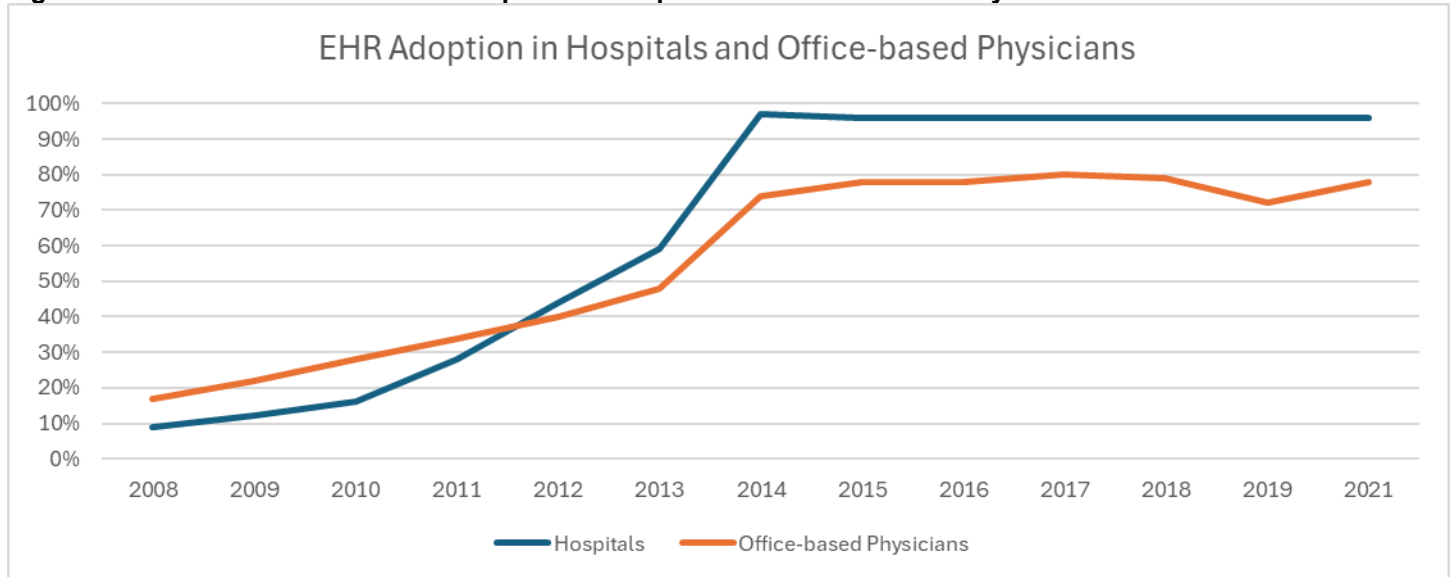
<sup>122</sup> The Progress to 100% Electronic Medical Records. The University of Scranton. [https://web.archive.org/web/20140806165114/http://elearning.scranton.edu/resource/health-human-services/emr\\_the-progress-to-100-percent-electronic-medical-records](https://web.archive.org/web/20140806165114/http://elearning.scranton.edu/resource/health-human-services/emr_the-progress-to-100-percent-electronic-medical-records)

<sup>123</sup> An Epic Dystopia. <https://web.archive.org/web/20241231143302/https://prospect.org/health/2024-10-01-epic-dystopia/>

<sup>124</sup> In 2008, only about 1.5% of U.S. hospitals had fully implemented digital systems, and 7.5% had a basic electronic system. Epic Systems Soars with Transition to Electronic Health Records. <https://archive.jsonline.com/business/epic-systems-soars-with-transition-to-electronic-health-records-b99642837z1-366328781.html>; An Epic Dystopia. <https://web.archive.org/web/20241231143302/https://prospect.org/health/2024-10-01-epic-dystopia/>; National Trends in Hospital and Physician Adoption of Electronic Health Records.

stated in 2009 that “within five years, all of America's medical records are computerized.”<sup>125</sup> **Since 2014, over 95% of U.S. hospitals have adopted electronic health record systems.**<sup>126</sup>

**Figure 5: Electronic Health Record Adoption in Hospitals and Office-based Physicians<sup>127</sup>**



The HITECH Act was designed to accelerate the adoption of electronic health record (EHR) systems in the U.S. healthcare system. Its goal was to streamline care, reduce errors, and ultimately improve patient outcomes by transitioning from paper-based to digital health records.<sup>128</sup> Electronic health record systems offer healthcare providers quick and easy access to patient information, enabling better-informed decisions and more personalized care. By tracking a patient’s medications, allergies, and medical history, electronic health records can help identify potential issues with newly prescribed medications, such as dangerous drug interactions or allergic reactions.<sup>129</sup> In emergency situations, this access becomes critical, emergency staff can view life-saving information such as allergy alerts or pre-existing conditions, even if the patient is unconscious. One of the most impactful benefits of electronic health records is their ability to improve patient safety. These systems alert healthcare providers to potential medication conflicts, dosage issues, or other safety risks, significantly reducing the chances of medical errors. In fact, medical errors cost the healthcare industry an estimated \$20 billion annually, with communication breakdowns being a leading cause. By offering seamless, real-time access to accurate data, electronic health records help eliminate many of these preventable mistakes.

Beyond safety, electronic health record systems contribute to organizational efficiency. Automating processes such as scheduling and billing helps prevent common administrative errors such as double bookings or billing discrepancies. Real-time scheduling updates allow providers to quickly reschedule appointments and send reminders to patients, reducing no-

<https://web.archive.org/web/20250207234225/https://www.healthit.gov/data/quickstats/national-trends-hospital-and-physician-adoption-electronic-health-records>

<sup>125</sup> Address at George Mason University in Fairfax, Virginia.

<https://web.archive.org/web/20250208231734/https://www.presidency.ucsb.edu/documents/address-george-mason-university-fairfax-virginia>

<sup>126</sup> National Trends in Hospital and Physician Adoption of Electronic Health Records.

<https://web.archive.org/web/20250207234225/https://www.healthit.gov/data/quickstats/national-trends-hospital-and-physician-adoption-electronic-health-records>

<sup>127</sup> National Trends in Hospital and Physician Adoption of Electronic Health Records.

<https://web.archive.org/web/20250207234225/https://www.healthit.gov/data/quickstats/national-trends-hospital-and-physician-adoption-electronic-health-records>

<sup>128</sup> What is the HITECH Act. The HIPAA Journal. <https://web.archive.org/web/20250330133959/https://www.hipaajournal.com/what-is-the-hitech-act/>; An Epic Dystopia. <https://web.archive.org/web/20241231143302/https://prospect.org/health/2024-10-01-epic-dystopia/>

<sup>129</sup> 7 Key Benefits of EHR Systems. Northeastern University.

<https://web.archive.org/web/20250115060844/https://bouve.northeastern.edu/news/7-key-benefits-of-ehr-systems/>

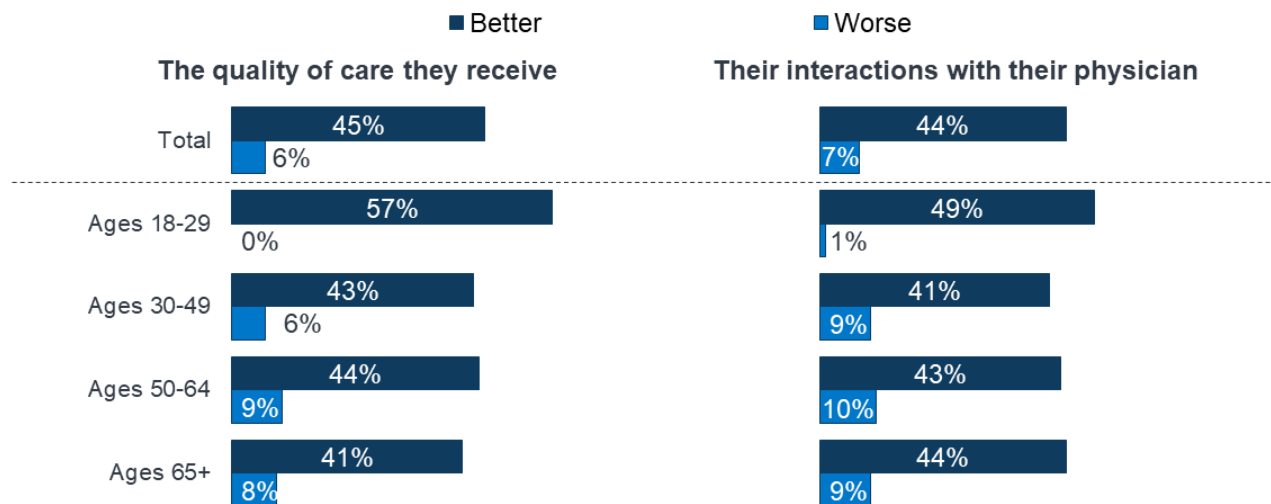
shows and improving time management. Electronic health records can also auto-generate bills, flag duplicate charges, and ensure accurate coding, helping to reduce delays in payments.<sup>130</sup>

From a patient's perspective, electronic health record (EHR) systems offer significant benefits by reducing costs and improving both accessibility and engagement. A 2014 study published in the American Journal of Managed Care, which analyzed data from over 5 million individuals across 550 U.S. hospitals, measured the amount that it cost the hospitals to provide services for an patient admission and found that patients treated in hospitals with advanced electronic health record systems incurred, on average, \$731, or 9.66%, less in admission costs compared to those in hospitals without such systems, after adjusting for patient and hospital characteristics.<sup>131</sup>

**According to the Kaiser Family Foundation, 45% of patients reported improved quality of care since the adoption of electronic health records, while only 6% noted a decline.**<sup>132</sup> **In addition, 44% felt their interactions with physicians improved, with just 7% reporting a negative impact.** electronic health record systems also empower patients by giving them access to their medical records anytime, from any authorized device. Through secure messaging platforms, patients can communicate with their providers, ask questions, and get timely responses, sometimes without the need for an in-person visit. This increased accessibility encourages patients to take a more active role in managing their health. Jay Spitulnik, a professor at Northeastern University's Bouvé College of Health Sciences and Khoury College of Computer Sciences, highlighted this benefit, "When done right, [electronic health record systems] make information more accessible to patients...It allows patients and their caregivers to be directly involved in the decision-making about their care."<sup>133</sup>

**Figure 6: Improved Quality of Care and Physician – Patient Interaction across Different Age Groups**<sup>134</sup>

Percent who say that their physician using a computer-based medical record has made the following:



NOTE: Percentages based on those who say their doctor enters their health information into a computer-based medical record (88% of total).  
SOURCE: KFF Health Tracking Poll (conducted January 9-14, 2019). See topline for full question wording and response options.



<sup>130</sup> 7 Key Benefits of EHR Systems. Northeastern University.

<https://web.archive.org/web/20250115060844/https://bouve.northeastern.edu/news/7-key-benefits-of-ehr-systems/>

<sup>131</sup> Association of Electronic Health Records With Cost Savings in a National Sample. The American Journal of Managed Care.

<https://web.archive.org/web/20240313012614/https://www.ajmc.com/view/association-of-electronic-health-records-with-cost-savings-in-a-national-sample>

<sup>132</sup> Public's Experiences With Electronic Health Records.

<https://web.archive.org/web/20230608091558/https://www.kff.org/other/poll-finding/data-note-publics-experiences-with-electronic-health-records/>

<sup>133</sup> 7 Key Benefits of EHR Systems. Northeastern University.

<https://web.archive.org/web/20250115060844/https://bouve.northeastern.edu/news/7-key-benefits-of-ehr-systems/>

<sup>134</sup> Public's Experiences With Electronic Health Records.

<https://web.archive.org/web/20230608091558/https://www.kff.org/other/poll-finding/data-note-publics-experiences-with-electronic-health-records/>

While the upfront and ongoing costs of implementing electronic health record systems can be substantial, ranging from hundreds of millions to over a billion dollars depending on the size of the healthcare organization,<sup>135</sup> they save money over long-term.<sup>136</sup> For example, storing and transmitting diagnostic imaging such as MRIs or X-rays electronically is far more economical than using physical media such as CDs or DVDs. Electronic health records also reduce reliance on paper records, streamline administrative tasks, and minimize costly medical errors, all of which contribute to greater financial efficiency across the healthcare system. In addition to cost savings, EHR systems also offer advantages in data security. Unlike paper records, electronic health data is stored in encrypted formats and accessible only to authorized personnel. These systems perform regular backups and include recovery protocols, ensuring patient information remains secure and accessible, even during emergencies. Moreover, electronic health records enable secure data sharing among healthcare teams, improving collaboration while reducing the risk of data breaches.

A pilot study conducted between 2003 and 2005 by the University of Rochester Medical Center evaluated the financial and operational impact of implementing an electronic health record system across five ambulatory offices, comprising a total of 28 providers.<sup>137</sup> The study found that total annual savings amounted to \$393,662, or \$14,055 per provider. First-year expenses totaled \$509,539 (\$18,182 per provider), while ongoing annual costs in subsequent years were \$114,016 (\$4,072 per provider). As a result, the initial investment was recovered within 16 months, with ongoing annual savings of \$9,983 per provider. The primary source of savings in the sampled clinics was a 96% reduction in chart pulls, instances in which paper charts were retrieved for patient visits, phone calls, prescription refills, test results, reports, and other administrative tasks. These reductions accounted for 63% of total savings. Additional savings stemmed from improved staffing efficiency, with salary reductions for non-provider support staff making up 23% of the total savings. Notably, the offices were able to eliminate 4.5 support positions despite adding 6 new providers over the course of the study, reflecting significant efficiency gains. From an operational perspective, the electronic health record implementation had a neutral effect on patient flow and billing. Metrics such as patient cycle time and days in accounts receivable showed slight improvements, though these were not statistically significant. Another 2014 study published in JMIIR Medical Informatics supported these findings. It examined 17 primary care clinics and found that, on average, investments in electronic health record systems were recouped within 10 months (with a 95% confidence interval of 6.2 to 17.4 months). After implementing an electronic health record system, the sampled clinics saw a 27% increase in the active-patients-to-clinician (full-time-equivalent) ratio and a 10% increase in the active-patients-to-clinical-support-staff ratio, indicating improved capacity and efficiency.

To access the incentives outlined in the HITECH Act, providers had to meet “Meaningful Use” requirements, a set of standards jointly developed by the Centers for Medicare & Medicaid Services (CMS) and the Office of the National Coordinator for Health Information Technology (ONC). The program was divided into three stages, with each stage building upon the previous in terms of complexity and clinical integration. Stage 1, launched in 2011, focused on the basic functions of electronic health records, such as capturing patient data electronically and sharing information with patients or other healthcare professionals.<sup>138</sup> Stage 2 of Meaningful Use, implemented in 2014, introduced more rigorous standards aimed at advanced clinical processes. The new criteria emphasized health information exchange between healthcare providers and increased patient engagement, such as offering online access to personal health data. The stricter criteria and 2014 implementation date for Stage 2 prompted a significant push for electronic health record adoption among hospitals and providers. Many moved quickly to adopt or upgrade their electronic health record systems to qualify for incentives and avoid reimbursement penalties that were scheduled to begin in 2015 for non-compliance.<sup>139</sup>

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<sup>135</sup> The Billionaire Who Controls Your Medical Records. Forbes.

<https://web.archive.org/web/20230302215032/https://www.forbes.com/sites/katiejennings/2021/04/08/billionaire-judy-faulkner-epic-systems/?sh=2ace4801575a>; Northwell Earmarks \$1B for Epic Switch. <https://www.beckershospitalreview.com/ehrs/northwell-epic-install-to-cost-1-2b/#:~:text=%22The%20cost%20of%20inflation%2C%20the,hospice%20and%20long%2Dterm%20care>

<sup>136</sup> 7 Key Benefits of EHR Systems. Northeastern University.

<https://web.archive.org/web/20250115060844/https://bouve.northeastern.edu/news/7-key-benefits-of-ehr-systems/>

<sup>137</sup> Grieger, Dara L. MDa,\*; Cohen, Stephen H. MD, CPEb; Krusch, David A. MD, FACSa. A Pilot Study to Document the Return on Investment for Implementing an Ambulatory Electronic Health Record at an Academic Medical Center. *Journal of the American College of Surgeons* 205(1):p 89-96, July 2007. | DOI: 10.1016/j.jamcollsurg.2007.02.074.

<sup>138</sup> Meaningful Use Stage 2 for Eligible Professionals (EP) for the Medicare EHR Incentive Program.

[https://web.archive.org/web/20240919041506/https://www.clinfowiki.org/wiki/index.php/Meaningful\\_Use\\_Stage\\_2\\_for\\_Eligible\\_Professionals\\_\(EP\)\\_for\\_the\\_Medicare\\_EHR\\_Incentive\\_Program](https://web.archive.org/web/20240919041506/https://www.clinfowiki.org/wiki/index.php/Meaningful_Use_Stage_2_for_Eligible_Professionals_(EP)_for_the_Medicare_EHR_Incentive_Program)

<sup>139</sup> Medicare and Medicaid EHR Incentive Program Basics.

<https://web.archive.org/web/20120620212232/www.cms.gov/Regulations-and-Guidance/Legislation/EHRIncentivePrograms/Basics.html>

Epic Systems was perfectly positioned to capitalize on this wave of change.<sup>140</sup> While many competitors struggled to adapt, Epic's comprehensive, all-in-one software offering proved compelling for hospitals and large medical groups facing the daunting task of digitizing their operations. A 2012 study published in Perspectives in Health Information Management found that, in response to the HITECH Act of 2009, larger and urban-based hospitals were significantly more likely to pursue federal incentives by meeting the "Meaningful Use" requirements for electronic health records. In contrast, rural hospitals were much less likely to do so.<sup>141</sup> **Epic's long-term focus is on academic medical centers and large health systems, which are considered the most sustainable and financially appealing segment in healthcare.**<sup>142</sup> **These organizations represent more than 60% of patient revenue in the U.S. and at least \$813 billion in healthcare expenditures flowing through Epic Systems in 2023 alone, aligning neatly with the institutions most likely to lead in the adoption of electronic health records.** In contrast, Epic's closest competitor, Cerner, focused on smaller hospitals with fewer beds such as those in rural communities.<sup>143</sup>

By 2014, just five years after the passage of HITECH, 75.5% of U.S. hospitals had at least a basic electronic health record system in place, a massive growth from the mere 1.5% in 2008 with fully implemented digital systems and then only 7.5% had a basic electronic system, according to a study published in the New England Journal of Medicine.<sup>144</sup> The federal incentives were widely seen as a catalyst, not only for broad electronic health record adoption but for Epic's rapid rise.

Epic System's rise appears to be a function of political tailwind, strategic positioning, and alignment with powerful stakeholders in the federal health IT space. The company, led by CEO Judith Faulkner, secured a pivotal role in 2009 in shaping national health information technology policy through Faulkner's appointment to a federal committee as the representative for health IT vendors<sup>145</sup> overseeing how \$19 billion in stimulus funding for health IT would be spent.<sup>146</sup> While others with backgrounds from Epic's competitors also held roles in shaping healthcare policy during this period, their involvement drew less scrutiny and criticism than Epic did. For example, Nancy-Ann DeParle, who had served on Cerner's board, stepped down in 2009 to join the Obama administration and help the president with health reform agenda with Congress. The White House emphasized that DeParle would sever all ties to former clients and distance herself from any matters related to former clients or employees.<sup>147</sup> In contrast, Epic faced heightened political criticism while other vendors were not subjected to the same level of public attention.

**A December 2013 transcript from the Health IT Policy Committee indicated that Faulkner was the only member representing an electronic health record vendor at the time.**<sup>148</sup> It was not until 2014 when Judy Faulkner left that Neal Patterson, the founder and the then CEO of Cerner, was appointed by the Government Accountability Office (GAO) as a member of the Health IT Policy Committee.<sup>149</sup> Faulkner's seat on the Health Information Technology Policy Committee as the representative of health IT vendors from 2009 to 2014<sup>150</sup> raised concerns of political favoritism. According to the

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<sup>140</sup> Epic Systems Soars with Transition to Electronic Health Records. <https://archive.jsonline.com/business/epic-systems-soars-with-transition-to-electronic-health-records-b99642837z1-366328781.html>

<sup>141</sup> Diana ML, Kazley AS, Ford EW, Menachemi N. Hospital characteristics related to the intention to apply for meaningful use incentive payments. *Perspect Health Inf Manag.* 2012;9(Spring):1h.

<sup>142</sup> Epic's Market Share - Who Should Control The Levers Of Healthcare Innovation.

<https://web.archive.org/web/20240302193547/https://www.forbes.com/sites/sethjoseph/2024/02/26/epics-antitrust-paradox-who-should-control-the-levers-of-healthcare-innovation/?sh=1f2a71514438>

<sup>143</sup> Interview with Former Senior Vice President of Cerner Corporation 11/10/2021.

<sup>144</sup> Epic Systems Soars with Transition to Electronic Health Records. <https://archive.jsonline.com/business/epic-systems-soars-with-transition-to-electronic-health-records-b99642837z1-366328781.html>

<sup>145</sup> GAO Announces Appointments to Health Information Technology Policy Committee. 4/3/2009. United States Government Accountability Office.

<sup>146</sup> Democrat Donor Gets Federal Health Policy Slot Despite Conflicts of Interest.

<https://web.archive.org/web/20250226043642/https://www.heritage.org/political-process/commentary/democrat-donor-gets-federal-health-policy-slot-despite-conflicts>

<sup>147</sup> Cerner Director is Obama's Health Czar. <https://www.digitalhealth.net/2009/03/cerner-director-is-obamas-health-czar/>

<sup>148</sup> HIT Policy Committee Transcript. 12/4/2013.

<sup>149</sup> GAO Makes Appointments to Health IT Policy Committee.

<https://web.archive.org/web/20250205081126/https://www.gao.gov/press-release/gao-makes-appointments-health-it-policy-committee>

<sup>150</sup> 50 Things to Know about Epic and Judy Faulkner. <https://www.beckershospitalreview.com/healthcare-information-technology/50-things-to-know-about-epic-and-judy-faulkner/>; Health Information Technology Policy Committee Summary. 5/6/2014.

Heritage Foundation, a think tank in Washington D.C., between 2006 and 2009, Epic employees contributed nearly \$300,000 to Democrats, and Faulkner herself made donations to Democratic politicians.<sup>151</sup>

Faulkner's appointment was particularly controversial because Epic opposed the Obama administration's goal of multivendor interoperability, a system that allowed different health IT platforms to exchange data, favoring instead a single-vendor model.<sup>152</sup> Despite her company's seemingly opposition to the Obama administration's tech vision, Faulkner was appointed to the committee through a process that the Government Accountability Office later admitted for lacking clear selection criteria. While Epic claimed to support interoperability, in practice, as many industry participants pointed out, its systems only worked effectively when all parties used Epic software. Faulkner argued that using multiple vendors' systems can compromise patient safety, a position that conveniently supports the company's preference for its own ecosystems. This directly contradicted President Obama's push for a flexible, cross-platform health IT infrastructure. Nonetheless, Epic was repeatedly held up as a model of health IT success by the administration. Obama praised Epic clients such as Kaiser Permanente and the Cleveland Clinic as "examples of how we can make the entire health care system more efficient."<sup>153</sup> The Cleveland Clinic, he noted, had "one of the best health information technology systems in the country."

In 2014, Epic reportedly paid lobbyist Bradford Card, brother of George W. Bush's former chief of staff, over \$130,000 to persuade members of Congress that the company supported interoperability. Card claimed that Epic had been the "subject of misinformation," arguing that "they're not interoperable, when in fact they are."<sup>154</sup>

Epic's political involvement seemed to pay off. During Obama's administration, Epic won a \$14 million contract to provide software for the Coast Guard. It also won the Veterans Affairs \$624 million contract for patient scheduling,<sup>155</sup> despite that Veterans Affairs stated preference for an open-source, interoperable solution. Meanwhile, several members of Wisconsin's congressional delegation, including some who received campaign contributions from Faulkner, lobbied Veterans Affairs in support of a single-vendor approach.<sup>156</sup>

A 2017 study published in the Journal of the American Medical Informatics Association analyzed data from 1,436 hospitals in 2014 and found that Epic was the leading electronic health record vendor among competitors such as Cerner, Meditech, and McKesson in supporting hospital performance on Stage 2 Meaningful Use criteria.<sup>157</sup> As previously mentioned, implemented in 2014, Stage 2 introduced more rigorous standards aimed at advanced clinical processes, including greater health information exchange between providers and increased patient engagement such as offering online access to personal health data. The stricter criteria and 2014 implementation date for Stage 2 prompted a significant push for electronic health record adoption among hospitals and providers. Hospitals had to quickly adopt or

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<sup>151</sup> Democrat Donor Gets Federal Health Policy Slot Despite Conflicts of Interest.

<https://web.archive.org/web/20250226043642/https://www.heritage.org/political-process/commentary/democrat-donor-gets-federal-health-policy-slot-despite-conflicts>

<sup>152</sup> Democrat Donor Gets Federal Health Policy Slot Despite Conflicts of Interest.

<https://web.archive.org/web/20250226043642/https://www.heritage.org/political-process/commentary/democrat-donor-gets-federal-health-policy-slot-despite-conflicts>

<sup>153</sup> Democrat Donor Gets Federal Health Policy Slot Despite Conflicts of Interest.

<https://web.archive.org/web/20250226043642/https://www.heritage.org/political-process/commentary/democrat-donor-gets-federal-health-policy-slot-despite-conflicts>

<sup>154</sup> We've Spent Billions to Fix Our Medical Records, and They're Still a Mess. Here's Why.

<https://web.archive.org/web/20250226035013/https://www.motherjones.com/politics/2015/10/epic-systems-judith-faulkner-hitech-ehr-interoperability/>

<sup>155</sup> The deal was later halted in 2016 as the Veterans Affairs reportedly tested its own systems. Epic Grabs VA Software Contract.

<https://www.healthcareitnews.com/news/epic-grabs-va-software-contract>; Epic Systems' VA Deal Suspended.  
<https://web.archive.org/web/20181104201741/https://www.politico.com/tipsheets/morning-ehealth/2016/04/epic-systems-va-deal-suspended-213759>

<sup>156</sup> Democrat Donor Gets Federal Health Policy Slot Despite Conflicts of Interest.

<https://web.archive.org/web/20250226043642/https://www.heritage.org/political-process/commentary/democrat-donor-gets-federal-health-policy-slot-despite-conflicts>

<sup>157</sup> Holmgren AJ, Adler-Milstein J, McCullough J. Are all certified EHRs created equal? Assessing the relationship between EHR vendor and hospital meaningful use performance. *J Am Med Inform Assoc.* 2018;25(6):654-660. doi:10.1093/jamia/ocx135

upgrade their electronic health record systems to qualify for incentives and avoid reimbursement penalties that were scheduled to begin in 2015 for non-compliance.<sup>158</sup>

Across six core measured criteria in the 2017 study published in the Journal of the American Medical Informatics Association, hospitals using Epic outperformed those using other systems in five areas. These included:<sup>159</sup>

1. Medication computerized provider order entry (CPOE),<sup>160</sup> with Epic hospitals performing 10.33% better than peers, holding all other variables constant;
2. Patients' ability to view, download, and transmit (VDT) their health information, 8.34% higher;
3. Actual patients' usage of view, download, and transmit (VDT) functionality, 24.62% higher;
4. Medication reconciliation,<sup>161</sup> 3.09% higher;
5. Summary of care records sent electronically, 10.61% higher.

In 2025, over 34 million hospital admissions occurred across 6,093 U.S. hospitals, averaging 5,650 admissions per hospital per year, according to the American Hospital Association.<sup>162</sup> As the above findings show, while differences in EHR vendor performance on meaningful use criteria may appear small in some criteria, these are statistically significant, meaning they have real impact. For safety-related metrics such as computerized provider order entry (CPOE) and medication reconciliation, a 3% to 10% performance advantage could translate to 170 to 565 more patients per hospital per year receiving safer care, potentially preventing that many medication errors or care coordination failures. Across thousands of hospitals in the U.S., this adds up to millions of safer patient experiences, a powerful reminder that electronic health record vendor choice is not just an IT decision but a patient safety decision.

**In addition, all three hospitals that ranked in the top quartile across all six criteria used Epic. Epic was also the most common electronic health record vendor among hospitals ranking in the top quartile for five, four, and three criteria. In contrast, among the 355 hospitals that did not place in the top quartile for any criteria, just 6.8% used Epic, the lowest share among major vendors.**<sup>163</sup>

While Epic's customers typically do not disclose the financial impact of using its systems, Epic highlights that its technology helped GBMC Healthcare reduce surgical site infections by 50%, saving \$1 million annually, and enabled Hawaii Pacific Health to save \$103 million over five years,<sup>164</sup> though it provides no further details.

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<sup>158</sup> Medicare and Medicaid EHR Incentive Program Basics.

<https://web.archive.org/web/20120620212232/www.cms.gov/Regulations-and-Guidance/Legislation/EHRIncentivePrograms/Basics.html>

<sup>159</sup> Holmgren AJ, Adler-Milstein J, McCullough J. Are all certified EHRs created equal? Assessing the relationship between EHR vendor and hospital meaningful use performance. J Am Med Inform Assoc. 2018;25(6):654-660. doi:10.1093/jamia/ocx135

<sup>160</sup> "Computerized provider order entry (CPOE) refers to the process of providers entering and sending treatment instructions – including medication, laboratory, and radiology orders – via a computer application rather than paper, fax, or telephone." What is Computerized Provider Order Entry. <https://web.archive.org/web/20241219054714/https://www.healthit.gov/faq/what-computerized-provider-order-entry>

<sup>161</sup> "Medication reconciliation is the process of comparing a patient's medication orders to all of the medications that the patient has been taking. This reconciliation is done to avoid medication errors such as omissions, duplications, dosing errors, or drug interactions. It should be done at every transition of care in which new medications are ordered or existing orders are rewritten." Barnsteiner JH. Medication Reconciliation. In: Hughes RG, editor. Patient Safety and Quality: An Evidence-Based Handbook for Nurses. Rockville (MD): Agency for Healthcare Research and Quality (US); 2008 Apr. Chapter 38. Available from: <https://www.ncbi.nlm.nih.gov/books/NBK2648/>

<sup>162</sup> Fast Facts on U.S. Hospitals, 2025. <https://web.archive.org/web/20250203222531/https://www.aha.org/statistics/fast-facts-us-hospitals>

<sup>163</sup> Holmgren AJ, Adler-Milstein J, McCullough J. Are all certified EHRs created equal? Assessing the relationship between EHR vendor and hospital meaningful use performance. J Am Med Inform Assoc. 2018;25(6):654-660. doi:10.1093/jamia/ocx135

<sup>164</sup> Epic Health System Community. <https://www.epic.com/community/>

Cleveland-based University Hospitals, a health system comprising of 18 hospitals as of the end of 2023, planned to invest \$400 million in Epic with an expected payback period of less than five years.<sup>165</sup> The health system expected that, once fully implemented, the new platform was projected to generate annual financial benefits exceeding \$100 million.

As a result, Epic's growth after the passage of HITECH and since Obama's administration has been remarkable. As Figure 7-1 shows, in 2012, Epic held an 11.4% market share of U.S. hospitals, trailing Meditech's 22.2% and Cerner's 11.8% and followed by McKesson's 10.1%, and CPSI's 9.9%. **But by 2021, Epic's share had surged to 32.8%, overtaking all competitors.** Cerner followed with 23.2%, Meditech with 16.4%, and CPSI (now known as TruBridge as of 2024<sup>166</sup>) at 6.7%.<sup>167</sup> A 2023 study from KLAS Research, a healthcare data company, suggested that as of 2022, Epic Systems had a 35.9% market share of U.S. hospitals, followed by Oracle's Cerner's 24.9%, Meditech's 16.3%, CPSI's 8.2%, Altera Digital Health's 3.7%.<sup>168</sup>

Several key factors have driven Epic's rise, which we will delve into in the following section – its pioneering approach to interoperability among Epic systems, a strong reputation for reliable, comprehensive, all-in-one IT solutions for healthcare systems. These offerings cover everything from electronic health records to core administrative functions important to hospitals such as billing and scheduling. In addition, Epic's strategic focus on large healthcare systems and academic medical centers has embedded its platform in the training environments of future healthcare professionals, further solidifying its long-term presence in the industry.

When measured by number of hospital beds, in 2021, Epic had a market share of 46.5%, growing from 20.6% in 2012, followed by Cerner's 25.3%, growing from 17.7% in 2012.<sup>169</sup> In 2022, as shown in KLAS Research's study published in 2023, Epic System's accounted for 47.6% of the total number of beds in the U.S., followed by Oracle Cerner's 25.8%, Meditech 14%, Altera Digital Health's 4.1%, and CPSI's 2.5%.<sup>170</sup> Judy Faulkner explained that Epic Systems holds a larger market share measured by hospital beds because the company tends to work with larger organizations<sup>171</sup> and chooses not to play with small ambulatory practices.<sup>172</sup> In contrast, Cerner has more footprints in smaller to community-based hospitals.<sup>173</sup>

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<sup>165</sup> University Hospitals' Epic Install to Cost \$400M. <https://www.beckershospitalreview.com/ehrs/university-hospitals-epic-installation-to-cost-400m/>

<sup>166</sup> CPSI to Become TruBridge. <https://web.archive.org/web/20250207150137/https://trubridge.com/resources/cpsi-to-rebrand-as-trubridge-inc/>

<sup>167</sup> Holmgren AJ, Apathy NC. Trends in US Hospital Electronic Health Record Vendor Market Concentration, 2012-2021. J Gen Intern Med. 2023 May;38(7):1765-1767. doi: 10.1007/s11606-022-07917-3. Epub 2022 Nov 8. PMID: 36348217; PMCID: PMC10212829.

<sup>168</sup> EHR Vendor Market Share in the US. <https://www.beckershospitalreview.com/ehrs/ehr-vendor-market-share-in-the-us/>

<sup>169</sup> Holmgren AJ, Apathy NC. Trends in US Hospital Electronic Health Record Vendor Market Concentration, 2012-2021. J Gen Intern Med. 2023 May;38(7):1765-1767. doi: 10.1007/s11606-022-07917-3. Epub 2022 Nov 8. PMID: 36348217; PMCID: PMC10212829.

<sup>170</sup> EHR Vendor Market Share in the US. <https://www.beckershospitalreview.com/ehrs/ehr-vendor-market-share-in-the-us/>

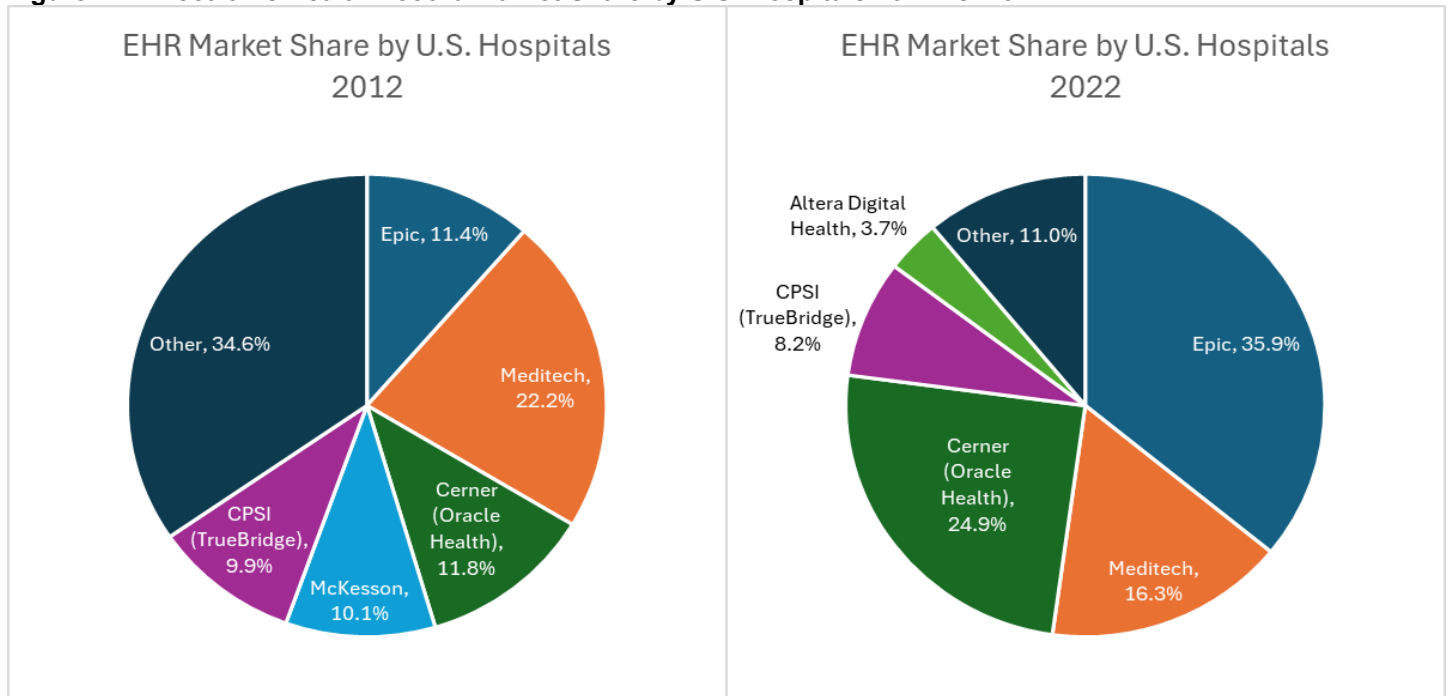
<sup>171</sup> Judy Faulkner, Founder and CEO of Epic Systems Shares How She Built One of the World's Leading Healthcare Software Companies. <https://open.spotify.com/episode/4rCuhMn1kMz5biXI5nKabI?si=de268a90646748e5&nd=1&dlsi=78f29bcc4bb2484c>

<sup>172</sup> Interview with Former Quality Manager at Epic Systems. 12/20/2023.

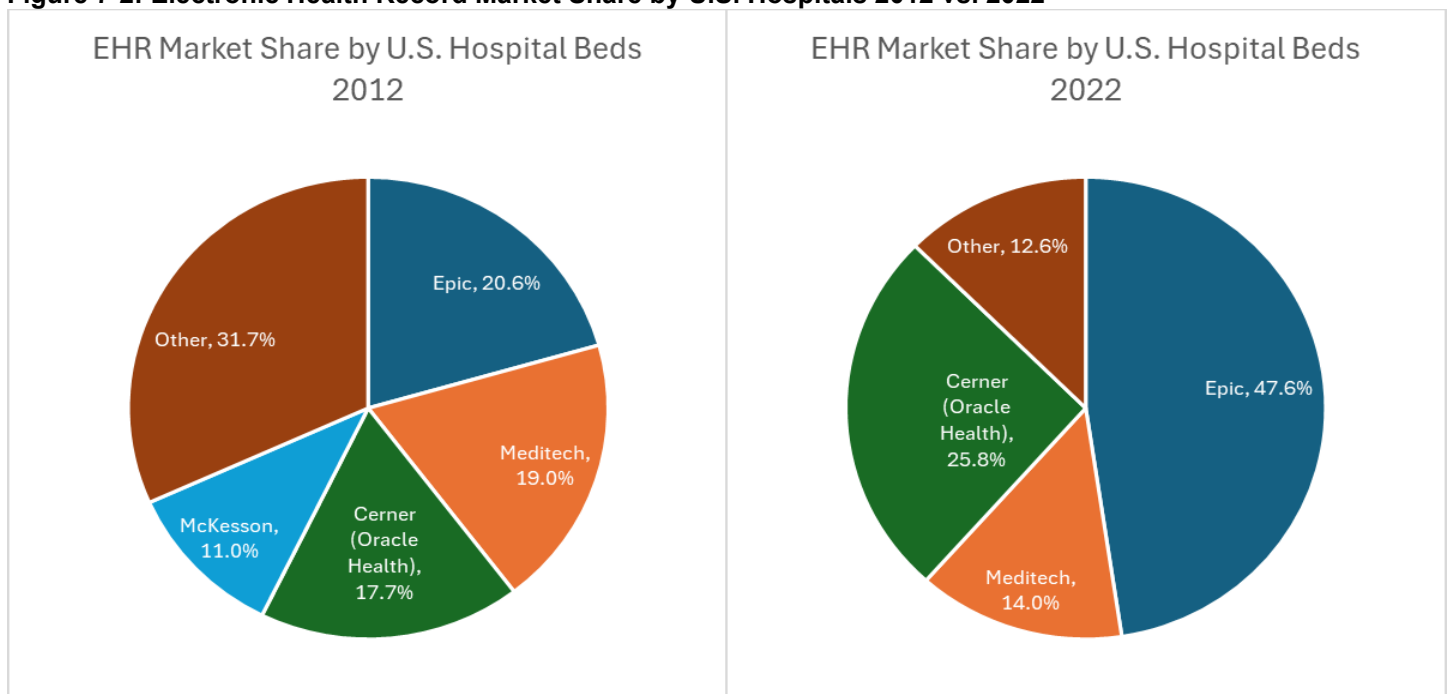
<sup>173</sup> Interview with Former Sales Leader & Business Development and Strategic Partnership Expert at Cerner. 1/20/2023



**Figure 7-1: Electronic Health Record Market Share by U.S. Hospitals 2012 vs. 2022<sup>174</sup>**



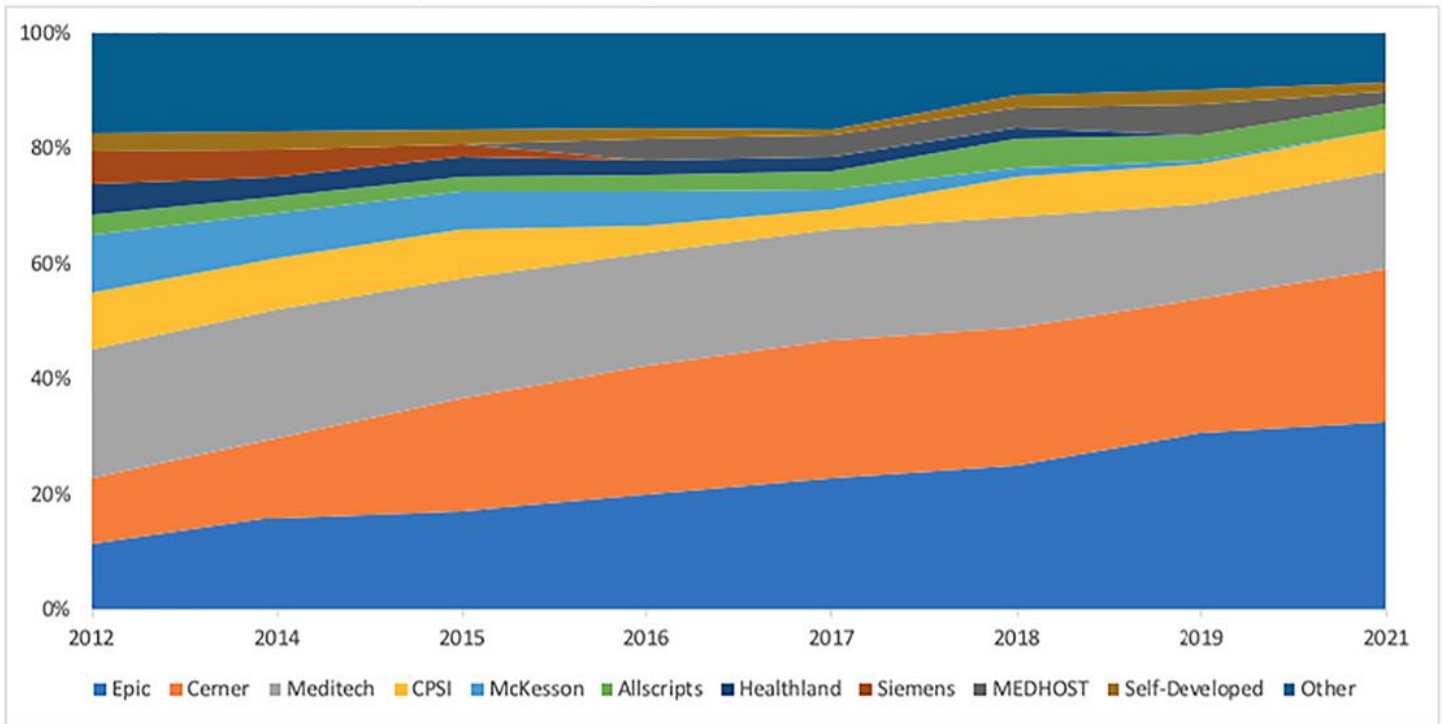
**Figure 7-2: Electronic Health Record Market Share by U.S. Hospitals 2012 vs. 2022<sup>175</sup>**



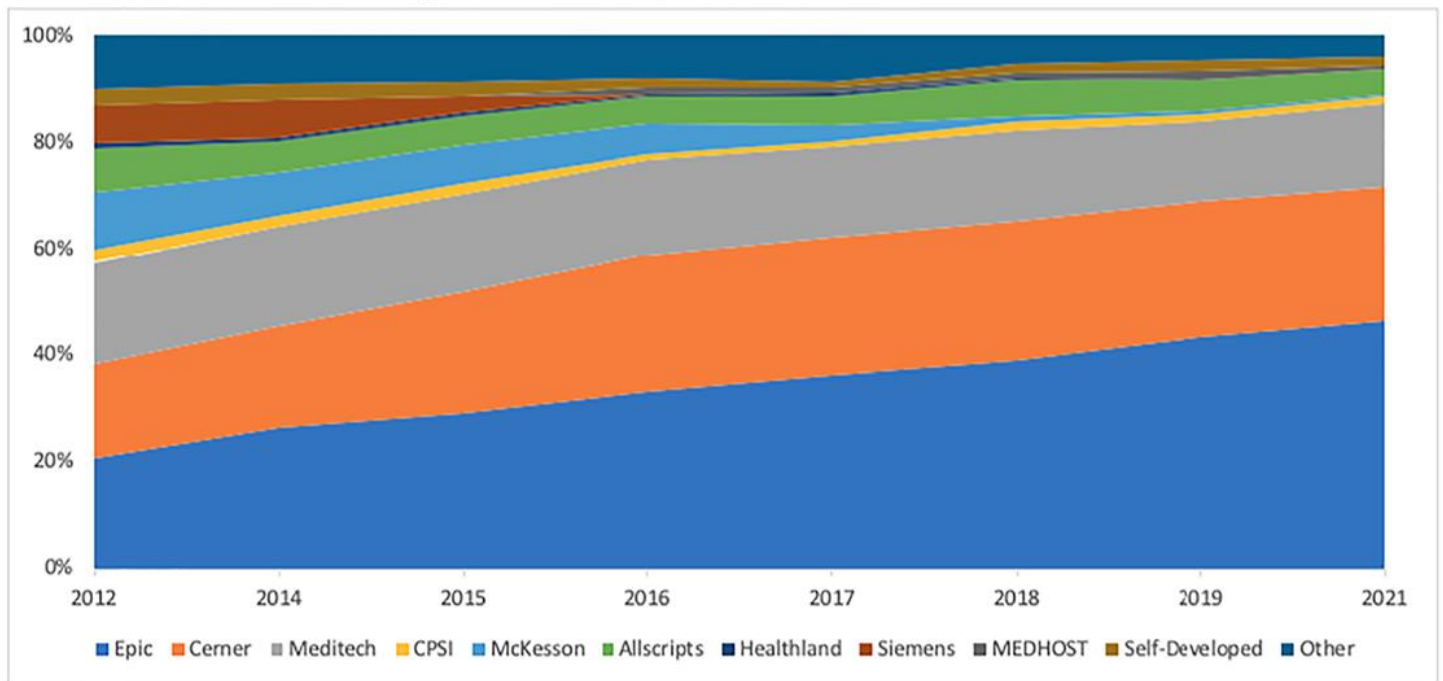
<sup>174</sup> Holmgren AJ, Apathy NC. Trends in US Hospital Electronic Health Record Vendor Market Concentration, 2012-2021. J Gen Intern Med. 2023 May;38(7):1765-1767. doi: 10.1007/s11606-022-07917-3. Epub 2022 Nov 8. PMID: 36348217; PMCID: PMC10212829; EHR Vendor Market Share in the US. <https://www.beckershospitalreview.com/ehrs/ehr-vendor-market-share-in-the-us/>

<sup>175</sup> Holmgren AJ, Apathy NC. Trends in US Hospital Electronic Health Record Vendor Market Concentration, 2012-2021. J Gen Intern Med. 2023 May;38(7):1765-1767. doi: 10.1007/s11606-022-07917-3. Epub 2022 Nov 8. PMID: 36348217; PMCID: PMC10212829; EHR Vendor Market Share in the US. <https://www.beckershospitalreview.com/ehrs/ehr-vendor-market-share-in-the-us/>

**Figure 7-3: Electronic Health Record (EHR) Vendor Market Share by Number of Hospitals (U.S.) 2012 – 2021<sup>176</sup>**  
**a EHR Vendor Market Share by Number of Hospitals, 2012-2021**



**Figure 7-4: Electronic Health Record (EHR) Vendor Market Share by Number of Beds (U.S.) 2012 – 2021**  
**b EHR Vendor Market Share by Number of Beds, 2012-2021**

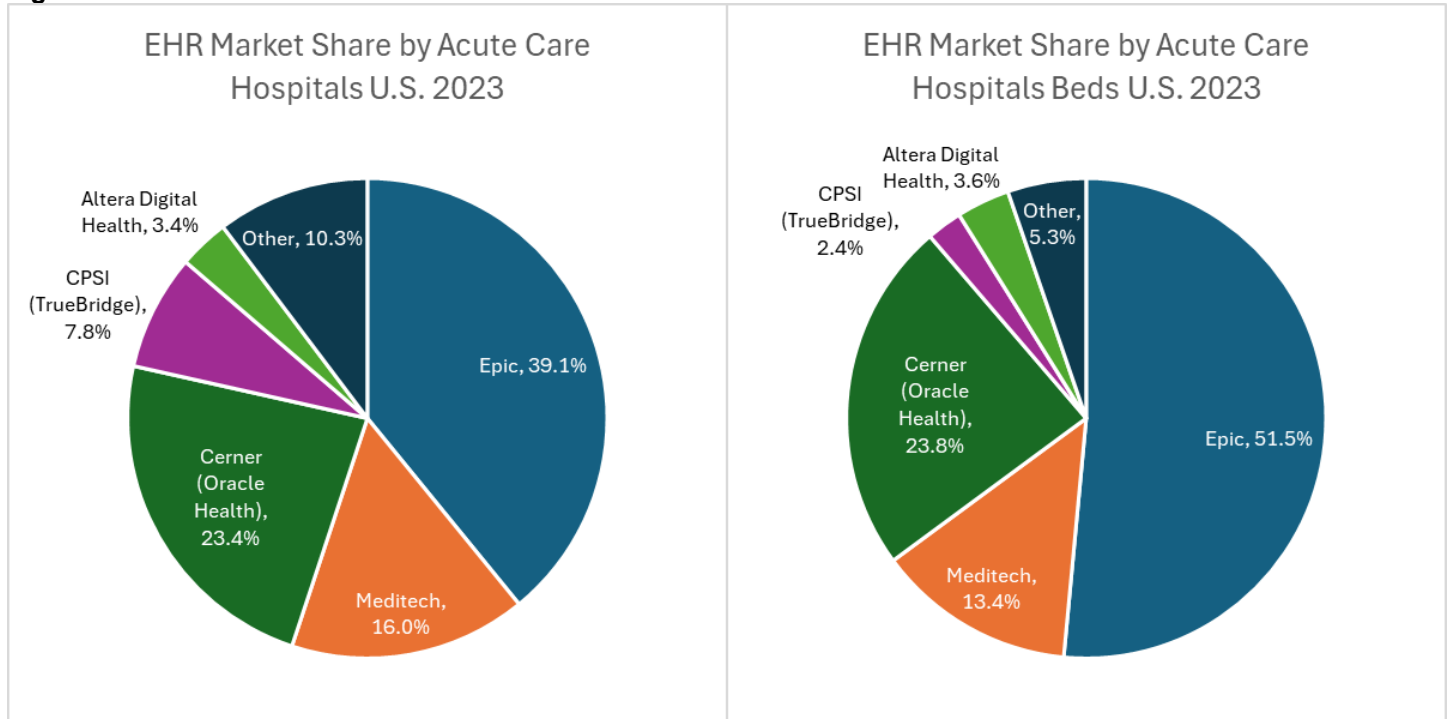


In the acute care hospital market specifically, Epic held 39.1% of hospitals and 51.5% of beds in 2023. Its nearest competitor, Oracle Health, trailed with 23.4% of hospitals and 23.8% of beds. Meditech accounted for 16% of hospitals

<sup>176</sup> Holmgren AJ, Apathy NC. Trends in US Hospital Electronic Health Record Vendor Market Concentration, 2012-2021. J Gen Intern Med. 2023 May;38(7):1765-1767. doi: 10.1007/s11606-022-07917-3. Epub 2022 Nov 8. PMID: 36348217; PMCID: PMC10212829.

and 13.4% of beds, while TruBridge held 7.8% of hospitals and 2.4% of beds, and Altera Digital Health accounted for 3.4% of hospitals and 3.6% of beds.<sup>177</sup>

**Figure 8: Electronic Health Care Market Share of Acute Care U.S. 2023<sup>178</sup>**



### How Did Epic Systems Win versus Competitors?

Epic Systems rose to dominate the electronic health record market by executing a long-term strategy built on deep product integration with healthcare systems, including hospitals and academic medical centers, driven by 1) reliable products; 2) intensive R&D incorporating user feedback extensively, data availability, and data analytics; 3) a uniquely advantageous position during a major federal policy shift; and 4) strategic customer targeting in large health systems, strengthened by a sales culture described as being a “BFF” (“Best Friend Forever”) to customers, and powerful network effects. While many rivals struggled with fragmented systems to serve large institutions, Epic stood out by offering a reliable, all-in-one platform tailored to the complex needs of top-tier healthcare organizations.

1. **Epic offers reliable IT solutions to hospitals, which are critical as the healthcare industry operates under a conservative ethos given the industry’s nature. As one former Cerner executive put it, “You can’t tell a doctor it’s okay to fail... It’s not okay to fail. That’s death.”<sup>179</sup> This risk aversion makes vendor selection a complex decision, driven by regulatory compliance and operational reliability. This cautious approach reflects the culture of healthcare itself, grounded in the guiding principle: “First, do no harm.”<sup>180</sup>**

A 2017 study published in the Journal of the American Medical Informatics Association found that Hospitals using Epic statistically outperform those on rival platforms in critical metrics such as computerized provider

<sup>177</sup> Epic Increases Hospital Market Share Lead. <https://www.beckershospitalreview.com/ehrs/epic-increases-hospital-market-share-lead/>

<sup>178</sup> Epic Increases Hospital Market Share Lead. <https://www.beckershospitalreview.com/ehrs/epic-increases-hospital-market-share-lead/>

<sup>179</sup> The Billionaire Who Controls Your Medical Records. Forbes. <https://web.archive.org/web/20230302215032/https://www.forbes.com/sites/katiejennings/2021/04/08/billionaire-judy-faulkner-epic-systems/?sh=2ace4801575a>

<sup>180</sup> Epic’s Market Share - Who Should Control The Levers Of Healthcare Innovation. <https://web.archive.org/web/20240302193547/https://www.forbes.com/sites/sethjoseph/2024/02/26/epics-antitrust-paradox-who-should-control-the-levers-of-healthcare-innovation/?sh=1f2a71514438>

order entry (CPOE),<sup>181</sup> with Epic hospitals performing 10.33% better than peers, holding all other variables constant, and medication reconciliation,<sup>182</sup> which was 3.09% higher than hospitals using peer software. CPOE and medication reconciliation both critical functions where failure is not an option because lives are at stake.<sup>183</sup>

For 15 consecutive years, Epic has topped independent rankings by KLAS Research, which surveys thousands of healthcare providers annually. The rating criteria include metrics such as products performing as promoted, ease of use, implementation quality, functionalities needed, etc. In the 2025 “Best in KLAS” report, Epic earned a performance score of 89.4 out of 100, far ahead of Meditech (76.2) and Oracle Health (64.7),<sup>184</sup> demonstrating Epic’s reliability over competitors.

While companies such as Cerner (now Oracle Health) and Meditech disappointed users in some areas, Epic consistently delivered reliable and satisfactory performance. For example, Florida-based AdventHealth first implemented Cerner’s system in 2002. In 2020, Florida-based AdventHealth announced it would transition from Cerner to Epic.<sup>185</sup> Although AdventHealth did not publicly comment on the reasons for the switch, industry news pointed to frustration with Cerner’s ambulatory and revenue cycle issues. Customer dissatisfaction with Cerner’s RevWorks revenue cycle outsourcing services likely played a role as well. A 2019 KLAS market report found that 70% of surveyed healthcare providers using RevWorks and related services would not choose to purchase again.<sup>186</sup> Common complaints included overselling of services, inexperienced personnel, and slow to work on outstanding claims, reflecting a lack of reliability in a system that plays a critical role in managing healthcare finances. Ultimately, these operational challenges and widespread dissatisfaction led AdventHealth to drop both Cerner’s electronic health record and revenue cycle management services in favor of Epic.

**It is Epic’s reliability, not necessarily its speed of innovation, that has solidified its position as the default choice for many healthcare providers. With a 45-year track record and endorsements from major healthcare systems and academic medical centers, Epic continues to dominate through trust and incumbency.**

- 2. Epic frequently gathers feedback from users including doctors, nurses, and other healthcare professionals, and reportedly outpaced its competitors in R&D investment as a percentage of operating expenses, while offering unique and vast datasets and analytics for their large academic institution clients.**

Epic collaborates closely with its users, including doctors and nurses. The company actively gathers feedback through direct conversations, emails, and committees made of specialists. In addition, Epic’s founder, Judy Faulkner, has even taken calls with clients and jotted down notes on suggestion, comments, and complaints in a notebook.<sup>187</sup> **A key part of Epic’s innovation process involves “immersion trips,” where software developers are required to spend time in clinical settings like operating rooms to directly observe**

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<sup>181</sup> “Computerized provider order entry (CPOE) refers to the process of providers entering and sending treatment instructions – including medication, laboratory, and radiology orders – via a computer application rather than paper, fax, or telephone.” What is Computerized Provider Order Entry. <https://web.archive.org/web/20241219054714/https://www.healthit.gov/faq/what-computerized-provider-order-entry>

<sup>182</sup> “Medication reconciliation is the process of comparing a patient's medication orders to all of the medications that the patient has been taking. This reconciliation is done to avoid medication errors such as omissions, duplications, dosing errors, or drug interactions. It should be done at every transition of care in which new medications are ordered or existing orders are rewritten.” Barnsteiner JH. Medication Reconciliation. In: Hughes RG, editor. Patient Safety and Quality: An Evidence-Based Handbook for Nurses. Rockville (MD): Agency for Healthcare Research and Quality (US); 2008 Apr. Chapter 38. Available from: <https://www.ncbi.nlm.nih.gov/books/NBK2648/>

<sup>183</sup> The Billionaire Who Controls Your Medical Records. Forbes. <https://web.archive.org/web/20230302215032/https://www.forbes.com/sites/katiejennings/2021/04/08/billionaire-judy-faulkner-epic-systems/?sh=2ace4801575a>

<sup>184</sup> Best In KLAS – Software & Services 2025

<sup>185</sup> AdventHealth Switches from Cerner EHR to Epic. <https://www.beckershospitalreview.com/ehrs/adventhealth-switches-from-cerner-ehr-to-epic-6-notes/>

<sup>186</sup> Cerner Sells Revenue Cycle Management Outsourcing Arm. <https://web.archive.org/web/20241114191108/https://www.techtarget.com/revcyclemanagement/news/366601834/Cerner-Sells-Revenue-Cycle-Management-Outsourcing-Arm>

<sup>187</sup> Epic Systems Soars with Transition to Electronic Health Records. <https://archive.jsonline.com/business/epic-systems-soars-with-transition-to-electronic-health-records-b99642837z1-366328781.html>

**workflows, identify inefficiencies, and understand user needs.** This hands-on experience helps developers create more practical and impactful solutions, ensuring a continuous feedback loop that drives practical, user-focused improvements. Many system enhancements originate from these interactions,<sup>188</sup> reflecting Epic's commitment to evolving its software in response to the day-to-day realities of healthcare providers and patients.

During a 2016 interview, Judy Faulkner stated that 50% of its operating expenses were allocated to R&D, significantly more than its health IT competitors. For example, Allscripts spent 34% of its operating expenses on R&D, Cerner 19%, and athenahealth just 10%.<sup>189</sup> This level of investment even surpassed traditional tech giants such as Google, Apple, and Amazon when measured as a percentage of operating expenses, 45%, 36%, and 18%, respectively.

Two notable examples demonstrate Epic's innovations. First, Epic claimed to be the first electronic health record company to enable hospitals to electronically share patient records across different systems, successfully doing so in 2008 between two hospitals in Long Beach, California<sup>190</sup> – years before interoperability became a regulatory requirement under the 21st Century Cures Act, passed in 2016.<sup>191</sup> This has made transferring patient data among Epic users seamlessly easy.<sup>192</sup>

The ability to share medical records across hospitals, especially those using Epic, has been an important factor in attracting new customers, particularly large health systems. Data sharing is an important feature to large health care systems, especially academic medical centers, which have been Epic's main focus of customers, as they depend heavily on specialty referrals.<sup>193</sup> For example, Mount Sinai, one of the largest hospitals in the U.S., has cited the ability to exchange clinical information across organizations, the familiarity of clinical teams with Epic at other institutions, and the system's overall sophistication as reasons for adopting the platform.<sup>194</sup> In addition, **as it continues to grow and hold more patient records than any competitor, Epic facilitates record-sharing with non-Epic hospitals and federal agencies; this capability serves as both a selling point and a perceived public service, strengthening its competitive moat and market dominance.**<sup>195</sup>

Second, Epic's Cosmos database and its public-facing site, Epicresearch.org leverage Epic's large-scale healthcare data for actionable clinical insights and improved patient outcomes. **As of 2022, the database contained data from 2.2 billion provider visits and approximately 140 million patients (15.3 billion encounters, 7.4 billion face-to-face visits, and 296 million patients in 2025<sup>196</sup>).** This de-identified data, shared by Epic's customers, forms the basis for high-impact clinical research that is being published in hundreds of medical journals across the country. Epic's competitors lack comparable offerings, giving customers few alternatives and making Epic the only option for health systems seeking to leverage large-scale clinical data.<sup>197</sup>

3. **Policy tailwinds, particularly from the federal government's push for electronic health records, paired with Judy Faulkner's and Epic's strong political connections, potentially helped position the company as a favored choice among large healthcare systems.**

<sup>188</sup> Interview with Former Senior Program Manager at Epic Systems. 12/19/2023

<sup>189</sup> Epic Reveals R&D Spending Outstrips Apple, Google and Its Competitors.

<https://web.archive.org/web/20221127141913/https://www.healthcareitnews.com/news/epic-reveals-rd-spending-outstrips-apple-google-and-its-competitors>

<sup>190</sup> Health Records Firm Epic Raises Profile.

<https://web.archive.org/web/20220815052700/https://www.politico.com/story/2014/10/epic-systems-digital-health-care-system-112288>

<sup>191</sup> Information Blocking. <https://web.archive.org/web/20250313205304/https://www.healthit.gov/topic/information-blocking>

<sup>192</sup> Epic CEO in Exclusive Sit-Down at ViVE. <https://medcitynews.com/2022/03/epic-ceo-at-exclusive-sit-down-at-vive-we-are-now-interoperable-with-the-world/>

<sup>193</sup> How Epic Won over Academic Medical Centers. <https://www.beckershospitalreview.com/ehrs/how-epic-won-over-academic-medical-centers/>

<sup>194</sup> How Epic Won over Academic Medical Centers. <https://www.beckershospitalreview.com/ehrs/how-epic-won-over-academic-medical-centers/>

<sup>195</sup> An Epic Dystopia. <https://web.archive.org/web/20241231143302/https://prospect.org/health/2024-10-01-epic-dystopia/>

<sup>196</sup> About Epic Cosmos. <https://cosmos.epic.com/about/>

<sup>197</sup> Interview with Former Quality Manager at Epic Systems. 12/20/2023.

Epic was better positioned than competitors to take the opportunity in 2009 when the HITECH Act passed. Its comprehensive, fully integrated system helped hospitals meet the government's "Meaningful Use" requirements with minimal risk, giving it a clear edge over competitors.

A 2012 study in Perspectives in Health Information Management found that, in response to the HITECH Act of 2009, larger and urban-based hospitals were significantly more likely to adopt electronic health records whereas rural hospitals were much less likely to do so.<sup>198</sup> **Epic's long-term focus is on academic medical centers and large health systems, which are considered the most sustainable and financially appealing segment in healthcare.**<sup>199</sup> **These organizations represent more than 60% of patient revenue in the U.S. and at least \$813 billion in healthcare expenditures flowing through Epic Systems in 2023 alone, aligning neatly with the institutions most likely to lead in the adoption of electronic health records.** In contrast, Epic's main competitor, Cerner, focused on smaller, rural hospitals,<sup>200</sup> which had fewer beds and fewer resources, and which were less likely to be early adopters of electronic health records.<sup>201</sup>

Judy Faulkner served on the federal Health IT Policy Committee from 2009 to 2014.<sup>202</sup> As the representative for health IT vendors during the Obama administration's push for nationwide adoption of electronic health records, Faulkner had a direct voice in shaping the standards that Epic was already well prepared to meet.<sup>203</sup> Her position in the government as the representative of Health IT vendors also potentially served as a silent endorsement of Epic's products.

4. **Epic has a unique approach of managing long-term customer relationships and has a long-term focus on academic medical centers and large health systems, which are considered the most sustainable and financially appealing segment in healthcare,**<sup>204</sup> **representing more than 60% of patient revenue in the U.S. and at least \$813 billion in healthcare expenditures flowing through Epic Systems in 2023 alone.**

A key strategy of Epic is its unique approach to managing customer relationships. Instead of using traditional account executives, each client is assigned a contact person known as a "BFF" (Best Friend Forever).<sup>205</sup> **It is a bi-lateral matching process aimed at finding the right fit for each organization. This role is designed to build long-term, meaningful relationships with customers, based on the belief that once a client joins Epic, they will never leave. With an average customer relationship of ten years, Epic has never lost an inpatient hospital client, except in cases involving acquisitions.**<sup>206</sup>

The BFF is typically paired with a senior executive at the client organization, such as a CIO or CEO, and is responsible for maintaining close communication and staying informed about their needs. Internally, BFFs are

<sup>198</sup> Diana ML, Kazley AS, Ford EW, Menachemi N. Hospital characteristics related to the intention to apply for meaningful use incentive payments. *Perspect Health Inf Manag.* 2012;9(Spring):1h.

<sup>199</sup> Epic's Market Share - Who Should Control The Levers Of Healthcare Innovation.

<https://web.archive.org/web/20240302193547/https://www.forbes.com/sites/sethjoseph/2024/02/26/epics-antitrust-paradox-who-should-control-the-levers-of-healthcare-innovation/?sh=1f2a71514438>

<sup>200</sup> Interview with Former Senior Vice President of Cerner Corporation 11/10/2021.

<sup>201</sup> Diana ML, Kazley AS, Ford EW, Menachemi N. Hospital characteristics related to the intention to apply for meaningful use incentive payments. *Perspect Health Inf Manag.* 2012;9(Spring):1h.

<sup>202</sup> In 2014, Neal Patterson, the founder and the then CEO of Cerner, was appointed by the Government Accountability Office (GAO) as a member of the Health IT Policy Committee. 50 Things to Know about Epic and Judy Faulkner.

<https://www.beckershospitalreview.com/healthcare-information-technology/50-things-to-know-about-epic-and-judy-faulkner/>;

Health Information Technology Policy Committee Summary. 5/6/2014; GAO Makes Appointments to Health IT Policy Committee.

<https://web.archive.org/web/20250205081126/https://www.gao.gov/press-release/gao-makes-appointments-health-it-policy-committee>

<sup>203</sup> Democrat Donor Gets Federal Health Policy Slot Despite Conflicts of Interest.

<https://web.archive.org/web/20250226043642/https://www.heritage.org/political-process/commentary/democrat-donor-gets-federal-health-policy-slot-despite-conflicts>

<sup>204</sup> Epic's Market Share - Who Should Control The Levers Of Healthcare Innovation.

<https://web.archive.org/web/20240302193547/https://www.forbes.com/sites/sethjoseph/2024/02/26/epics-antitrust-paradox-who-should-control-the-levers-of-healthcare-innovation/?sh=1f2a71514438>

<sup>205</sup> Interview with Former Implementation Director at Epic Systems. 12/19/2023

<sup>206</sup> The Billionaire Who Controls Your Medical Records. *Forbes.*

<https://web.archive.org/web/20230302215032/https://www.forbes.com/sites/katiejennings/2021/04/08/billionaire-judy-faulkner-epic-systems/?sh=2ace4801575a>

given talking points on new features of products that they roll out. Epic has been very focused on large healthcare providers, where executives already know how to initiate contact with Epic when they are ready.<sup>207</sup> As a result, Epic does not rely on outbound sales.

Epic also targets large academic medical centers and research hospitals, embedding itself into the institutions that train future doctors and nurses. **As of 2022, over 90% of medical students and residents now train on Epic systems, giving the company a unique advantage in embedding its software deeply into the next generation of healthcare professionals' workflows.**<sup>208</sup> This created a powerful flywheel – as more doctors trained on Epic, more hospitals adopted it to accommodate new staff, reinforcing and building upon the company's market dominance.<sup>209</sup>

**With the company's long-term focus on large healthcare organizations and its widely recognized reputation among the industry, the resulting network effect plays a significant role in attracting new customers to join the Epic network.** One of Epic's most defining, yet controversial, strategies has been its "closed system" approach. While the company claims to be the inventor of and promotes interoperability, in practice, Epic software works best when everyone in the network also uses Epic. Data sharing between hospitals that use Epic is smooth and seamless. But when it comes to exchanging information with non-Epic platforms, the process can be cumbersome and handled on a case-by-case basis by design. As Epic has become widely adopted across U.S. health systems, this design has evolved into a significant competitive advantage. It not only makes it harder for existing customers to leave the Epic ecosystem but also attracts others to join. Over time, hospitals found it increasingly advantageous, even necessary, especially for academic medical centers that depend heavily on specialty referrals, to switch to Epic simply to collaborate efficiently with their peers.<sup>210</sup>

The more institutions that joined Epic, the more valuable it became to be part of that network. Kristin Myers of Mount Sinai noted how the ability to easily exchange clinical information within the Epic community led to widespread adoption. Being "inside" the Epic network meant smoother referrals, faster access to records, and reduced administrative friction,<sup>211</sup> benefits that no other vendor could match. For many hospitals, Epic became the safest, most dependable choice, and one that no executive ever got fired for choosing.<sup>212</sup>

In addition, Epic also has a strong presence in the academic medical center market, controlling nearly 60% as of 2022.<sup>213</sup> **Over 90% of medical students and residents now train on Epic systems, giving the company a unique advantage in embedding its software deeply into the next generation of healthcare professionals' workflows.** A 2016 report underscored Epic's footprint in research institutions as well. All 15 hospitals receiving the most funding from the National Institutes of Health at the time were Epic clients.<sup>214</sup> With most academic medical centers relying on Epic, the software often becomes the default standard in medical education, reinforcing its dominance. A pre-med student at Johns Hopkins University shared his positive experience using Epic,<sup>215</sup> noting that he has used the platform both for stroke research and

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<sup>207</sup> Interview with Former Implementation Director at Epic Systems. 12/19/2023

<sup>208</sup> How Epic Won Over Academic Medical Centers. <https://www.beckershospitalreview.com/ehrs/how-epic-won-over-academic-medical-centers/>

<sup>209</sup> How Epic Won Over Academic Medical Centers. <https://www.beckershospitalreview.com/ehrs/how-epic-won-over-academic-medical-centers/>

<sup>210</sup> Why Big Health Systems Keep Switching to Epic. <https://www.beckershospitalreview.com/ehrs/why-big-health-systems-keep-switching-to-epic/>; Worldly Partners' Discussion with a Doctor. 3/30/2025.

<sup>211</sup> How Epic Won over Academic Medical Centers. <https://www.beckershospitalreview.com/ehrs/how-epic-won-over-academic-medical-centers/>

<sup>212</sup> Epic's Market Share - Who Should Control The Levers Of Healthcare Innovation. <https://web.archive.org/web/20240302193547/https://www.forbes.com/sites/sethjoseph/2024/02/26/epics-antitrust-paradox-who-should-control-the-levers-of-healthcare-innovation/?sh=1f2a71514438>

<sup>213</sup> How Epic Won Over Academic Medical Centers. <https://www.beckershospitalreview.com/ehrs/how-epic-won-over-academic-medical-centers/>

<sup>214</sup> Epic Systems Soars with Transition to Electronic Health Records. <https://archive.jsonline.com/business/epic-systems-soars-with-transition-to-electronic-health-records-b99642837z1-366328781.html>

<sup>215</sup> Worldly Partners' Discussion with a Pre-Med Student at John Hopkins. 3/30/2025.

charting as part of Hopkins Community Connection, a student organization focused on addressing patients' essential needs through universal social needs screenings and referrals to community resources and benefit programs.<sup>216</sup>

Epic has won over academic medical centers through a combination of strategic product development, integration across care settings, and a strong reputation for reliability and scalability. One of the most compelling reasons for its dominance is its integrated platform, which unifies inpatient and outpatient care.<sup>217</sup> Christopher Sharp, the chief medical information officer of Stanford Health Care, noted that Epic initially gained traction because of "its integrated platform across ambulatory and inpatient care," adding that Stanford's children's hospital switched from Cerner to Epic largely due to Epic's "more robust ambulatory offering." This comprehensive integration was crucial for academic centers seeking seamless data sharing and operational coherence. Moreover, Epic's track record of consistent and successful implementation reassured major institutions about the value of their investment. Jeff Gautney, the chief information officer of Rush University System for Health, pointed out, "You get what you pay for 100% of the time," despite Epic being "not cheap." The reliability of Epic's implementation, combined with its ability to scale with large, complex systems, positioned it as a safer bet in a high-stakes environment. Michael Restuccia, the chief information officer of Penn Medicine, emphasized the value of integration over piecemeal interoperability, saying:

"Within ambulatory, if you remember back, every specialty had their own EMR... We have 30-plus specialties. So we had at least 30-plus niche EMRs supporting them, because sometimes we had multiple EMRs for the same specialty. Just think through this: That's 30-plus contracts, 30-plus maintenance agreements, 30-plus vendor representatives that you have to keep track of 30-plus interfaces."

Using Epic, Penn Medicine only has one vendor to manage.<sup>218</sup>

Epic also benefitted from a growing network effect. As more academic institutions adopted Epic, clinical teams became more familiar with its interface and workflows, making it easier to onboard new staff and share data across organizations. Kristin Myers, the chief digital and information officer of Mount Sinai Health System, explained, "The ability to exchange clinical information between organizations, the [number] of clinical teams that have used Epic at other institutions, and the sophistication of the product will lead to other transitions."<sup>219</sup> This momentum created a tipping point where institutions found it increasingly advantageous, and eventually necessary, to join the Epic community. In addition, seamless record exchange via Epic's Care Everywhere is crucial, especially for academic medical centers that depend heavily on specialty referrals.

A founder of a patient revenue platform recalled a conversation with a prospective client in Albany, New York. The client explained they were switching to Epic because both hospitals in the area were already using it.<sup>220</sup> Choosing Epic made sense as it allowed their medical records to be connected, enabling better visibility into patient care across the community. The founder noted that Epic's success is not just about selling software, it is about promoting the concept of having Epic connect electronic medical records to deliver more coordinated, efficient care within a healthcare community.

Epic's strategic approach to upgrades and feature enhancements helped it retain customers and continue evolving. Dr. Sharp noted that Epic stayed ahead by "continually developing integrated solutions, staying engaged with clients, and cleverly writing contracts to incentivize upgrades and adding features." Beyond product functionality, Epic created platforms like Cosmos, which aggregates data from over 217 million patient records, according to a 2023 report,<sup>221</sup> offering academic institutions a powerful tool for research and benchmarking. As Dr. Sharp put it, "Where else can you get on a platform that has 210 million lives of data? This is kind of extraordinary."

Finally, the sheer scale and financial commitment involved in switching electronic health record systems reinforces Epic's stronghold. Institutions that invest hundreds of millions or billions into Epic are unlikely to abandon the system easily. Restuccia underscored this point:

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<sup>216</sup> Hopkins Community Connection. <https://imagine.jhu.edu/organizations/hopkins-community-connection/>

<sup>217</sup> How Epic Won over Academic Medical Centers. <https://www.beckershospitalreview.com/ehrs/how-epic-won-over-academic-medical-centers/>

<sup>218</sup> How Epic Won over Academic Medical Centers. <https://www.beckershospitalreview.com/ehrs/how-epic-won-over-academic-medical-centers/>

<sup>219</sup> How Epic Won over Academic Medical Centers. <https://www.beckershospitalreview.com/ehrs/how-epic-won-over-academic-medical-centers/>

<sup>220</sup> Interview with Chief Strategy Officer and Co-Founder at Clearwave Corp. 2/28/2024

<sup>221</sup> How Epic Won over Academic Medical Centers. <https://www.beckershospitalreview.com/ehrs/how-epic-won-over-academic-medical-centers/>



“To change your electronic health record at this point, it’s literally hundreds of millions of dollars, if not billions, and then all the change management that goes with it. So once systems like this are in place, it takes a lot to remove them...I don’t know what the factor would be that would cause an institution to remove their Epic EHR at this point.”<sup>222</sup>

As a result, Epic’s early lead and consistent performance have helped it lock in its position, making it the default choice for academic medical centers and solidifying its dominance in the U.S. healthcare landscape.

In a 2024 statement, founder Judy Faulkner revealed that Epic Cosmos, one of Epic’s databases, holds over 270 million patient records from more than 13 billion clinical encounters.<sup>223</sup> This dataset represents patients in all 50 U.S. states and covers roughly 79% of the U.S. population.<sup>224</sup>

According to Forbes, from 2017 to 2022, Epic added nearly 95,000 hospital beds to its installed base, while none of its competitors achieved a net gain during that period.<sup>225</sup> In fact, Epic captured 79% of all reported net new hospital electronic health record deals during those five years. Hospitals and health systems consistently cite Epic’s extensive functionality, reliability, and integration capabilities as key reasons for choosing the software.

### **Business Model, Value Proposition**

Epic Systems refers to itself as a “software factory”. The company has never made an acquisition and is known for developing all of its software in-house, reflecting its disciplined, engineering-driven approach to product development. As of 2025, Epic’s website states that it invests 35% of its operating expenses into research and development.<sup>226</sup> In contrast, Cerner’s R&D spending, approximated by its software development costs, accounted for about 20% of operating expenses, according to its 2021 annual report, prior to its acquisition by Oracle Health.<sup>227</sup>

In 2016, Judy Faulkner, the founder of Epic, revealed in an interview that the company allocated 50% of its operating expenses to R&D, significantly outpacing its health IT competitors. For comparison, Allscripts spent 34% of its operating expenses on R&D, Cerner 19%, and athenahealth just 10%.<sup>228</sup> This level of investment even surpassed traditional tech giants such as Google, Apple, and Amazon when measured as a percentage of operating expenses, 45%, 36%, and 18%, respectively.

Faulkner explained that Epic’s high R&D spending is driven by its focus on building entire systems from scratch. Rather than acquiring companies or technologies and dealing with integration challenges, Epic invests directly in in-house development. This approach allows the company to dedicate its resources fully to innovation without diluting efforts on mergers or system compatibility issues. Faulkner said “It’s totally about building new things...We don’t have to spend a chunk of our R&D money trying to incorporate other stuff.”<sup>229</sup>

In contrast, competitors could face distractions from mergers and acquisitions, which can divert attention and resources away from improving core products. For instance, after Oracle acquired Cerner, founder Larry Ellison admitted the

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<sup>222</sup> How Epic Won over Academic Medical Centers. <https://www.beckershospitalreview.com/ehrs/how-epic-won-over-academic-medical-centers/>

<sup>223</sup> Epic Touts New Software Features 'Turbocharged with AI'. <https://web.archive.org/web/20250223123250/https://www.fiercehealthcare.com/ai-and-machine-learning/epic-touts-new-ai-applications-streamline-charting-and-bring-research>

<sup>224</sup> Population Clock. Census Bureau. <https://www.census.gov/popclock/>

<sup>225</sup> Epic’s Market Share - Who Should Control The Levers Of Healthcare Innovation. <https://web.archive.org/web/20240302193547/https://www.forbes.com/sites/sethjoseph/2024/02/26/epics-antitrust-paradox-who-should-control-the-levers-of-healthcare-innovation/?sh=1f2a71514438>

<sup>226</sup> About – Epic. <https://www.epic.com/about/>

<sup>227</sup> Cerner Annual Report 2021.

<sup>228</sup> Epic Reveals R&D Spending Outstrips Apple, Google and Its Competitors. <https://web.archive.org/web/20221127141913/https://www.healthcareitnews.com/news/epic-reveals-rd-spending-outstrips-apple-google-and-its-competitors>

<sup>229</sup> Epic Reveals R&D Spending Outstrips Apple, Google and Its Competitors. <https://web.archive.org/web/20221127141913/https://www.healthcareitnews.com/news/epic-reveals-rd-spending-outstrips-apple-google-and-its-competitors>

company was “basically rewriting that software a piece at a time.”<sup>230</sup> The Chief Information Officer at Integris Health, a former Cerner executive, echoed this sentiment, noting that Epic has made a deliberate effort to prioritize interoperability, social determinants of health, and a strong financial platform, all key to a health system’s vitality. “As long as Epic continues to focus on aligning caregivers and patients and transforming care, while Oracle remains focused on integrating Cerner into their portfolio, Epic will continue to pull away,” he said.<sup>231</sup>

Sumit Rana, Epic’s senior vice president of R&D, highlighted the creation of the MyChart patient portal, which is used by over 190 million patients today,<sup>232</sup> as a prime example of how this investment pays off. Introduced in 1999, MyChart was a pioneering tool that gave patients direct access to their medical records, test results, and appointments, something that “many doctors viewed that information as theirs rather than belonging to patients”.<sup>233</sup> This innovation reflects Epic’s commitment to not only developing new technology but also challenging established norms in healthcare IT.

Inside Epic’s conference rooms, the culture of excellence is reinforced through a series of framed quotes personally selected by founder Judy Faulkner. They include phrases such as, “Don’t be a champion of the mediocre,” “If you cannot do great things, do small things in a great way,” and “Be an enabler, not an inhibitor.”<sup>234</sup> Customers know that they can get from Epic reliability, security, collaboration, and a long-term partner that, while sometimes slow to innovate, is steady and predictable.

In a 2020 interview, Judy Faulkner explained that from day one, she designed the Epic system with the patient at the center.<sup>235</sup> Rather than building separate systems for different types of information, she structured all data around the patient. This approach allowed the system to grow and adapt as new types of data emerged, always anchored to the patient. This patient-centered architecture became a core principle of Epic’s design and remains fundamental to how the company operates today.

For its first two decades, Epic grew slowly but steadily, adding a handful of customers each year as its product suite gradually expanded. The turning point came in 2004 when the company landed its biggest deal yet: a \$4 billion, three-year project with Kaiser Permanente. Epic’s portion was around \$400 million. This project later was praised by President Obama as an example of “how we can make the entire health care system more efficient.”<sup>236</sup> At the time, Kaiser’s CEO explained the decision that “Epic brought that safety factor that if you chose them, they were actually going to deliver on implementation and they were going to do it on time... That’s huge.”<sup>237</sup>

**When the HITECH Act passed in 2009, marking a major push to digitize U.S. hospitals under the Obama administration, Epic was one of the few all-in-one software vendors,<sup>238</sup> an important feature to large healthcare institutions such as academic medical centers.<sup>239</sup> Its suite included Cadence for scheduling, Haiku for mobile**

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<sup>230</sup> Why Big Health Systems Keep Switching to Epic. <https://www.beckershospitalreview.com/ehrs/why-big-health-systems-keep-switching-to-epic/>

<sup>231</sup> Why Big Health Systems Keep Switching to Epic. <https://www.beckershospitalreview.com/ehrs/why-big-health-systems-keep-switching-to-epic/>

<sup>232</sup> MyChart is Epic. <https://www.mychart.org/>

<sup>233</sup> Epic Reveals R&D Spending Outstrips Apple, Google and Its Competitors.

<https://web.archive.org/web/20221127141913/https://www.healthcareitnews.com/news/epic-reveals-rd-spending-outstrips-apple-google-and-its-competitors>

<sup>234</sup> Epic CEO Judy Faulkner Opens Up About Why She's Talking to Reporters These Days.

<https://www.healthcareitnews.com/news/inside-EHR-interoperability-epic-judy-faulkner-opens-about-why-she%27s-talking-reporters-these-days>

<sup>235</sup> Judy Faulkner, Founder and CEO of Epic Systems Shares How She Built One of the World’s Leading Healthcare Software Companies. <https://open.spotify.com/episode/4rCuhMn1kMz5biXl5nKabI?si=de268a90646748e5&nd=1&dlsi=78f29bcc4bb2484c>

<sup>236</sup> Democrat Donor Gets Federal Health Policy Slot Despite Conflicts of Interest.

<https://web.archive.org/web/20250226043642/https://www.heritage.org/political-process/commentary/democrat-donor-gets-federal-health-policy-slot-despite-conflicts>

<sup>237</sup> The Billionaire Who Controls Your Medical Records. Forbes.

<https://web.archive.org/web/20230302215032/https://www.forbes.com/sites/katiejennings/2021/04/08/billionaire-judy-faulkner-epic-systems/?sh=2ace4801575a>

<sup>238</sup> We’ve Spent Billions to Fix Our Medical Records, and They’re Still a Mess.

<https://web.archive.org/web/20250226035013/https://www.motherjones.com/politics/2015/10/epic-systems-judith-faulkner-hitech-ehr-interoperability/>

<sup>239</sup> How Epic Won over Academic Medical Centers. <https://www.beckershospitalreview.com/ehrs/how-epic-won-over-academic-medical-centers/>

integration, ASAP for emergency room management, Stork for prenatal care and deliveries, and MyChart, a patient-facing portal to access personal health records. **Taken together, Epic functioned like the Microsoft Office of healthcare IT, more comprehensive than any of its competitors, even if an individual module might not always be the best.** A health IT researcher at the University of Michigan stated that “what you hear is that, if you were to buy the best of breed – the best cardiology system, or the best chemotherapy system – no one would ever choose Epic”, but it is easier to go with Epic than to piece together better software from different vendors. A neurologist at Massachusetts General Hospital and Brigham and Women’s Hospital also highlighted that “every [electronic medical record] has its little red tape, hurdles, things that are annoying that, as you’re using it day-to-day, you start to notice. I do think Epic, among the [electronic medical records] I’ve worked with, is probably the best.”<sup>240</sup>

Epic has been recognized for 15 consecutive years by independent firm KLAS Research, winning a variety of “Best in KLAS” awards, including #1 Overall Software Suite, based on the feedback of thousands of healthcare providers annually on various categories.<sup>241</sup> Under “Culture,” KLAS evaluates whether vendors deliver on promises, offer proactive service, and provide products that perform as promoted. The “Loyalty” category measures factors such as overall satisfaction, likelihood to recommend, and willingness to repurchase. “Operations” looks at ease of use, implementation quality, and training effectiveness. The “Product” category examines overall product quality, functionalities needed, and delivery of new technology. “Relationship” gauges the quality of customer support, whether by phone or online. “Value” assesses whether customers feel they are getting their money’s worth, avoiding little charging, and achieving measurable results. **The 2025 Best in KLAS reported that Epic received an overall performance score of 89.4 out of 100, followed by Meditech’s 76.2 and Oracle Health’s (Cerner) 64.7.**<sup>242</sup>

As a software company, innovation is at the heart of Epic Systems’ business. **The company listens to and addresses customers’ (doctors and hospitals) feedback directly, including writing responses to customers’ questions.** In 2016, when Judy Faulkner, the founder of Epic Systems, was 72, she still regularly had regular calls with customers so that she could get direct feedback on the company’s software. She was known for carrying a notebook in which she would jot down suggestions, complaints, and comments from customers, as well as what needed to be done and by when.<sup>243</sup>

Epic Systems drives innovation by focusing on real-world problems and gathering ideas from a wide range of sources, including users who share feedback via conversations, emails, and steering committees made up of specialists.<sup>244</sup> **A key part of Epic’s innovation process involves “immersion trips,” where software developers are required to spend time in clinical settings like operating rooms to directly observe workflows, identify inefficiencies, and understand user needs. This hands-on experience helps developers create more practical and impactful solutions, ensuring a continuous feedback loop that drives practical, user-focused improvements.** According to a former senior program manager at Epic, many of the company’s system improvements stem from these developers on-site, where observing customers’ workflows helps identify ways to enhance core functionality.<sup>245</sup> In addition, ongoing maintenance and support efforts place Epic’s developers on the frontlines with users, prompting questions such as: “My customer needs X to work like Y. Can we improve this feature in this way? Can we update the code in that way?” **These interactions highlight Epic’s ongoing commitment to refining its products in response to customer needs and to constantly evolving its systems based on the feedback from hospital providers and patients.**<sup>246</sup>

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<sup>240</sup> Neurologist at Massachusetts General Hospital and Brigham and Women's Hospital. 1/9/2025

<sup>241</sup> Epic’s Market Share - Who Should Control The Levers Of Healthcare Innovation. <https://web.archive.org/web/20240302193547/https://www.forbes.com/sites/sethjoseph/2024/02/26/epics-antitrust-paradox-who-should-control-the-levers-of-healthcare-innovation/?sh=1f2a71514438>; Best in KLAS 2025 Sees Industry Progress and Vendor Momentum. <https://web.archive.org/web/20250315172125/https://www.healthcareitnews.com/news/best-klas-2025-sees-industry-progress-and-vendor-momentum>

<sup>242</sup> Best In KLAS – Software & Services 2025

<sup>243</sup> Epic Systems Soars with Transition to Electronic Health Records. <https://archive.jsonline.com/business/epic-systems-soars-with-transition-to-electronic-health-records-b99642837z1-366328781.html>

<sup>244</sup> Judy Faulkner, Founder and CEO of Epic Systems Shares How She Built One of the World’s Leading Healthcare Software Companies. <https://open.spotify.com/episode/4rCuhMn1kMz5biXI5nKabI?si=de268a90646748e5&nd=1&dlsi=78f29bcc4bb2484c>

<sup>245</sup> Interview with Former Senior Program Manager at Epic Systems. 12/19/2023

<sup>246</sup> Neurologist at Massachusetts General Hospital and Brigham and Women’s Hospital. 1/9/2025

**Figure 9: Epic Software Developer with Nurses<sup>247</sup>**



A great example of Epic's innovation is in the area of electronic health record interoperability, something Judy Faulkner has claimed Epic invented. In a 2022 interview, Judy Faulkner began by sharing a personal story that underscores the critical need for interoperability in healthcare.<sup>248</sup> Her husband, a pediatrician, lost a patient who went to the wrong emergency department<sup>249</sup> while in another city, where doctors lacked access to the patient's medical records.<sup>250</sup> This tragedy underscored the need for better interoperability in healthcare systems. In response, Epic began developing its own solution for health information exchange. When industry organizations like the Healthcare Information and Management Systems Society (HIMSS) indicated that standardization was not forthcoming, Faulkner took action. "We can't exchange [data] with others yet until it's standardized," she said, "but at least we can do it for Epic."<sup>251</sup> With that, Epic chose to move forward independently. **Around 2004 and 2005, Epic built Care Everywhere, a tool to facilitate patients' medical data exchange.** Initially met with resistance from customers due to legal and compliance concerns, adoption eventually gained traction as early users saw value in its functionality. The first information shared by Epic took place in 2008. Interestingly, one of the first customers to accept the new software unknowingly agreed to the interoperability feature. He later admitted he would have declined had he realized it was included. Faulkner described it as "pure luck" that Epic was able to move ahead.<sup>252</sup> Epic then made it mandatory for all clients, retrofitting older versions of its software to support Care Everywhere so that every Epic customer in the U.S. had it and could share with each other. Epic later also helped the U.S. federal government establish Trusted Exchange Framework and Common Agreement, allowing individuals to share their own health data to apps of their choice.<sup>253</sup>

As mentioned above, Epic claimed to be the first electronic health record company to enable hospitals to electronically share patient records across different systems, successfully doing so in 2008 between two hospitals in Long Beach,

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<sup>247</sup> Immersion Trips are Part of User-Centered Design.

<https://web.archive.org/web/20210305100524/https://www.epic.com/epic/post/immersion-trips-part-user-centered-design/>

<sup>248</sup> Epic CEO in Exclusive Sit-Down at ViVE. <https://medcitynews.com/2022/03/epic-ceo-at-exclusive-sit-down-at-vive-we-are-now-interoperable-with-the-world/>

<sup>249</sup> Judy Faulkner, Founder and CEO of Epic Systems Shares How She Built One of the World's Leading Healthcare Software Companies. <https://open.spotify.com/episode/4rCuhMn1kMz5biXI5nKabI?si=de268a90646748e5&nd=1&dlsi=78f29bcc4bb2484c>

<sup>250</sup> Epic CEO in Exclusive Sit-Down at ViVE. <https://medcitynews.com/2022/03/epic-ceo-at-exclusive-sit-down-at-vive-we-are-now-interoperable-with-the-world/>

<sup>251</sup> Judy Faulkner, Founder and CEO of Epic Systems Shares How She Built One of the World's Leading Healthcare Software Companies. <https://open.spotify.com/episode/4rCuhMn1kMz5biXI5nKabI?si=de268a90646748e5&nd=1&dlsi=78f29bcc4bb2484c>

<sup>252</sup> Judy Faulkner, Founder and CEO of Epic Systems Shares How She Built One of the World's Leading Healthcare Software Companies. <https://open.spotify.com/episode/4rCuhMn1kMz5biXI5nKabI?si=de268a90646748e5&nd=1&dlsi=78f29bcc4bb2484c>

<sup>253</sup> Epic Systems Will Support the Government's TEFCA Program for Health Records.

<https://web.archive.org/web/20241004160743/https://www.cnn.com/2024/08/01/epic-systems-will-support-the-governments-tefca-program-for-health-records.html>

California<sup>254</sup> – years before interoperability became a regulatory requirement under the 21st Century Cures Act, passed in 2016.<sup>255</sup> This regulatory requirement was intended to make sharing electronic health information a norm within the healthcare system and authorized the Secretary of Health and Human Services (HHS) to identify “reasonable and necessary activities that do not constitute information blocking.”<sup>256</sup> Although enforcement of information-blocking penalties under the Cures Act only began in 2023 when the HHS posted its final rule implementing information blocking penalties,<sup>257</sup> Epic had already positioned itself as a pioneer in interoperability. **Holding more patient records than any competitor, Epic facilitates record-sharing with non-Epic hospitals and federal agencies; this capability serves as both a selling point and a perceived public service, strengthening its competitive moat and market dominance.**<sup>258</sup>

**Epic has faced longstanding criticism for being a “closed system” and for limited interoperability with other electronic health record platforms.** Judy Faulkner countered this criticism by pointing out that about 50% of Epic’s current data exchanges, at the time of the 2022 interview, were with non-Epic systems, totaling about 9 million patient record exchanges daily.<sup>259</sup> She asserted that interoperability across Epic systems is seamless, unlike with some competitors whose systems struggle to connect even internally. Faulkner recalled that a customer once told her that Epic software could communicate with any other Epic users in the world while Cerner could not. In addition to Care Everywhere, Epic also created Share Everywhere, allowing access to patients’ records globally, even at locations with no electronic health record system, via access codes, as long as there is the internet. However, some industry insiders stated that while it is technically possible to achieve cross-platform interoperability, doing so often requires expensive middleware, large IT teams, and highly customized solutions. These barriers disproportionately affect smaller providers and startups, making Epic less accessible as a platform for third-party innovation.

Judy Faulkner also argued that Epic does, in fact, share data, but prioritizes patient privacy above all else.<sup>260</sup> By design, hospitals using Epic can reportedly share patient records with each other quite easily, but data exchange with other vendors’ systems is handled case-by-case basis. That design, favoring internal connectivity (intra-operability), potentially helped Epic build a powerful network effect, especially during the company’s early stage as previously mentioned. As more academic institutions adopted Epic, clinical teams became more familiar with its interface and workflows, making it easier to onboard new staff and share data across organizations. Kristin Myers, the chief digital and information officer of Mount Sinai Health System, explained, “The ability to exchange clinical information between organizations, the [number] of clinical teams that have used Epic at other institutions, and the sophistication of the product will lead to other transitions.”<sup>261</sup>

Prior to 2015, Epic charged \$0.20 per message for data sharing, and patients using a non-Epic system paid \$2.35 annually for unlimited incoming messages.<sup>262</sup> Under pressure from customers and the government, the fee was eliminated in 2015. Shortly before Epic dropped the charges, the Office of the National Coordinator for Health Information Technology submitted a report to Congress, accusing “some healthcare providers and health IT developers” of “knowingly interfering with the exchange or use of electronic health information in ways that limit its availability.” Meanwhile, in 2013, Epic’s

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<sup>254</sup> Health Records Firm Epic Raises Profile.

<https://web.archive.org/web/20220815052700/https://www.politico.com/story/2014/10/epic-systems-digital-health-care-system-112288>

<sup>255</sup> Information Blocking. <https://web.archive.org/web/20250313205304/https://www.healthit.gov/topic/information-blocking>

<sup>256</sup> “Information blocking is a practice by an “actor” that is likely to interfere with the access, exchange, or use of electronic health information (EHI), except as required by law or specified in an information blocking exception.” Information Blocking.

<https://web.archive.org/web/20250313205304/https://www.healthit.gov/topic/information-blocking>

<sup>257</sup> Information Blocking. U.S. Department of Health and Human Services.

<https://web.archive.org/web/20250206220204/https://oig.hhs.gov/reports/featured/information-blocking/>

<sup>258</sup> An Epic Dystopia. <https://web.archive.org/web/20241231143302/https://prospect.org/health/2024-10-01-epic-dystopia/>

<sup>259</sup> Epic CEO in Exclusive Sit-Down at ViVE. <https://medcitynews.com/2022/03/epic-ceo-at-exclusive-sit-down-at-vive-we-are-now-interoperable-with-the-world/>

<sup>260</sup> The Billionaire Who Controls Your Medical Records. Forbes.

<https://web.archive.org/web/20230302215032/https://www.forbes.com/sites/katiejennings/2021/04/08/billionaire-judy-faulkner-epic-systems/?sh=2ace4801575a>

<sup>261</sup> How Epic Won over Academic Medical Centers. <https://www.beckershospitalreview.com/ehrs/how-epic-won-over-academic-medical-centers/>

<sup>262</sup> Epic to Remove Data Sharing Fee.

<https://web.archive.org/web/20220517234113/https://www.healthcarediver.com/news/himss15-epic-to-remove-data-sharing-fee/387480/>; We’ve Spent Billions to Fix Our Medical Records, and They’re Still a Mess. Here’s Why.

<https://web.archive.org/web/20250226035013/https://www.motherjones.com/politics/2015/10/epic-systems-judith-faulkner-hitech-ehr-interoperability/>

competitors, including Cerner, McKesson, and Allscripts, launched the CommonWell Health Alliance to promote cross-vendor data sharing.<sup>263</sup> In 2014, Cerner announced it would cover participation costs for its customers. As of 2025, Epic is not a member of the CommonWell Health Alliance.

Furthermore, not all feedback from the medical community has been positive. **Some doctors have expressed frustration to the media, saying that Epic demands too much of their time.**<sup>264</sup> Given the substantial investments hospitals make in Epic, physicians are often expected to adapt to the system, whether or not it fits their workflow. Many clinicians report having suggestions for how to make Epic more physician-friendly, but some claim their ideas are ignored. Epic has pushed back on these criticisms, stating that it systematically solicits physician feedback and offers flexibility for hospitals to customize how the software is used. According to the company, it is the hospitals' responsibility, not Epic's, to address physicians' concerns and tailor the system to their specific needs.

The company's response echoed our conversation with a practicing physician, who expressed a generally positive view of Epic. He emphasized that the system is highly dynamic and customizable, with its usability largely dependent on how hospitals implement and configure it based on users' feedback.<sup>265</sup> For example, at the University of Michigan, "power users" played a crucial role in facilitating this customization by gathering input from physicians and helping incorporate their feedback into future iterations of the software. This model allowed for a more iterative, collaborative approach to improving the system over time.

However, the physician also highlights a critical limitation that echoes broader concerns about Epic's accessibility and flexibility for smaller institutions. At his current hospital, which uses an Epic system configured for its parent organization, local feedback is rarely prioritized. This results in a less tailored experience, as community hospitals often have different clinical workflows and patient care needs than larger care centers. Because the parent organization drives most of the changes, the local staff at subsidiary hospitals, for example, experience Epic as more rigid and less responsive to their unique challenges. This reinforces the concern that Epic's powerful customization tools are only as effective as the institution's willingness and capacity to implement them, something smaller hospitals might struggle with due to resource constraints or organizational hierarchy.

Despite these limitations, the doctor praises Epic for incorporating tools aimed at improving physician efficiency and reducing documentation burden. Features such as Dragon Dictation that integrate artificial intelligence for auto-generating past medical and surgical histories have significantly reduced time spent on typing. While some of this automation may introduce superfluous information, particularly for billing purposes, physicians still retain manual control to revise the content. He also points to the usefulness of "dot phrases," which allow for quick insertion of standard text among patients with similar conditions, and the mobile application, which streamlines rounding by making patient data easily accessible at the bedside instead of printing out daily labs and to-do lists. These enhancements, in his view, help physicians spend less time interacting with electronic health records and more time focused on patient care, provided they are adept at navigating the system's complexity.

Importantly, these frustrations are not unique to Epic. **A systematic review examined 23 research studies to understand how the use of electronic health records impacts the time efficiency of physicians and nurses during clinical documentation.**<sup>266</sup> The study found that electronic health records had a generally positive impact on the time efficiency of nurses, especially when documentation was evaluated over the course of an entire work shift. In particular, bedside terminals reduced documentation time by an average of 24.5%, while central station desktops offered a similar reduction of 23.5%. However, when documentation time was measured per patient, the results were more mixed, and in some instances, time actually increased. **One notable example was the use of handheld devices such as personal digital assistants (PDAs), which significantly increased documentation time for nurses, by as much as 128.4%.** For physicians, the use of electronic health records was largely associated with increased documentation time. Bedside or point-of-care systems led to an average increase of 17.5%, while central station desktops added about 8.2% more time. The most dramatic inefficiencies were seen with Computerized Provider Order Entry (CPOE) systems, which increased physicians' documentation time by an average of 238.4%. Only a few studies showed time savings for physicians, but they tend to have a small sample size.

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<sup>263</sup> Cerner, McKesson, Allscripts, athenahealth, Greenway and RelayHealth Announce Ground Breaking Alliance to Enable Integrated Health Care. <https://web.archive.org/web/20240618022243/https://www.commonwellalliance.org/news-center/commonwell-news/cerner-mckesson-allscripts-athenahealth-greenway-relayhealth-announce-ground-breaking-alliance-enable-integrated-health-care/>

<sup>264</sup> An Epic Dystopia. <https://web.archive.org/web/20241231143302/https://prospect.org/health/2024-10-01-epic-dystopia/>

<sup>265</sup> Worldly Partners' Discussion with a Doctor. 3/30/2025.

<sup>266</sup> Poissant L, Pereira J, Tamblyn R, Kawasumi Y. The impact of electronic health records on time efficiency of physicians and nurses: a systematic review. *J Am Med Inform Assoc.* 2005;12(5):505-516. doi:10.1197/jamia.M1700

As aforementioned, as of 2022, Epic's software has approximately 35.9% market share of U.S. hospitals and 47.6% share of the total number of beds.<sup>267</sup> Epic controlled nearly 60% of the academic medical center market in 2022, with over 90% of medical students and residents now train on Epic systems.<sup>268</sup> The system's interoperability and its wide adoption within medical systems reinforce each other positively, further driving its appeal. As the Chief Digital and Information Officer of Mount Sinai Health System, which adopted Epic in 2006, noted:

"I would expect more academic medical centers to move to Epic...The ability to exchange clinical information between organizations, the [number] of clinical teams that have used Epic at other institutions, and the sophistication of the product will lead to other transitions."<sup>269</sup>

The Chief Information Officer at Tampa General Hospital stated in 2023 that large health systems have been moving to Epic because "the scale and interoperability available with Epic make it attractive to big systems that may struggle with those elements. Exchanging information between Epic sites is remarkably easy."<sup>270</sup>

Our conversation with a physician reinforced this point. Epic has significantly improved access to patient records across different health systems.<sup>271</sup> As more hospitals and clinics adopt the platform, doctors can easily view notes, imaging, and other critical information from outside institutions, something that previously relied heavily on faxed documents.

This network effect has created what many see as an almost insurmountable competitive moat. **The phrase "Nobody ever got fired for buying Epic" has become conventional wisdom in U.S. healthcare.**<sup>272</sup> Hospital executives, tasked with making high-stakes decisions while managing complex vendor ecosystems, find Epic's all-in-one solution incredibly appealing.

In a sector filled with VC-backed startups, Epic's sheer scale and established reputation often discourage hospital executives from taking risks on newer entrants. **Unlike Silicon Valley startups that embrace a "move fast and break things" mentality, the healthcare industry operates under a far more conservative ethos.** As one former Cerner executive put it, "You can't tell a doctor it's okay to fail... It's not okay to fail. That's death."<sup>273</sup> This risk aversion makes vendor selection a complex decision, driven by regulatory compliance and operational reliability. Even when Epic's products are delayed or still under development, hospital leaders often choose to wait rather than gamble on an unproven alternative. This cautious approach reflects the culture of healthcare itself, grounded in the guiding principle: "First, do no harm."<sup>274</sup>

A director at TigerConnect, a cloud-based healthcare IT communication company, echoed this sentiment and noted, "Word of mouth is the best. Healthcare in the U.S. is ancestral... but people are like afraid to do anything that is new. So what they always do is they look around. What are those guys over there doing? What are those guys over there doing? Oh, they're using Epic. Then if we get Epic and it doesn't work, at least I can say, well, hold on, everyone else is using Epic, it can't be Epic's fault. It's our fault."<sup>275</sup> **Ultimately, it is Epic's reliability, not necessarily its speed of innovation, that has solidified its position as the default choice for many healthcare providers. With a 45-year track record**

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<sup>267</sup> EHR Vendor Market Share in the US. <https://www.beckershospitalreview.com/ehrs/ehr-vendor-market-share-in-the-us/>

<sup>268</sup> How Epic Won Over Academic Medical Centers. <https://www.beckershospitalreview.com/ehrs/how-epic-won-over-academic-medical-centers/>

<sup>269</sup> How Epic Won Over Academic Medical Centers. <https://www.beckershospitalreview.com/ehrs/how-epic-won-over-academic-medical-centers/>

<sup>270</sup> Why Big Health Systems Keep Switching to Epic. <https://www.beckershospitalreview.com/ehrs/why-big-health-systems-keep-switching-to-epic/>

<sup>271</sup> Worldly Partners' Discussion with a Doctor. 3/30/2025.

<sup>272</sup> Epic's Market Share - Who Should Control The Levers Of Healthcare Innovation. <https://web.archive.org/web/20240302193547/https://www.forbes.com/sites/sethjoseph/2024/02/26/epics-antitrust-paradox-who-should-control-the-levers-of-healthcare-innovation/?sh=1f2a71514438>

<sup>273</sup> The Billionaire Who Controls Your Medical Records. Forbes. <https://web.archive.org/web/20230302215032/https://www.forbes.com/sites/katiejennings/2021/04/08/billionaire-judy-faulkner-epic-systems/?sh=2ace4801575a>

<sup>274</sup> Epic's Market Share - Who Should Control The Levers Of Healthcare Innovation. <https://web.archive.org/web/20240302193547/https://www.forbes.com/sites/sethjoseph/2024/02/26/epics-antitrust-paradox-who-should-control-the-levers-of-healthcare-innovation/?sh=1f2a71514438>

<sup>275</sup> Interview with Director of Enterprise Sales at TigerConnect. 7/14/2023

**and endorsements from major healthcare systems and academic medical centers, Epic continues to dominate through trust and incumbency.**

Epic consistently performs at a high level and enables large healthcare systems to consolidate their IT infrastructure, an important priority for many providers looking to reduce the number of vendors they manage.<sup>276</sup> **As one hospital executive put it, managing over 800 vendors with a staff of 160 is unsustainable. Epic reduces the complexity of managing vendor relationships.** The Chief Information Officer at Weill Cornell Medicine summarized the sentiment: “In the U.S., Epic is especially compelling in large systems... It simply solves more problems and scales better... Epic’s strict implementation practices mean you will end up with a functional system, even if it isn’t fabulous.”<sup>277</sup> In 2023 alone, more than \$813 billion in U.S. healthcare expenditures were processed through Epic Systems, representing over 60% of total hospital net patient revenue.

Michael Restuccia, the chief information officer of Penn Medicine, also echoed the value of integration over piecemeal interoperability, saying, “Within ambulatory, if you remember back, every specialty had their own EMR... We have 30-plus specialties. So we had at least 30-plus niche EMRs supporting them, because sometimes we had multiple EMRs for the same specialty. Just think through this: That’s 30-plus contracts, 30-plus maintenance agreements, 30-plus vendor representatives that you have to keep track of 30-plus interfaces.” Now Penn Medicine only has one: Epic.<sup>278</sup>

Epic also has the potential to lower hospitals’ operating costs over time. In 2020, Florida-based AdventHealth announced it would transition from Cerner to Epic, including 37 hospitals along with numerous acute care centers, physician practices, and urgent care facilities.<sup>279</sup> AdventHealth first implemented Cerner’s system in 2002. The move to Epic included both its electronic health record software and revenue cycle management system, unifying operations on a single integrated platform. Although AdventHealth did not publicly comment on the reasons for the switch, industry news pointed to frustration with Cerner’s ambulatory and revenue cycle issues. Notably, the cost of consolidating AdventHealth’s various Cerner products into a unified system reportedly came close to the price of fully implementing Epic, an option preferred by its physicians.<sup>280</sup>

Customer dissatisfaction with Cerner’s RevWorks revenue cycle outsourcing services likely played a role as well. A 2019 KLAS market report found that 70% of surveyed healthcare providers using RevWorks and related services would not choose to purchase again.<sup>281</sup> Common complaints included overselling of services, inexperienced personnel, and slow to work on outstanding claims. These issues highlighted a lack of reliability in a system that plays a critical role in managing healthcare finances. Ultimately, these operational challenges and widespread dissatisfaction led AdventHealth to drop both Cerner’s electronic health record and revenue cycle management services in favor of Epic. That same year, Cerner exited the RevWorks business, selling it to R1 RCM. **A former salesperson at Cerner concurred that “Epic has the best story and the most predictable revenue cycle solution on the market. That is something that these hospitals would consider if they [were] deciding to move.”<sup>282</sup>**

The transition to Epic was initially projected to take three years, and the transition was eventually completed in early 2024.<sup>283</sup> Despite the \$650 million contract being expensive upfront, AdventHealth’s CEO expressed confidence that Epic

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<sup>276</sup> Epic Continued to Outstrip EHR Competitors in 2023.

<https://web.archive.org/web/20240619135013/https://www.healthcarediver.com/news/epic-oracle-health-meditech-ehr-market-share-klas-research/716513/>

<sup>277</sup> Epic’s Market Share - Who Should Control The Levers Of Healthcare Innovation.

<https://web.archive.org/web/20240302193547/https://www.forbes.com/sites/sethjoseph/2024/02/26/epics-antitrust-paradox-who-should-control-the-levers-of-healthcare-innovation/?sh=1f2a71514438>

<sup>278</sup> How Epic Won over Academic Medical Centers. <https://www.beckershospitalreview.com/ehrs/how-epic-won-over-academic-medical-centers/>

<sup>279</sup> AdventHealth Switches from Cerner EHR to Epic. <https://www.beckershospitalreview.com/ehrs/adventhealth-switches-from-cerner-ehr-to-epic-6-notes/>

<sup>280</sup> AdventHealth Will Replace Cerner with Epic.

<https://web.archive.org/web/20220706101349/https://histalk2.com/2020/02/11/adventhealth-will-replace-cerner-with-epic/>

<sup>281</sup> Cerner Sells Revenue Cycle Management Outsourcing Arm.

<https://web.archive.org/web/20241114191108/https://www.techtarget.com/revcyclemanagement/news/366601834/Cerner-Sells-Revenue-Cycle-Management-Outsourcing-Arm>

<sup>282</sup> Interview with Former Sales Leader & Business Development and Strategic Partnership Expert at Cerner. 1/20/2023

<sup>283</sup> AdventHealth Completes \$660M Epic Rollout. <https://www.beckershospitalreview.com/ehrs/adventhealth-completes-660m-epic-rollout/>



would reduce long-term operating expenses, without providing further details. “Epic’s system has tentacles that reach through amazing networks... You can actually help a person get the care they need, wherever they need to get it.”<sup>284</sup>

In 2016, the Mayo Clinic began transitioning from Cerner and General Electric systems to Epic, projecting the project would cost \$1.5 billion over five years.<sup>285</sup> While the clinic didn’t specify exact reasons for the switch, it stated simply that “the consensus is that Epic best meets Mayo’s needs now and into the future.”<sup>286</sup> According to the hospital, just six months after implementation, Epic was already streamlining workflows, reducing redundancy, and helping providers focus more on patient care.

Switching to Epic’s electronic health record systems comes with high costs, both explicit and implicit, especially for large health systems. For example, as mentioned above, in 2020, Florida-based AdventHealth announced it would implement Epic’s electronic health record system across 37 hospitals.<sup>287</sup> The full deployment was projected to take over three years and cost approximately \$650 million, not including ongoing maintenance, which adds millions more annually. **Hence, once a health system adopts Epic, switching becomes exceedingly difficult.** The platform supports the entire patient journey, from appointment scheduling to clinical documentation, billing, and follow-up, resulting in a deeply embedded infrastructure. Although commonly referred to as an electronic health record system, Epic’s offerings extend far beyond that, encompassing revenue cycle management, customer engagement tools, and advanced data analytics. **In 2020, Epic founder Judy Faulkner noted that the average customer had been using the software for ten years,<sup>288</sup> reflecting a 90% customer retention rate. Remarkably, Epic has never lost an inpatient hospital client, except in cases involving acquisitions.** This high retention rate aligns with a 2023 third-party survey, which found that Epic was the only vendor to see a positive net gain in both hospital market share and number of beds.<sup>289</sup>

Comparing prices across electronic health record vendors is difficult due to the wide range of variables involved, such as the number of hospitals, beds, users, the system’s complexity, and the extent of customization. Neither Epic nor its clients publicly disclose contract terms or bidding details. A former Epic project manager noted that implementation costs can range from the low millions for smaller organizations to close to a hundred million for large health systems with 10 to 20 hospitals.<sup>290</sup> Another former director of implementation at Epic stated that “a large academic health system would probably spend \$250 million to \$350 million on their [total cost of ownership] for all functions of delivering.”

Occasionally, such information is reported by the media based on sources within hospitals, though often without much detail. For example, in 2024, both Lake Charles Memorial Health System in Louisiana and Sarasota Memorial Health Care System in Florida implemented Epic. The Lake Charles Memorial Health System, with nearly 400 beds,<sup>291</sup> including the 314-bed Lake Charles Memorial Hospital, reportedly invested \$40 million in its Epic deployment.<sup>292</sup> Sarasota

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<sup>284</sup> The Billionaire Who Controls Your Medical Records. Forbes.

<https://web.archive.org/web/20230302215032/https://www.forbes.com/sites/katiejennings/2021/04/08/billionaire-judy-faulkner-epic-systems/?sh=2ace4801575a>

<sup>285</sup> Mayo’s Epic Implementation Will Cost Upwards of \$1B over 5 Years. <https://www.beckershospitalreview.com/healthcare-information-technology/mayo-s-epic-implementation-will-cost-upwards-of-1b-over-5-years/>

<sup>286</sup> Epic Streamlines Patient Care at Mayo Clinic.

<https://web.archive.org/web/20250125015234/https://www.hcplive.com/view/epic-streamlines-patient-care-at-mayo-clinic>

<sup>287</sup> The Billionaire Who Controls Your Medical Records. Forbes.

<https://web.archive.org/web/20230302215032/https://www.forbes.com/sites/katiejennings/2021/04/08/billionaire-judy-faulkner-epic-systems/?sh=2ace4801575a>

<sup>288</sup> The Billionaire Who Controls Your Medical Records. Forbes.

<https://web.archive.org/web/20230302215032/https://www.forbes.com/sites/katiejennings/2021/04/08/billionaire-judy-faulkner-epic-systems/?sh=2ace4801575a>

<sup>289</sup> How Epic, Cerner, Meditech Compare in Overall Performance. Becker’s Hospital Review.

<https://www.beckershospitalreview.com/ehrs/how-epic-erner-meditech-compare-in-overall-performance/>

<sup>290</sup> Interview with Former Project Manager at Epic. 12/14/2023

<sup>291</sup> About Us. Lake Charles Memorial Health System. <https://web.archive.org/web/20250403231331/https://www.lcmh.com/about-us/>

<sup>292</sup> Why a Louisiana Health System Made a \$40M EHR Investment. <https://www.beckershospitalreview.com/ehrs/why-a-louisiana-health-system-made-a-40m-ehr-investment/>

Memorial, with more than 900 beds,<sup>293</sup> 897 of which are at the Sarasota Memorial Hospital, more than twice the size of Lake Charles Memorial, was said to spend \$160 million to replace numerous standalone and auxiliary systems.<sup>294</sup>

A pricing dispute occurred in 2018 when Cerner protested after losing a contract with the University of Illinois Hospital & Health System. Cerner's bid was \$60.5 million, slightly lower than Epic's \$62 million.<sup>295</sup> Epic countered that the total implementation cost for Cerner's system was projected at \$154 million, compared to \$151 million for Epic. Despite close bids in that case, **however, according to a former Cerner salesperson, Epic is widely regarded as the most expensive option, followed by Cerner, Meditech, and others.**<sup>296</sup> **In the hospital market, Epic was estimated to cost about 50% more than Meditech.**<sup>297</sup> Jeff Gautney, the chief information officer of Rush University System for Health, pointed out, "you get what you pay for 100% of the time," despite Epic being "not cheap." The reliability of Epic's implementation, combined with its ability to scale with large, complex systems, positioned it as a safer bet in a high-stakes environment.<sup>298</sup>

In a 2020 interview, Judy Faulkner shared that Epic Systems started to expand its focus beyond large hospital systems to include mid-sized and smaller hospitals.<sup>299</sup> To better support these smaller organizations, Epic introduced a shared system model called Garden Plot. This model allows multiple hospitals or ambulatory care groups to lower costs by sharing infrastructure and resources.

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<sup>293</sup> About Sarasota Memorial Health Care System. <https://web.archive.org/web/20241007235149/https://www.smh.com/about>

<sup>294</sup> Florida Health System to Invest \$160M in Epic. <https://www.beckershospitalreview.com/ehrs/florida-health-system-to-invest-160m-in-epic/>

<sup>295</sup> Epic Defends UI Health Contract amid Cerner Dispute. <https://web.archive.org/web/20240303063942/https://www.healthcarelive.com/news/epic-defends-ui-health-contract-amid-erner-dispute/524248/>

<sup>296</sup> Interview with Former Sales Leader & Business Development and Strategic Partnership Expert at Cerner. 1/20/2023

<sup>297</sup> Interview with Chief Strategy Officer and Co-Founder at Clearwave Corp. 2/28/2024

<sup>298</sup> How Epic Won over Academic Medical Centers. <https://www.beckershospitalreview.com/ehrs/how-epic-won-over-academic-medical-centers/>

<sup>299</sup> Judy Faulkner, Founder and CEO of Epic Systems Shares How She Built One of the World's Leading Healthcare Software Companies. <https://open.spotify.com/episode/4rCuhMn1kMz5biXl5nKabl?si=de268a90646748e5&nd=1&dlsi=78f29bcc4bb2484c>

Another good example of how Epic attracts and retains customers is its growing data ecosystem, particularly through the Cosmos data science platform, initiated in 2019 and launched in 2022, and its public-facing site, [Epicresearch.org](https://epicresearch.org).<sup>300</sup> They leverage Epic's large-scale healthcare data for actionable clinical insights and improved patient outcomes. Epicresearch.org serves as a public-facing platform that showcases the power of data aggregation across Epic's network. Epicresearch.org highlights the value of data aggregation across Epic's vast network. **As of 2022, it contained data from 2.2 billion provider visits and approximately 140 million patients (15.3 billion encounters, 7.4 billion face-to-face visits, and 296 million patients in 2025<sup>301</sup>).** This de-identified data, shared by Epic's customers, forms the basis for high-impact clinical research that is being published in hundreds of medical journals across the country. Epic's competitors lack comparable offerings, giving customers few alternatives and making Epic the only option for health systems seeking to leverage large-scale clinical data.<sup>302</sup>

Figure 10: Epic Research<sup>303</sup>

The screenshot displays the Epic Research website. At the top, there are navigation links for Epic, EpicShare, Epic Research, Cosmos, MyChart, OPEN, UserWeb, and SHOWROOM. The main header features the Epic Research logo, a 'Submit an Idea' button, and a 'Subscribe' button. Below the header, there are navigation tabs for Articles, Data Tracker, Our Methodology, About Cosmos, and Newsroom, along with a search bar. The main content area is divided into two columns. The left column features a study titled 'No Correlation Between Ketamine Administered on Day of Surgery and Neurological Complications for Traumatic Brain Injury Patients'. The right column features a 'Subscribe to Epic Research' call to action. Below the main content, there are three featured articles: 'NEW Telehealth Utilization', 'ENHANCED Communicable Diseases', and 'Adult Cancer Incidence'. At the bottom, there are two smaller charts: one showing areas in the path of hurricanes and another showing 95% confidence intervals for hyperglycemia, other complications, and DKA.

One study on the reduction of cancer screenings, for example, originated from Epic's database. In May 2020, data from Epic's database revealed a sharp decline in routine cancer screenings as the COVID-19 pandemic disrupted healthcare services. Breast and cervical cancer screenings dropped by 94%, while colon cancer screenings declined by 86%.<sup>304</sup> A follow-up study in July 2020 showed that while weekly screening rates for these cancers were beginning to rebound, they were still 29% to 36% below pre-pandemic levels. This significant number of missed screenings was concerning as

<sup>300</sup> Epic CEO in Exclusive Sit-Down at ViVE. <https://medcitynews.com/2022/03/epic-ceo-at-exclusive-sit-down-at-vive-we-are-now-interoperable-with-the-world/>

<sup>301</sup> About Epic Cosmos. <https://cosmos.epic.com/about/>

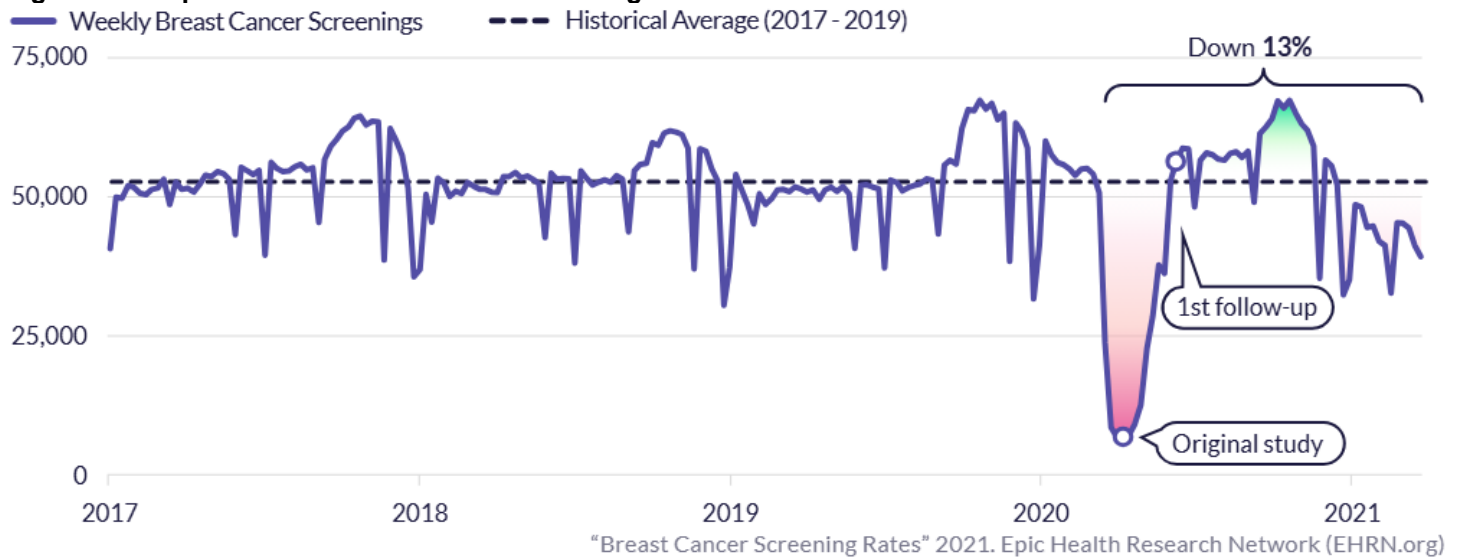
<sup>302</sup> Interview with Former Quality Manager at Epic Systems. 12/20/2023.

<sup>303</sup> Epic Research. <https://www.epicresearch.org/>

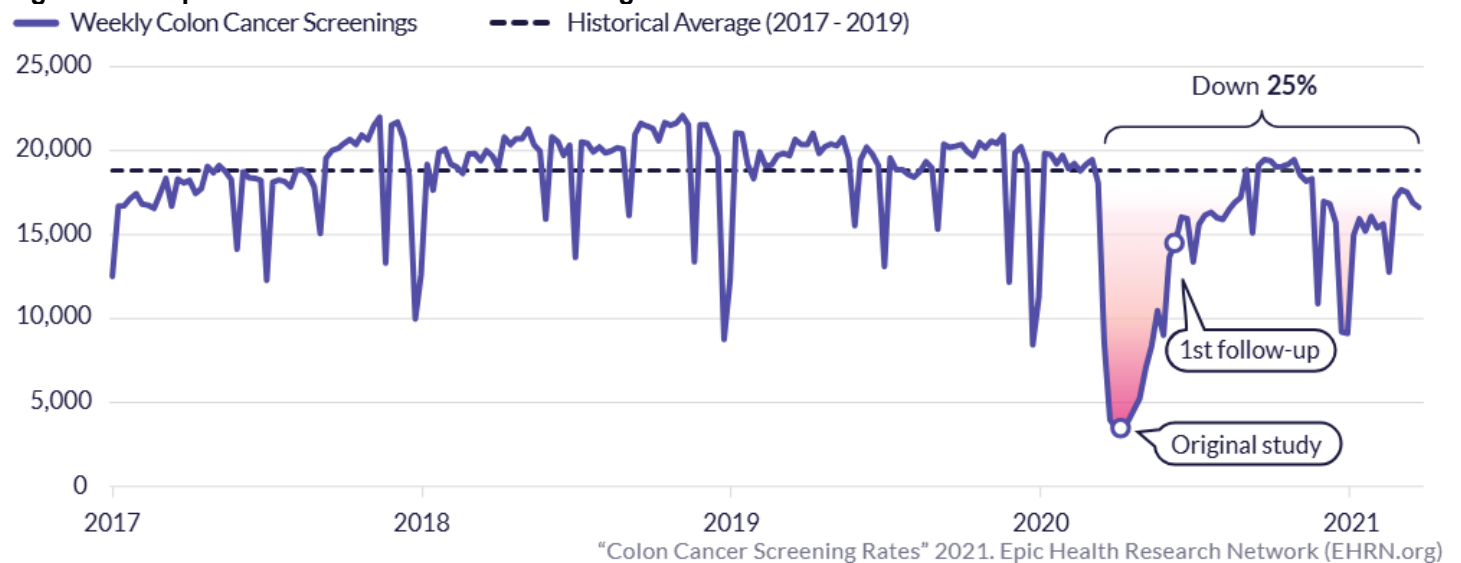
<sup>304</sup> Cancer Screenings Are Still Lagging. <https://www.epicresearch.org/articles/cancer-screenings-are-still-lagging>

delayed detection may lead to an increase in late-stage cancer diagnoses and potentially worse outcomes. Since then, many healthcare organizations have made efforts to encourage patients to reschedule missed screenings and prioritize preventive care.

**Figure 11-1: Epic Cosmo Breast Cancer Screening Rates**



**Figure 11-2: Epic Cosmo Colon Cancer Screening Rates**



At the core of this capability is **Cosmos, the massive database that powers much of Epic’s data-driven efforts.** Cosmos compiles anonymized patient data from across Epic’s ecosystem into a continuously expanding clinical resource. Its strength lies in the ability to analyze millions of patient records to identify patterns, evaluate treatment outcomes, and support evidence-based care. Instead of relying solely on anecdotal experience, clinicians can now access real-world data at the point of care, helping them make more informed, personalized treatment decisions.<sup>305</sup> Cosmos is a key differentiator for Epic, bringing the power of data science directly into the hands of providers. It is important to note that access to Cosmos is limited to customers who contribute their data, ensuring a collaborative,<sup>306</sup> closed-loop model of shared insights.

Given Epic Systems’ private nature and deliberately being protective and secretive of its business, there is limited information on its operations. Based on opinions from industry participants such as former employees and customers,

<sup>305</sup> Epic CEO in Exclusive Sit-Down at ViVE. <https://medcitynews.com/2022/03/epic-ceo-at-exclusive-sit-down-at-vive-we-are-now-interoperable-with-the-world/>

<sup>306</sup> Judy Faulkner, Founder and CEO of Epic Systems Shares How She Built One of the World’s Leading Healthcare Software Companies. <https://open.spotify.com/episode/4rCuhMn1kMz5biXl5nKabl?si=de268a90646748e5&nd=1&dlsi=78f29bcc4bb2484c>

there are several aspects that Epic does to widen and maintain its competitive advantage and market share.<sup>307</sup> Industry insiders have accused the company of aggressively protecting its turf. Forbes reported that former employees, startup founders, competitors, and health system executives have suggested that Epic inflates third-party costs by restricting developer access and limiting how many Epic instances a developer can support, often forcing hospital clients to hire more in-house staff.<sup>308</sup> Its contracts reportedly include strict non-compete clauses that affect not just employees and partners but also third-party vendors, potentially constraining job mobility and limiting competition over the long term.<sup>309</sup> In addition, Epic is said to tie the adoption of new products to maintenance or bundle them into its core offering, sometimes offering them free of charge to gain market share.

Since 2015, as more and more hospitals found themselves overwhelmed by the increasingly complex pay-for-performance metrics designed by the Department of Health and Human Services (HHS), Epic is reportedly better than competitors at meeting the ever-changing demands of HHS aimed at grafting quality and efficiency incentives onto a for-profit system, according to a 2024 report.<sup>310</sup> In addition, every time Epic adds a new complication or optional feature, tech consultants spring up to advise hospitals how to use it, further adding to outsourcing and middleman costs. This creates an entire ecosystem of technical consultants, further locking in Epic's place at the center of healthcare IT.

Epic Systems does not market itself like traditional companies. It built its business without advertising, cold calls, or knocking on the doors, relying instead on word of mouth.<sup>311</sup> Judy Faulkner took advice from doctors she worked with at the University of Wisconsin before founding Epic. They told her not to advertise because they did not believe in it. As a result, Epic has remained largely reactive. Customers only call Epic when they are interested. In a 2020 interview, Faulkner noted that despite having over 11,000 employees, the company employed just seven salespeople worldwide.

Epic also takes a unique approach to managing customer relationships. Instead of using traditional account executives, each client is assigned a contact person known as a "BFF" (Best Friend Forever).<sup>312</sup> It is a bi-lateral matching process aimed at finding the right fit for each organization. As one Epic employee noted, "A BFF might be working with the healthcare provider from his or her hometown, or share a specific interest in pediatric healthcare, or simply match the personality of that organization. It's a really personal relationship... The BFF role is unique. They're not salespeople, this is a person who knows the organization and loves them, and is invested in their success. I haven't seen anything like it in the industry."<sup>313</sup> This role is designed to build long-term, meaningful relationships with customers, based on the belief that once a client joins Epic, they will never leave. In fact, according to Faulkner, Epic has never lost an inpatient hospital client, except in cases involving acquisitions.<sup>314</sup>

The BFF is typically paired with a senior executive at the client organization, such as a CIO or CEO, and is responsible for maintaining close communication and staying informed about their needs. Internally, BFFs are given talking points on new features of products that they roll out. BFFs are encouraged to discuss these with their counterparts to spark interest and offer demonstrations when appropriate. If a client shows interest in lower-level offerings, the BFF can draft and send a term sheet. For larger or more complex deals, Epic brings in its sales leaders to guide negotiations and manage the sales process.

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<sup>307</sup> Epic's Market Share - Who Should Control The Levers Of Healthcare Innovation.

<https://web.archive.org/web/20240302193547/https://www.forbes.com/sites/sethjoseph/2024/02/26/epics-antitrust-paradox-who-should-control-the-levers-of-healthcare-innovation/?sh=1f2a71514438>

<sup>308</sup> Epic's Market Share - Who Should Control The Levers Of Healthcare Innovation.

<https://web.archive.org/web/20240302193547/https://www.forbes.com/sites/sethjoseph/2024/02/26/epics-antitrust-paradox-who-should-control-the-levers-of-healthcare-innovation/?sh=1f2a71514438>

<sup>309</sup> Epic's Market Share - Who Should Control The Levers Of Healthcare Innovation.

<https://web.archive.org/web/20240302193547/https://www.forbes.com/sites/sethjoseph/2024/02/26/epics-antitrust-paradox-who-should-control-the-levers-of-healthcare-innovation/?sh=1f2a71514438>

<sup>310</sup> An Epic Dystopia. <https://web.archive.org/web/20241231143302/https://prospect.org/health/2024-10-01-epic-dystopia/>

<sup>311</sup> Judy Faulkner, Founder and CEO of Epic Systems Shares How She Built One of the World's Leading Healthcare Software Companies. <https://open.spotify.com/episode/4rCuhMn1kMz5biXl5nKabl?si=de268a90646748e5&nd=1&dlsi=78f29bcc4bb2484c>

<sup>312</sup> Interview with Former Implementation Director at Epic Systems. 12/19/2023

<sup>313</sup> Why We Do What We Do - The Power of Relationships. <https://www.epic.com/epic/post/why-we-do-what-we-do-the-power-of-relationships/>

<sup>314</sup> The Billionaire Who Controls Your Medical Records. Forbes.

<https://web.archive.org/web/20230302215032/https://www.forbes.com/sites/katiejennings/2021/04/08/billionaire-judy-faulkner-epic-systems/?sh=2ace4801575a>

Epic's approach is highly strategic to focus on executives. It rarely engages with individuals below the C-suite level. Epic has been very focused on large healthcare providers, where executives already know how to initiate contact with Epic when they are ready.<sup>315</sup> With a strong reputation and market presence, Epic does not rely on outbound sales. Instead, most customer interactions are initiated by healthcare executives who already know what they want and who to call.

Industry experts stated that Epic Systems has been using strategic marketing tactics designed to consolidate customer products, especially in the slow-moving B2B healthcare IT space, by promoting both existing and future product offerings. For instance, Epic distributes a document titled "Products You Can Replace with Epic" among its customers. The document outlines 21 functional categories and lists 323 competitor products Epic claims its software can replace, including 16 that are still "under development." Customers are encouraged to reach out to Epic to evaluate which of their existing systems can be eliminated.<sup>316</sup>

However, this does not mean Epic aggressively pushes its newer or less mature products. For instance, when the company introduced its Lumen module for endoscopy, Epic advised customers not to switch if they were already using Provation, an advanced product in space, because Lumen was still in its early stages.<sup>317</sup> Typically, Epic launches a minimum viable product based on what it believes that can reasonably deliver for some customers, and then gradually iterates and improves the product until it becomes a competitive option.

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<sup>315</sup> Interview with Former Implementation Director at Epic Systems. 12/19/2023

<sup>316</sup> Epic's Market Share - Who Should Control The Levers Of Healthcare Innovation.

<https://web.archive.org/web/20240302193547/https://www.forbes.com/sites/sethjoseph/2024/02/26/epics-antitrust-paradox-who-should-control-the-levers-of-healthcare-innovation/?sh=1f2a71514438>

<sup>317</sup> Interview with Former Senior Program Manager at Epic Systems. 12/19/2023

Figure 12: Products You Can Replace with Epic<sup>318</sup>



## Products You Can Replace with **Epic**

You may not know all of the functionality you already own with your Epic license. This guide is intended to help you identify areas where you could use your Epic software to either replace or avoid purchasing niche applications – saving money, simplifying workflows for your users, and eliminating duplicate documentation.

If you have our latest enterprise suite of applications, you most likely own these products. If you purchased Epic some time ago, there may be modules that are new to you. Contact your Epic BFF to evaluate your application mix and your functionality needs to see what could be replaced with Epic or email [productsyoucanreplace@epic.com](mailto:productsyoucanreplace@epic.com) for more information.

### Access & Patient Flow

- Address verification and propensity to pay
- ADT
- Authorization (*submission and status*)
- Auto check-in using geolocation
- Automatic account creation and assignment
- Business continuity offline entry of ADT events
- Census tracking and reporting
- Digital patient room nameplates
- eCheck-in mobile app (*for new or existing patients*)
- Electronic exchange of referral data
- Electronic notification of admission
- Enterprise scheduling
  - Complex procedure/multi-visit scheduling
  - Dental scheduling
  - Inpatient scheduling
  - Oncology scheduling
  - Online scheduling (*for new or existing patients*)
  - Outpatient scheduling
  - Rehabilitation scheduling
  - Referral scheduling
  - Scheduling for translation services
  - Surgical scheduling
  - Enterprise patient registration
  - Emergency department registration
  - Hospital registration
  - Lab registration
  - Office/clinic registration
- Medicaid coverage discovery
- Patient armband formatting
- Patient flow
  - Bed management
  - Capacity management
  - Capacity planning and forecasting
  - Command center
  - Discharge planning
  - Environmental services (*inc. on mobile*)
  - Mass casualty triage
  - Non-patient transport (*inc. on mobile*)
  - Patient transport (*inc. on mobile*)
  - Real-time occupancy
  - Temporary beds/rooms management
  - Transfer center

- Referral document building for automated provider/payer communication
- Referral management (*provider finder and authorization management*)
- Reporting
  - Actionable data
  - No-show predictive analytics
  - Patient flow throughput
  - Productivity reporting
  - Referral throughput
  - Resource utilization
  - Slot availability
  - Staff productivity
- Retail clinic
- Real-time eligibility (*status and benefits*)
- Real-time registration quality assurance/reporting
- Utilization management
- Waitlists
- Wait time transparency (*clinic and emergency department*)

#### Systems You Keep for Now

- Address verification vendor
- Eligibility clearinghouse
- Medical necessity content
- RTLS/RFID (*integrates with Epic*)

### Digital Patient Experience and Customer Relationship Management (CRM)

- Call center management
- Communication and scheduling preference management
- Consumer and prospective patient marketing
- Digital front door
  - Live chat\*
  - Online check-in (*for patients with or without accounts*)
  - Online scheduling (*for patients with or without accounts*)
  - Pre-appointment outreach
  - Provider finder\*
  - Self-service arrivals
  - SMS gateway and two-way SMS platform\*
  - Symptom checker/self-triage

- Health risk assessments (*for existing patients only*)
- Omnichannel outreach\*
- Patient-directed information exchange
- Patient experience portal and app  
*Refer to the Patient Experience & Portals section for specific features*
- Patient financial experience (*for patients with or without accounts*) See more features in the Patient Experience & Portals and Enterprise Billing sections
  - Financial assistance
  - Price transparency
  - Self-service payment options
- Patient journeys for chronic conditions and a cute care episodes
- Patient-reported outcomes (PRO)
- Population health and care management  
*Refer to the Population Health section for more features*
  - Digital health management tools (*for existing patients only*)
  - Marketing for prospective patients or members\*
- Referrals management
- Research recruitment and management
- Virtual care and remote monitoring  
*Refer to the Telehealth section for remote monitoring features. Refer to the Provider and Clinical Staff Mobility section for secure chat and more*
  - Asynchronous eVisits
  - Scheduled and on-demand video visits

#### Systems You Keep for Now

- Content management system
- Google Ads management
- Home device management
- HTML content generator
- Mass market advertising management
- Mass post card generation
- Sales and contract management
- Search engine optimization
- Student management

\*Under Development

Furthermore, although the company has not spoken to, some critics argue that Epic serves the financial goals of hospital administrators more than the clinical needs of physicians.<sup>319</sup> “Epic’s clients are not doctors. They are the CEOs and CFOs who write the checks to Epic,” one critic observed. **A study published in Annals of Family Medicine found that primary care doctors spend nearly two hours on electronic health record tasks for every hour of direct patient care when using Epic, fueling concerns that documentation has overtaken medicine.**<sup>320</sup> But again, it is important to note that these issues are not unique to Epic but are common across electronic health record systems.<sup>321</sup>

<sup>318</sup> Epic’s Market Share - Who Should Control The Levers Of Healthcare Innovation.

<https://web.archive.org/web/20240302193547/https://www.forbes.com/sites/sethjoseph/2024/02/26/epics-antitrust-paradox-who-should-control-the-levers-of-healthcare-innovation/?sh=1f2a71514438>

<sup>319</sup> An Epic Dystopia. <https://web.archive.org/web/20241231143302/https://prospect.org/health/2024-10-01-epic-dystopia/>

<sup>320</sup> Arndt BG, Beasley JW, Watkinson MD, Temte JL, Tuan WJ, Sinsky CA, Gilchrist VJ. Tethered to the EHR: Primary Care Physician Workload Assessment Using EHR Event Log Data and Time-Motion Observations. *Ann Fam Med.* 2017 Sep;15(5):419-426. doi: 10.1370/afm.2121. PMID: 28893811; PMCID: PMC5593724.

<sup>321</sup> Poissant L, Pereira J, Tamblyn R, Kawasumi Y. The impact of electronic health records on time efficiency of physicians and nurses: a systematic review. *J Am Med Inform Assoc.* 2005;12(5):505-516. doi:10.1197/jamia.M1700

Controversially, some have also accused Epic's tools of facilitating aggressive billing practices. One hospital executive noted, "Before Epic, nobody was able to systematize upcoding."<sup>322</sup> Epic allows hospitals to use about 10,000 billing codes, known as Hierarchical Condition Categories (HCCs), to increase reimbursement based on patient complexity. For example, a patient coded for diabetes and kidney failure could yield a capitation rate<sup>323</sup> of \$1,273.60 compared to \$894.40 with diabetes alone. Before a doctor can complete the record of a patient visit, they must respond to every question and check every required box, potentially giving hospitals financial incentives to maximize revenue.

Assigning codes to each patient's health malady can sometimes be based on doctors' subjective judgment. For example, a doctor stated that her supervisor regularly contacted her and said something like "That appointment was a 2. Don't you think it might be a 3?"<sup>324</sup> However, Epic's spokesperson challenged the statement by saying:

"We take the integrity of health care billing and coding really seriously... We have the tools to help hospitals code accurately, so that they can be fairly reimbursed, based on what the doctor or the nurse has documented in the chart. As a company, we are committed to supporting our healthcare providers in delivering care effectively and ethically without any incentive or support for practices like upcoding." The company emphasized that Epic began as a clinical documentation company and added billing functionality only later.<sup>325</sup>

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<sup>322</sup> An Epic Dystopia. <https://web.archive.org/web/20241231143302/https://prospect.org/health/2024-10-01-epic-dystopia/>

<sup>323</sup> Capitation is "a way of paying health care providers or organizations in which they receive a predictable, upfront, set amount of money to cover the predicted cost of all or some of the health care services for a specific patient over a certain period of time." Capitation and Pre-payment. Centers for Medicare & Medicaid Services. Centers for Medicare & Medicaid Services. <https://web.archive.org/web/20250301050919/https://www.cms.gov/priorities/innovation/key-concepts/capitation-and-pre-payment>

<sup>324</sup> The time spent with a patient here was measured on a scale from 1 to 5. An Epic Dystopia. <https://web.archive.org/web/20241231143302/https://prospect.org/health/2024-10-01-epic-dystopia/>

<sup>325</sup> Judy Faulkner, Founder and CEO of Epic Systems Shares How She Built One of the World's Leading Healthcare Software Companies. <https://open.spotify.com/episode/4rCuhMn1kMz5biXl5nKabI?si=de268a90646748e5&nd=1&dlsi=78f29bcc4bb2484c>



## Company Culture

Epic Systems is anything but a traditional corporate environment. According to Milwaukee Journal Sentinel, Wisconsin's largest newspaper, the company has no formal budgets, minimal hierarchy, and few middle managers. Job titles are downplayed, and employees are often given a lot of responsibilities early on.<sup>326</sup> As one vice president who joined the company in 1997 put it, "It's not a situation where you have to climb up this perpetual ladder."<sup>327</sup> A former employee said that "we're working with people who are very driven [and] who want to get things done... You can knock on people's doors. It's very easy to find people who are able to help you. There's a lot of structure around [collaboration] as you're working through these complex situations."<sup>328</sup>

Judy Faulkner emphasized that one of the key drivers of Epic's success is the strong sense of ownership among employees. Each person is expected to fully take responsibility for their work, whether it is a piece of the scheduling system or any other component.<sup>329</sup> She also highlighted the importance of helping staff understand the critical impact of their work in healthcare, where customers place immense trust in Epic to support patient care and the success of their organizations. Rather than focusing on money, Epic focuses on honoring commitments to its customers, and this mission-driven approach gives employees a deep sense of purpose and responsibility.

Epic's culture is quirky, creative, and offbeat. This is best exemplified at its annual user conference, which blends serious tech discussions with the feel of an elaborate festival. These gatherings feature hundreds of seminars alongside themed experiences inspired by everything from Harry Potter to outer space. While the productions are whimsical and theatrical, Judy Faulkner's message remains grounded: "While you are here, learn a lot, have fun, make a plan, and when you go home, take action."<sup>330</sup>

Headquartered in the small town of Verona, Wisconsin, Epic has a nearly one-to-one ratio of employees to residents. Of the company's roughly 14,000 employees worldwide, about 12,500 are based in Verona, while Verona's population is just under 15,000.<sup>331</sup> The company has a strong, ongoing relationship with the University of Wisconsin–Madison, consistently ranking as a top employer of UW graduates.

Epic's employees work in a setting unlike any other. The Epic campus spans over 1,000 acres and resembles a fantastic tech village more than a standard corporate office park. The company has reportedly invested at least \$1 billion in the site's development.<sup>332</sup> As of 2025, Epic has six publicly accessible campuses, Prairie, Central Park, Farm, Learning, Wizards Academy, and Storybook, each with its own theme. Visitors can explore buildings inspired by the works of Tolkien, Roald Dahl, and Harry Potter.<sup>333</sup> According to the local media, the campuses even have a "floating forest" and plenty of references to elves.<sup>334</sup> In addition, about one-third of the ground of Epic campus is cropped with animals on it.<sup>335</sup> Employees get around the expansive campus using cow-themed bikes, carts, and vans.

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<sup>326</sup> Epic Systems Soars with Transition to Electronic Health Records. <https://archive.jsonline.com/business/epic-systems-soars-with-transition-to-electronic-health-records-b99642837z1-366328781.html>

<sup>327</sup> Epic Systems Soars with Transition to Electronic Health Records. <https://archive.jsonline.com/business/epic-systems-soars-with-transition-to-electronic-health-records-b99642837z1-366328781.html>

<sup>328</sup> Former Epic Systems Employees Discuss Company Culture, Work-Life Balance. <https://www.dailycardinal.com/article/2023/03/the-work-really-never-ends-former-epic-systems-employees-discuss-company-culture-work-life-balance>

<sup>329</sup> Judy Faulkner, Founder and CEO of Epic Systems Shares How She Built One of the World's Leading Healthcare Software Companies. <https://open.spotify.com/episode/4rCuhMn1kMz5biXl5nKabI?si=de268a90646748e5&nd=1&dlsi=78f29bcc4bb2484c>

<sup>330</sup> Epic Systems Soars with Transition to Electronic Health Records. <https://archive.jsonline.com/business/epic-systems-soars-with-transition-to-electronic-health-records-b99642837z1-366328781.html>

<sup>331</sup> An Epic Dystopia. <https://web.archive.org/web/20241231143302/https://prospect.org/health/2024-10-01-epic-dystopia/>; The 'Epic Effect' How the EHR Vendor Shapes Wisconsin's Politics. <https://www.beckershospitalreview.com/ehrs/the-epic-effect-how-the-ehr-vendor-shapes-wisconsins-politics/>

<sup>332</sup> Epic Systems Soars with Transition to Electronic Health Records. <https://archive.jsonline.com/business/epic-systems-soars-with-transition-to-electronic-health-records-b99642837z1-366328781.html>

<sup>333</sup> An Epic Dystopia. <https://web.archive.org/web/20241231143302/https://prospect.org/health/2024-10-01-epic-dystopia/>

<sup>334</sup> Epic Systems is Starting Sixth Campus. [https://web.archive.org/web/20250228135505/https://captimes.com/news/business/epic-systems-is-starting-sixth-campus-and-its-from-other-worlds/article\\_47ce1d50-00ea-11ef-b27b-a323528326f6.html](https://web.archive.org/web/20250228135505/https://captimes.com/news/business/epic-systems-is-starting-sixth-campus-and-its-from-other-worlds/article_47ce1d50-00ea-11ef-b27b-a323528326f6.html)

<sup>335</sup> Judy Faulkner, Founder and CEO of Epic Systems Shares How She Built One of the World's Leading Healthcare Software Companies. <https://open.spotify.com/episode/4rCuhMn1kMz5biXl5nKabI?si=de268a90646748e5&nd=1&dlsi=78f29bcc4bb2484c>

Epic's campus includes 28 office buildings, an intentional design choice based on advice from the company's architect, who believed that a true sense of community is best maintained with no more than 300 to 400 people per building.<sup>336</sup> Beyond that, the connection between coworkers tends to fade. To foster collaboration, teams working on the same projects are grouped together in the same buildings. The buildings are deliberately kept to three stories or fewer to encourage spontaneous interactions and make it easier for employees to connect. In keeping with Epic's emphasis on productivity and individual work styles, employees are also allowed to choose their own offices.

**Figure 13-1: Epic Systems Campus<sup>337</sup>**



<sup>336</sup> Judy Faulkner, Founder and CEO of Epic Systems Shares How She Built One of the World's Leading Healthcare Software Companies. <https://open.spotify.com/episode/4rCuhMn1kMz5biXl5nKabI?si=de268a90646748e5&nd=1&dlsi=78f29bcc4bb2484c>

<sup>337</sup> Visiting – Epic. <https://www.epic.com/visiting/>

Figure 13-2: Cow-Themed Bikes and Carts<sup>338</sup>



Figure 13-3: Epic's Wizards Academy<sup>339</sup>



<sup>338</sup> The Cow Bike Wheels are Spinning. <https://www.epic.com/epic/post/cow-bike-wheels-spinning/>; Putting the Cow Carts in the Barn. <https://www.epic.com/epic/post/putting-cow-carts-barn/>

<sup>339</sup> This Wisconsin Campus was Built to Look Just Like Hogwarts. <https://web.archive.org/web/20250125032014/https://www.wiproud.com/news/local-news/this-wisconsin-campus-was-built-to-look-just-like-hogwarts/>

Figure 13-4: Epic's Conference Room<sup>340</sup>



Despite its playful atmosphere, Epic maintains a reputation for being highly secretive, especially when it comes to its proprietary technology, internal operations, and business practices. The company has historically rarely talked to the media, and CEO Judy Faulkner has often kept herself out of the spotlight. In a 2015 interview, she made just one request that no photos be taken, so she could continue visiting her favorite ice cream shop in Madison without being recognized.<sup>341</sup>

**Judy Faulkner stated that “being private allows us to avoid the tyranny of the quarter, and to focus on R&D.”**<sup>342</sup> Influenced by conversations with others who had negative experiences after going public or being acquired, she concluded that the company should neither be acquired nor acquire other companies,<sup>343</sup> preserving its independence and unique culture.

In recent years, however, the company has become more open to the media. Faulkner explained “It has to do with our growth in the industry...When we were smaller, it was fairly easy just to stay below the radar and concentrate simply on

<sup>340</sup> The Epic Intergalactic Headquarters Art Collection. <https://healthexec.com/topics/health-it/medical-records/photo-gallery-epic-intergalactic-headquarters-art-collection>

<sup>341</sup> Epic Systems Soars with Transition to Electronic Health Records. <https://archive.jsonline.com/business/epic-systems-soars-with-transition-to-electronic-health-records-b99642837z1-366328781.html>

<sup>342</sup> Epic's Market Share - Who Should Control The Levers Of Healthcare Innovation. <https://web.archive.org/web/20240302193547/https://www.forbes.com/sites/sethjoseph/2024/02/26/epics-antitrust-paradox-who-should-control-the-levers-of-healthcare-innovation/?sh=1f2a71514438>

<sup>343</sup> Judy Faulkner, Founder and CEO of Epic Systems Shares How She Built One of the World's Leading Healthcare Software Companies. <https://open.spotify.com/episode/4rCuhMn1kMz5biXl5nKabl?si=de268a90646748e5&nd=1&dlsi=78f29bcc4bb2484c>

'are we developing good software? And are we doing a good job with our customers?' That's how life was." Faulkner had thought that "offering a good product, good service and a good relationship with customers is the best way to compete."<sup>344</sup> But as Epic grew, the competitive landscape changed. "It became more of a media battle than a quality-of-product and service battle," she said. This shift was underscored by incidents where misinformation spread in the press such as a report blaming Epic software for problems at a healthcare provider that was not even an Epic customer. The issue stemmed from another vendor's system entirely.<sup>345</sup>

Despite the challenges, Epic continues to draw top tech talent from across the country, including alumni of Amazon, Google, and other tech giants.<sup>346</sup>

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<sup>344</sup> Epic CEO Judy Faulkner Opens Up About Why She's Talking to Reporters These Days.

<https://web.archive.org/web/20250215170843/https://www.healthcareitnews.com/news/inside-EHR-interoperability-epic-judy-faulkner-opens-about-why-she-s-talking-reporters-these-days>

<sup>345</sup> Epic CEO Judy Faulkner Opens Up About Why She's Talking to Reporters These Days.

<https://web.archive.org/web/20250215170843/https://www.healthcareitnews.com/news/inside-EHR-interoperability-epic-judy-faulkner-opens-about-why-she-s-talking-reporters-these-days>

<sup>346</sup> Epic's Market Share - Who Should Control The Levers Of Healthcare Innovation.

<https://web.archive.org/web/20240302193547/https://www.forbes.com/sites/sethjoseph/2024/02/26/epics-antitrust-paradox-who-should-control-the-levers-of-healthcare-innovation/?sh=1f2a71514438>

## Ownership Structure

**Judy Faulkner, the founder of Epic Systems, is reported to own 47% of the company as of 2025 and has never raised venture capital or made an acquisition, and develops all its software in-house.**<sup>347</sup> Faulkner signed the Giving Pledge in 2015 and has agreed to eventually give 99% of her assets to a private charitable foundation.<sup>348</sup>

Epic describes itself as an employee-owned, developer-led company, though it has not disclosed specific details about how ownership is distributed among employees.<sup>349</sup>

**Faulkner, now 81, continues to serve as Epic's CEO.** She has long resisted outside pressure to seek external funding or go public, a stance she has held since the company's earliest days. In 1979, she co-founded Epic with John Greist, then a chief resident in medicine at the University of Wisconsin. Together, they raised about \$70,000, sourced from friends, family, and personal loans secured against their homes, to launch the company.<sup>350</sup> Early shareholders also included several of Faulkner's customers.<sup>351</sup>

In 1983, Greist stepped down from Epic's board following strategic disagreements with Faulkner. He had pushed for venture capital funding to accelerate growth, but Faulkner insisted on maintaining full control. While Greist left the board, he retained his shares in the company. **Looking back on her long-term approach in a 2021 Forbes interview, Faulkner reflected that she had no grand plan for growth, and noted "It's always been, like, you climb a mountain. And you just see the hill ahead of you. You don't see the whole mountain."**<sup>352</sup>

Despite her age, Faulkner has not named a successor, and none of her three children works at Epic. She has, however, taken steps to shape the company's future.<sup>353</sup> Her stock has been divided into two parts – nonvoting shares, which are being left to a foundation she co-founded with her husband, Roots & Wings, and voting shares, which are held in a trust controlled by family members and employees. The Roots & Wings Foundation supports causes close to Faulkner's heart, including child brain development and criminal justice reform.

In 2015, Faulkner signed the Giving Pledge, committing to eventually donate 99% of her assets to charitable causes.

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<sup>347</sup> Judy Faulkner – Forbes. <https://web.archive.org/web/20250218055846/https://www.forbes.com/profile/judy-faulkner/#7acb4f733b81>

<sup>348</sup> An Epic Dystopia. <https://web.archive.org/web/20241231143302/https://prospect.org/health/2024-10-01-epic-dystopia/>

<sup>349</sup> About – Epic. <https://www.epic.com/about/>

<sup>350</sup> The Billionaire Who Controls Your Medical Records. Forbes.

<https://web.archive.org/web/20230302215032/https://www.forbes.com/sites/katiejennings/2021/04/08/billionaire-judy-faulkner-epic-systems/?sh=2ace4801575a>

<sup>351</sup> Judy Faulkner, Founder and CEO of Epic Systems Shares How She Built One of the World's Leading Healthcare Software Companies. <https://open.spotify.com/episode/4rCuhMn1kMz5biXl5nKabI?si=de268a90646748e5&nd=1&dlsi=78f29bcc4bb2484c>

<sup>352</sup> The Billionaire Who Controls Your Medical Records. Forbes.

<https://web.archive.org/web/20230302215032/https://www.forbes.com/sites/katiejennings/2021/04/08/billionaire-judy-faulkner-epic-systems/?sh=2ace4801575a>

<sup>353</sup> The Billionaire Who Controls Your Medical Records. Forbes.

<https://web.archive.org/web/20230302215032/https://www.forbes.com/sites/katiejennings/2021/04/08/billionaire-judy-faulkner-epic-systems/?sh=2ace4801575a>

## Competition – Oracle Health (Cerner), Allscripts

**Despite growing interest from Silicon Valley, the core players in the electronic health record (EHR) space, Epic Systems, Oracle Health (formerly Cerner), and Meditech, have remained largely unchanged over the past decade.** The healthcare industry's conservative nature and high regulatory barriers have made it difficult for traditional tech giants and new entrants to gain meaningful traction.

Given Epic's revenue and market size, Cerner<sup>354</sup> is a better comparable company among all competitors.

Big Tech has eyed on healthcare data for more than a decade, often with disappointing results. Google's early attempt at a personal health record platform in the late 2000s failed to gain adoption. Microsoft's personal health record HealthVault similarly faded as well. Apple's initiative to monitor heart rhythms through its Apple Watch was disliked by doctors, and Amazon's ambitious Haven venture, a joint effort with Berkshire Hathaway and JPMorgan Chase aimed at transforming employer-sponsored healthcare, ultimately folded.

As mentioned earlier, unlike Silicon Valley startups that embrace a "move fast and break things" ethos, the healthcare industry prioritizes caution, stability, and long-term trust. These values have favored established players such as Epic, which has built a reputation over decades of delivering reliable, integrated systems. **In a Forbes interview, Epic founder and CEO Judy Faulkner expressed little concern about the influx of tech competitors, stating "I think that what will happen is that a few of them will do very well. And the majority of them won't... It's not us as much as the health systems who have to respond to the patient saying, 'Send my data here,' or 'Send my data there.'"**<sup>355</sup>

### Oracle Health (Cerner)

Cerner (now Oracle Health) is a prominent American health IT company that provides solutions to healthcare organizations worldwide. Founded in 1979 and headquartered in North Kansas City, Missouri, Cerner's core business revolves around developing software and services that support the delivery of healthcare, with a particular focus on electronic health records, population health management, revenue cycle management, and healthcare analytics.<sup>356</sup> The company has been one of the main rivals to Epic Systems.

Cerner's products are widely used by hospitals, clinics, and health systems to improve clinical, financial, and operational outcomes. Its flagship electronic health record platform, Millennium, enables healthcare providers to access and manage patient information across care settings. In addition, Cerner offers a broad suite of tools for patient engagement, care coordination, and data-driven decision-making, all designed to enhance the quality and efficiency of healthcare delivery.

In 2022, Cerner was acquired by Oracle Corporation in a \$28.3 billion equity deal at \$95 per share,<sup>357</sup> implying a 54x last-twelve-month P/E and 22X EV/EBITDA.<sup>358</sup>

KLAS Research, a market research company specializing in the healthcare IT industry since 1996, found that Oracle's Millennium (Cerner) platform received a low customer experience grade, resulting in customers leaving Millennium and prospective small standalone hospitals being deterred from choosing Oracle Health.<sup>359</sup>

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<sup>354</sup> In 2021, before its acquisition by Oracle, Cerner reported \$5.7 billion in revenue. Epic's revenue was estimated at \$3.8 billion. Meditech's 2019 annual report shows that its revenue was \$494 million. Medical Information Technology Annual Report 2019. <https://www.sec.gov/Archives/edgar/data/1011452/000101145220000002/tenk.htm>

<sup>355</sup> The Billionaire Who Controls Your Medical Records. Forbes.

<https://web.archive.org/web/20230302215032/https://www.forbes.com/sites/katiejennings/2021/04/08/billionaire-judy-faulkner-epic-systems/?sh=2ace4801575a>

<sup>356</sup> About Cerner. <https://web.archive.org/web/20220101185259/https://www.cerner.com/about/>

<sup>357</sup> Oracle Buys Cerner. <https://web.archive.org/web/20250311190922/https://www.oracle.com/news/announcement/oracle-buys-cerner-2021-12-20/>

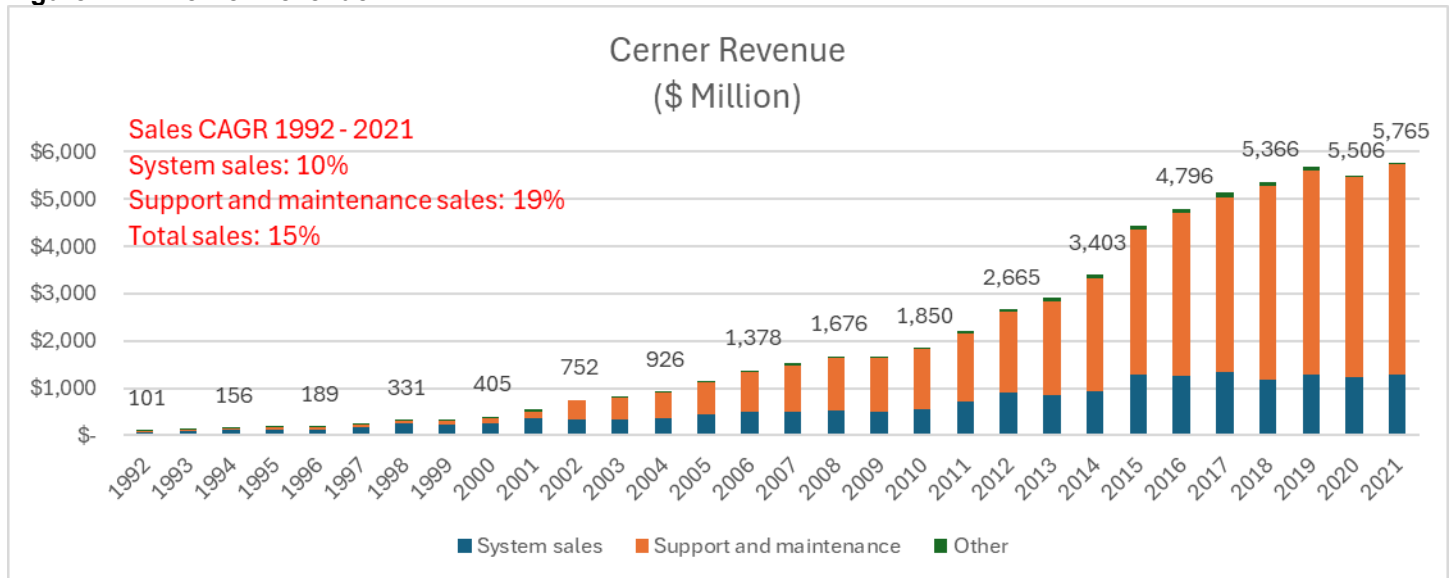
<sup>358</sup> Calculated based on Cerner's Q3 2021 and FY2020 financials, which were available at the time of the announcement. Enterprise value is calculated as equity value plus debt. EV=\$30 billion; Equity Value=\$28.3 billion. Net Earnings LTM=\$522 million; EBITDA LTM=\$1,384 million. Oracle Buys Cerner.

<https://web.archive.org/web/20250311190922/https://www.oracle.com/news/announcement/oracle-buys-cerner-2021-12-20/>

<sup>359</sup> Epic Continued to Outstrip EHR Competitors in 2023.

<https://web.archive.org/web/20240619135013/https://www.healthcarelive.com/news/epic-oracle-health-meditech-ehr-market-share-klas-research/716513/>

**Figure 14-1: Cerner Revenue<sup>360</sup>**



\$ Million	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
System sales	\$ 71.6	\$ 84.0	\$ 108.3	\$ 129.9	\$ 122.8	\$ 170.9	\$ 245.5	\$ 224.5	\$ 263.1	\$ 373.1	\$ 332.3	\$ 332.3	\$ 351.9	\$ 449.7	\$ 505.7
Support and maintenance	\$ 26.7	\$ 33.2	\$ 41.3	\$ 49.4	\$ 57.4	\$ 68.7	\$ 76.8	\$ 94.2	\$ 114.9	\$ 140.7	\$ 419.6	\$ 476.8	\$ 542.4	\$ 677.7	\$ 833.2
Other	\$ 2.9	\$ 3.3	\$ 6.3	\$ 7.6	\$ 8.8	\$ 5.4	\$ 8.7	\$ 21.5	\$ 26.5	\$ 28.9	\$ -	\$ 30.4	\$ 32.1	\$ 33.4	\$ 39.1
<b>Total revenue</b>	<b>\$ 101.1</b>	<b>\$ 120.6</b>	<b>\$ 155.9</b>	<b>\$ 186.9</b>	<b>\$ 189.1</b>	<b>\$ 245.1</b>	<b>\$ 330.9</b>	<b>\$ 340.2</b>	<b>\$ 404.5</b>	<b>\$ 542.6</b>	<b>\$ 751.9</b>	<b>\$ 839.6</b>	<b>\$ 926.4</b>	<b>\$ 1,160.8</b>	<b>\$ 1,378.0</b>

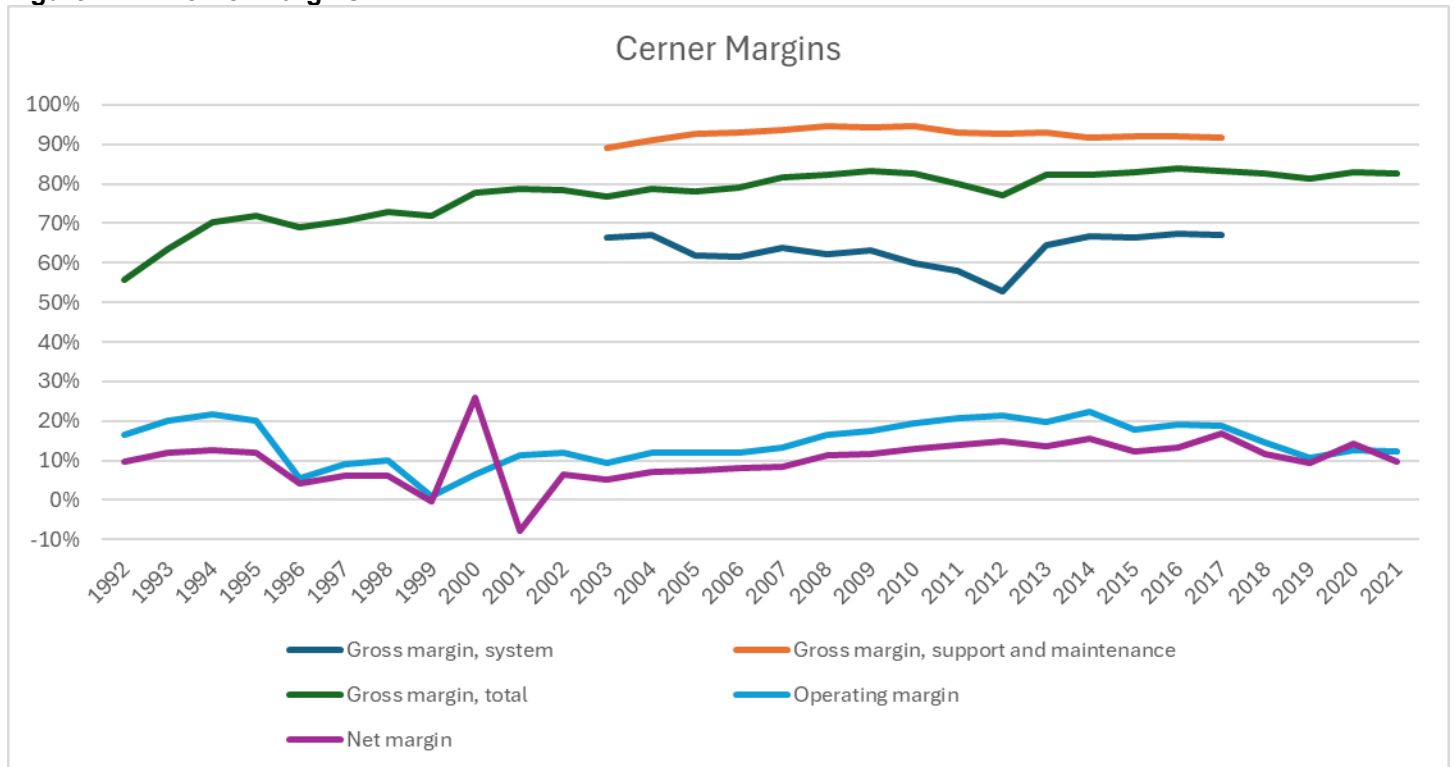
  

\$ Million	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
System sales	\$ 500.3	\$ 522.4	\$ 504.6	\$ 550.8	\$ 706.7	\$ 902.8	\$ 847.8	\$ 945.9	\$ 1,281.9	\$ 1,266.0	\$ 1,355.2	\$ 1,184.4	\$ 1,286.2	\$ 1,231.0	\$ 1,293.2
Support and maintenance	\$ 982.8	\$ 1,115.9	\$ 1,136.9	\$ 1,267.0	\$ 1,451.7	\$ 1,707.3	\$ 1,992.8	\$ 2,367.0	\$ 3,070.6	\$ 3,442.0	\$ 3,685.6	\$ 4,084.5	\$ 4,311.0	\$ 4,246.7	\$ 4,437.9
Other	\$ 36.8	\$ 37.8	\$ 30.4	\$ 32.5	\$ 44.7	\$ 55.3	\$ 70.1	\$ 89.9	\$ 72.8	\$ 88.5	\$ 101.5	\$ 97.4	\$ 95.4	\$ 28.1	\$ 33.8
<b>Total revenue</b>	<b>\$ 1,519.9</b>	<b>\$ 1,676.0</b>	<b>\$ 1,671.9</b>	<b>\$ 1,850.2</b>	<b>\$ 2,203.2</b>	<b>\$ 2,665.4</b>	<b>\$ 2,910.7</b>	<b>\$ 3,402.7</b>	<b>\$ 4,425.3</b>	<b>\$ 4,796.5</b>	<b>\$ 5,142.3</b>	<b>\$ 5,366.3</b>	<b>\$ 5,692.6</b>	<b>\$ 5,505.8</b>	<b>\$ 5,764.8</b>

Note:

1. Cerner was acquired by Oracle Health in 2022 and is now part of the Oracle brand.

**Figure 14-2: Cerner Margins**



Notes:

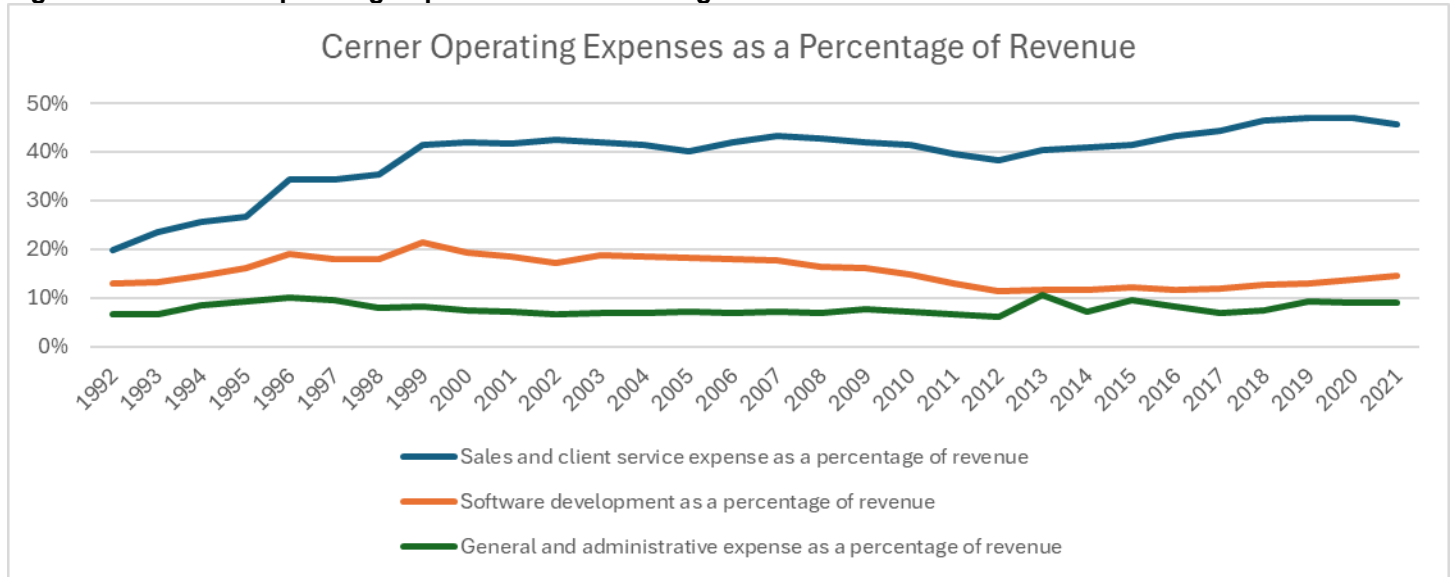
1. Cerner disclosed the cost of sales by segment only from 2004 to 2017.

<sup>360</sup> Cerner Annual Report 1994 – 2021.

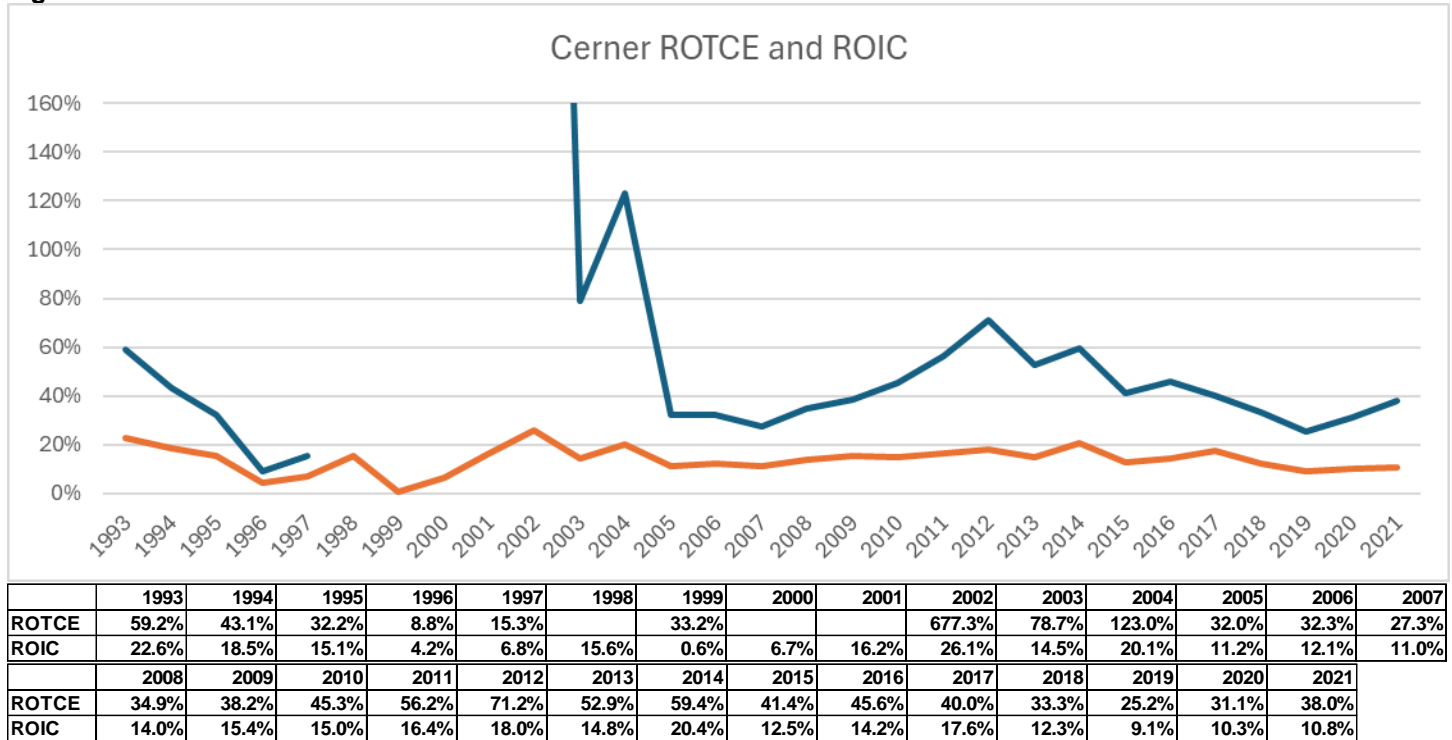


- The increase in net margin from 1999 to 2000 was driven by a \$188.65 million non-recurring investment gain from the exchange of CareInsite shares for WebMD shares.<sup>361</sup>
- The decrease in net margin from 2000 to 2001 was driven by a \$127.62 million write-down of investment related to the adjustment of the carrying value of the WebMD shares in 2001.<sup>362</sup>

**Figure 14-3: Cerner Operating Expenses as a Percentage of Revenue**



**Figure 14-4: Cerner ROTCE and ROIC**



Notes:

- Median ROTCE 39.1% from 1993 to 2021, and 41.4% from 2009 (regulatory tailwind) to 2021.
- Median ROIC 14.5% from 1993 to 2021, and 14.8% from 2009 (regulatory tailwind) to 2021.
- Empty cells indicate negative values of tangible capital.
- In 2002, Cerner reported an operating income of \$90.8 million and held \$13.4 million in tangible capital. This capital included net working capital of -\$120.9 million and net fixed assets of \$134.3 million, resulting in a ROTCE of 677.3%.

<sup>361</sup> Cerner Annual Report 2000

<sup>362</sup> Cerner Annual Report 2001

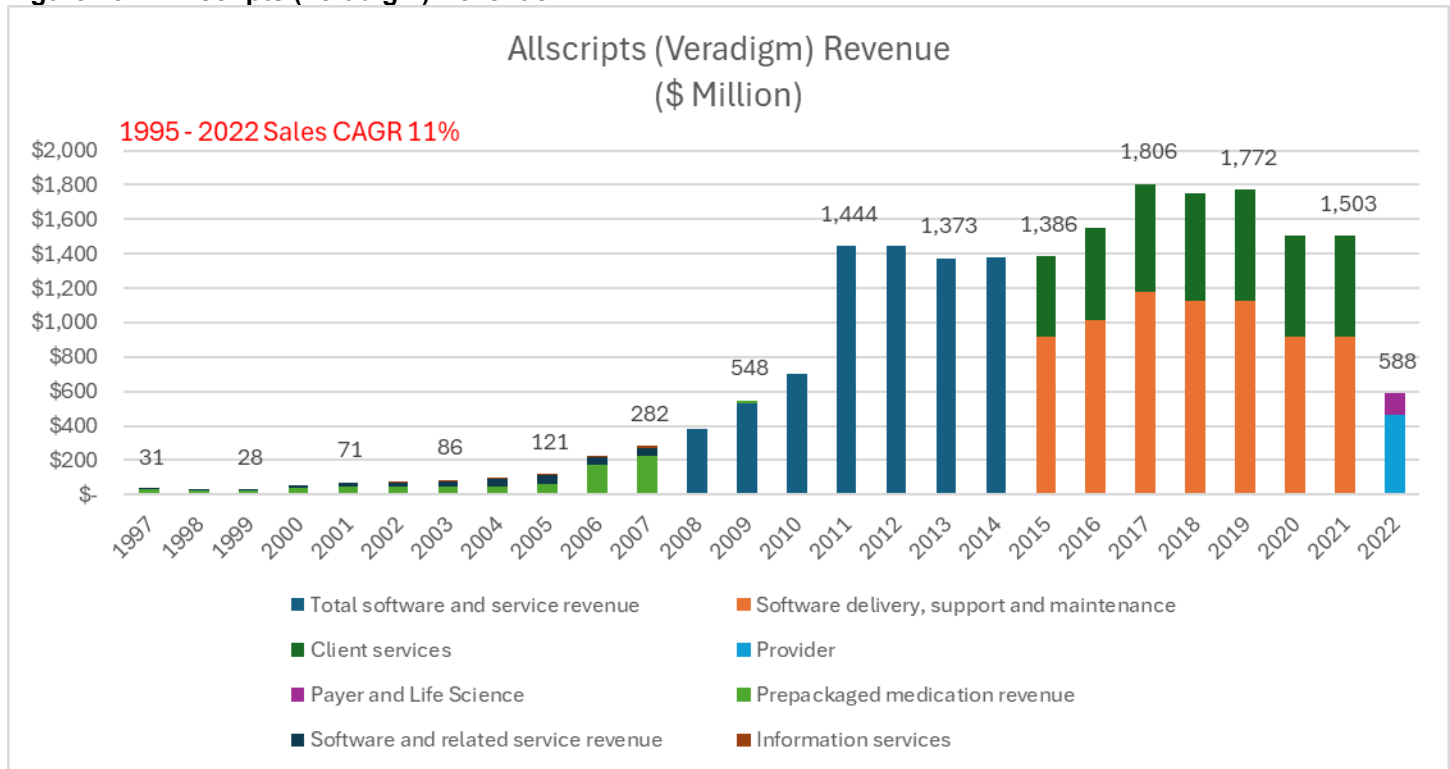
5. In 2004, Cerner reported an operating income of \$111.5 million and held \$90.6 million of tangible capital. This capital included net working capital of -\$139.8 million and net fixed assets of \$230.4 million, resulting in a ROTCE of 123.0%.

Allscripts (Veradigm)

Allscripts Healthcare Solutions, founded in 1986 and headquartered in Chicago, Illinois, is a provider of healthcare IT solutions. Its core business centers on developing software that supports electronic health records, population health management, patient engagement, and healthcare operations. Key products include the Sunrise, Paragon, and TouchWorks electronic health record platforms, along with dbMotion for data interoperability and tools that improve financial and administrative workflows. Some of its products such as dbMotion and Paragon were through acquisitions.<sup>363</sup>

In 2022, Allscripts sold its Hospitals and Large Physician Practices segment, including many of its flagship products, to N. Harris Computer Corporation, a subsidiary of Constellation Software, in a deal valued up to \$700 million. The deal was estimated at 0.75 EV/Sales and 4.8x EV/EBITA based on the last-twelve-month results.<sup>364</sup> The business now operates under the name Altera Digital Health.<sup>365</sup>

**Figure 15-1: Allscripts (Veradigm) Revenue<sup>366</sup>**



<sup>363</sup> Allscripts Closes McKesson Deal amid Optimism from Providers. <https://web.archive.org/web/20241211225856/https://www.fiercehealthcare.com/ehr/allscripts-mckesson-health-it-paragon-sunrise-ehr-acquisition>; Allscripts Announces Strategic Acquisitions of dbMotion and Jardogs. <https://web.archive.org/web/20130309231214/https://www.prnewswire.com/news-releases/allscripts-announces-strategic-acquisitions-of-dbmotion-and-jardogs-195240741.html>

<sup>364</sup> Allscripts Healthcare Solutions, Inc. N. Harris Computer Corp Divestment Call. 3/3/2022.

<sup>365</sup> Harris Completes Purchase of Allscripts Hospitals and Large Physician Practices Business Segment. <https://www.alterahealth.com/newsroom/harris-completes-purchase-of-allscripts-hospitals-and-large-physician-practices-business-segment/>

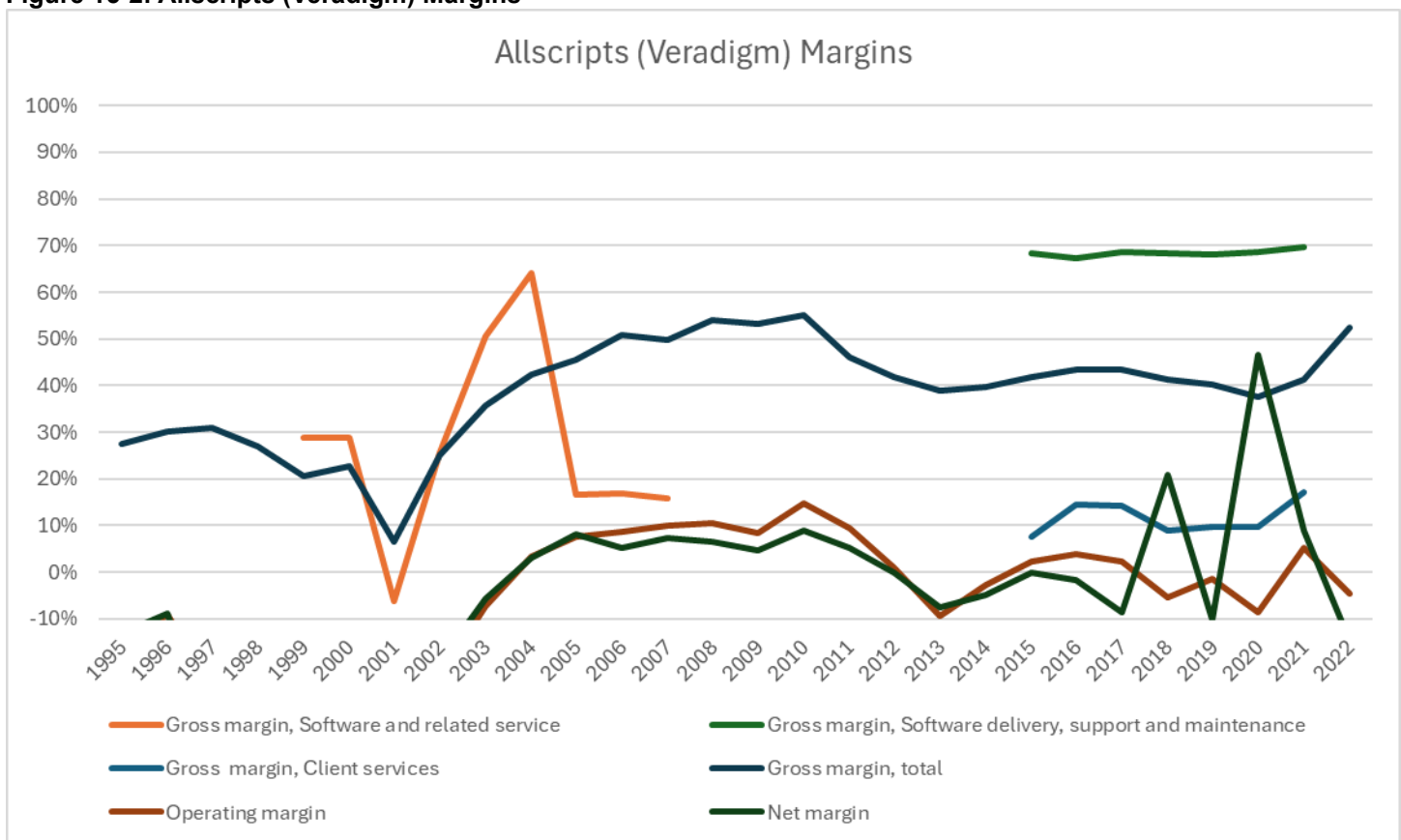
<sup>366</sup> Allscripts (Veradigm) Annual Report 1999 – 2022.

\$ Million	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007				
Prepackaged medication revenue	\$ 29.9	\$ 23.5	\$ 25.9	\$ 41.6	\$ 49.7	\$ 49.3	\$ 46.2	\$ 44.7	\$ 65.2	\$ 173.5	\$ 222.7				
Software and related service revenue	\$ 0.7	\$ 0.2	\$ 1.7	\$ 13.4	\$ 21.1	\$ 19.9	\$ 28.4	\$ 44.1	\$ 45.6	\$ 43.7	\$ 44.0				
Information services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9.6	\$ 11.3	\$ 11.9	\$ 9.8	\$ 10.8	\$ 15.3				
<b>Total revenue</b>	<b>\$ 30.6</b>	<b>\$ 23.7</b>	<b>\$ 27.6</b>	<b>\$ 55.0</b>	<b>\$ 70.8</b>	<b>\$ 78.8</b>	<b>\$ 85.8</b>	<b>\$ 100.8</b>	<b>\$ 120.6</b>	<b>\$ 228.0</b>	<b>\$ 281.9</b>				
\$ Million	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
System sales	\$ 64.6	\$ 98.5	\$ 154.6	\$ 242.9	\$ 145.3	\$ 113.6	\$ 92.2								
Professional services	\$ 30.9	\$ 51.8	\$ 75.4	\$ 250.3	\$ 270.5	\$ 230.5	\$ 218.0								
Maintenance	\$ 141.5	\$ 196.2	\$ 248.5	\$ 424.0	\$ 460.1	\$ 471.9	\$ 466.1								
Transaction processing and other	\$ 146.7	\$ 187.6	\$ 226.0	\$ 526.8	\$ 570.4	\$ 557.0	\$ 601.5								
<b>Total software and service revenue</b>	<b>\$ 383.8</b>	<b>\$ 534.0</b>	<b>\$ 704.5</b>	<b>\$ 1,444.1</b>	<b>\$ 1,446.3</b>	<b>\$ 1,373.1</b>	<b>\$ 1,377.9</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Software delivery, support and maintenance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 918.4	\$ 1,012.4	\$ 1,174.7	\$ 1,128.3	\$ 1,126.5	\$ 914.7	\$ 916.2	
Client services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 468.0	\$ 537.5	\$ 631.6	\$ 621.7	\$ 645.2	\$ 588.0	\$ 586.9	
Provider															\$ 465.9
Payer and Life Science															\$ 122.1
Prepackaged medication revenue	\$ -	\$ 14.4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total revenue</b>	<b>\$ 383.8</b>	<b>\$ 548.4</b>	<b>\$ 704.5</b>	<b>\$ 1,444.1</b>	<b>\$ 1,446.3</b>	<b>\$ 1,373.1</b>	<b>\$ 1,377.9</b>	<b>\$ 1,386.4</b>	<b>\$ 1,549.9</b>	<b>\$ 1,806.3</b>	<b>\$ 1,750.0</b>	<b>\$ 1,771.7</b>	<b>\$ 1,502.7</b>	<b>\$ 1,503.0</b>	<b>\$ 588.0</b>

Note:

- Allscripts has engaged in M&A activities throughout its history, for example, in 2013, 2017, and 2018.<sup>367</sup> In 2022, the company sold its hospital business unit to N. Harris Computer Corporation, a subsidiary of Constellation Software, for \$700 million, at an estimated EV/Sales of 0.75x.<sup>368</sup>

Figure 15-2: Allscripts (Veradigm) Margins



	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Gross margin, Software and related service						28.7%	28.9%	-6.2%	25.7%	50.5%	64.1%	16.6%	17.0%	15.9%
Gross margin, total	27.5%	30.1%	31.0%	26.9%	20.6%	22.7%	6.5%	25.2%	35.7%	42.3%	45.5%	50.9%	49.8%	53.9%
Operating margin	-15.2%	-9.2%	-24.1%	-30.0%	-60.4%	-124.6%	-668.2%	-22.4%	-7.4%	3.2%	7.6%	8.7%	10.0%	10.5%
Net margin	-13.1%	-8.8%	-38.3%	-41.9%	-48.7%	-104.3%	-592.1%	-19.3%	-5.8%	3.1%	8.1%	5.2%	7.3%	6.6%
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Gross margin, Software delivery, support and maintenance							68.2%	67.3%	68.7%	68.4%	68.1%	68.5%	69.6%	
Gross margin, Client services							7.7%	14.6%	14.3%	9.0%	9.6%	9.8%	17.1%	
Gross margin, total	53.3%	55.2%	46.1%	41.9%	38.9%	39.6%	41.9%	43.3%	43.3%	41.4%	40.3%	37.6%	41.2%	52.5%
Operating margin	8.4%	14.8%	9.5%	0.9%	-9.3%	-2.8%	2.3%	3.9%	2.3%	-5.3%	-1.4%	-8.7%	5.1%	-4.6%
Net margin	4.7%	8.9%	5.1%	-0.1%	-7.6%	-4.8%	-0.2%	-1.7%	-8.5%	20.8%	-10.3%	46.6%	8.9%	-14.7%

Notes:

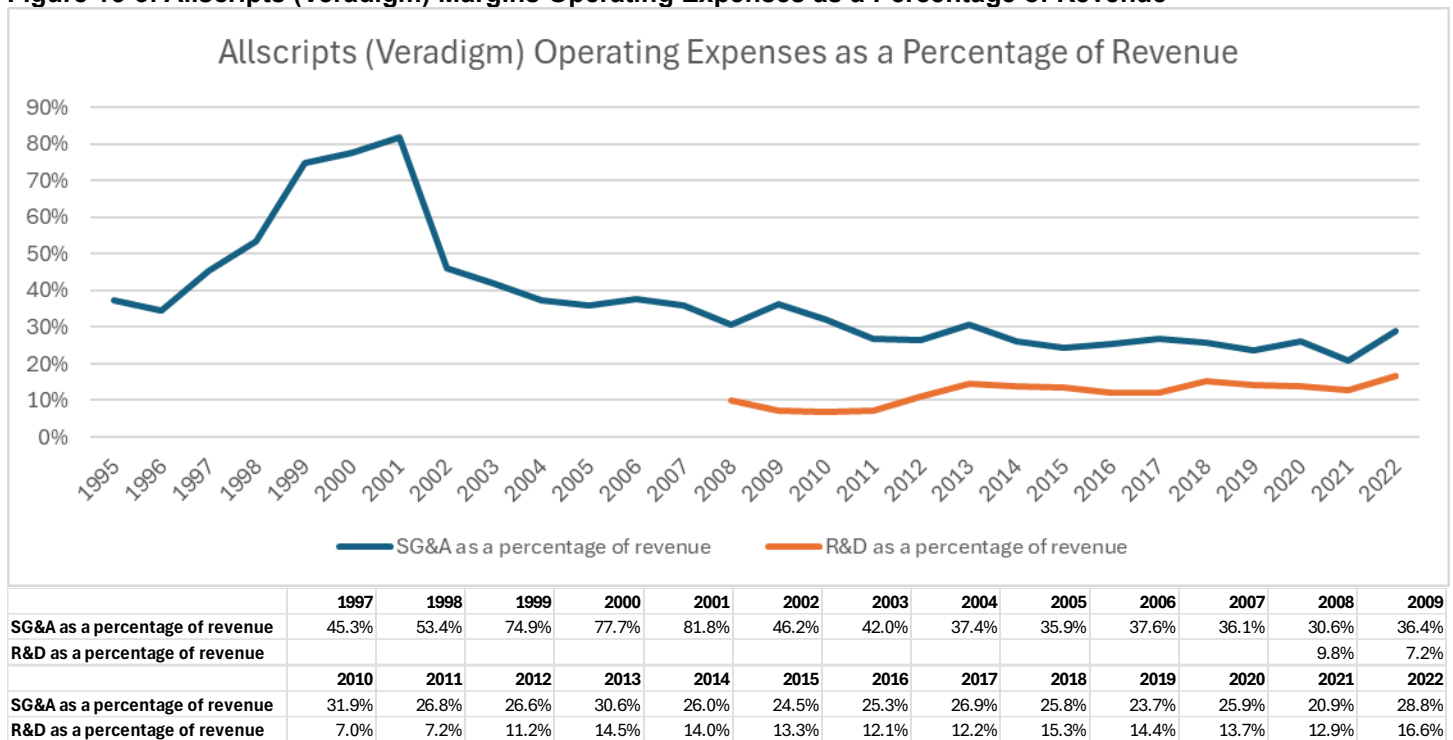
<sup>367</sup> Allscripts (Veradigm) Annual Report 2013, 2017, and 2018.

<sup>368</sup> Harris Acquires Allscripts' Hospitals and Large Physician Practices Business Segment.

<https://web.archive.org/web/20220925213539/https://www.harriscomputer.com/news/en/ma-resourcesallscripts>

1. Allscripts has engaged in M&A activities throughout its history, for example, in 2013, 2017, and 2018.<sup>369</sup> In 2022, the company sold its hospital business unit to N. Harris Computer Corporation, a subsidiary of Constellation Software, for \$700 million, at an estimated EV/Sales of 0.75x.<sup>370</sup>
2. Software and related services from 1999 include revenue from software licenses, computer hardware, electronic information, education products, and related services.<sup>371</sup>
3. Software delivery, support and maintenance revenue from 2015 consists of recurring subscription-based software sales, support and maintenance revenue, recurring transactions revenue, and non-recurring perpetual software licenses sales, hardware resale, and non-recurring transactions revenue.<sup>372</sup>
4. Client services revenue consists of revenue from managed services solutions, such as private cloud hosting, outsourcing, and revenue cycle management, as well as other client services and project-based revenue from implementation, training, and consulting services.<sup>373</sup>

**Figure 15-3: Allscripts (Veradigm) Margins Operating Expenses as a Percentage of Revenue**



<sup>369</sup> Allscripts (Veradigm) Annual Report 2013, 2017, and 2018.

<sup>370</sup> Harris Acquires Allscripts' Hospitals and Large Physician Practices Business Segment.

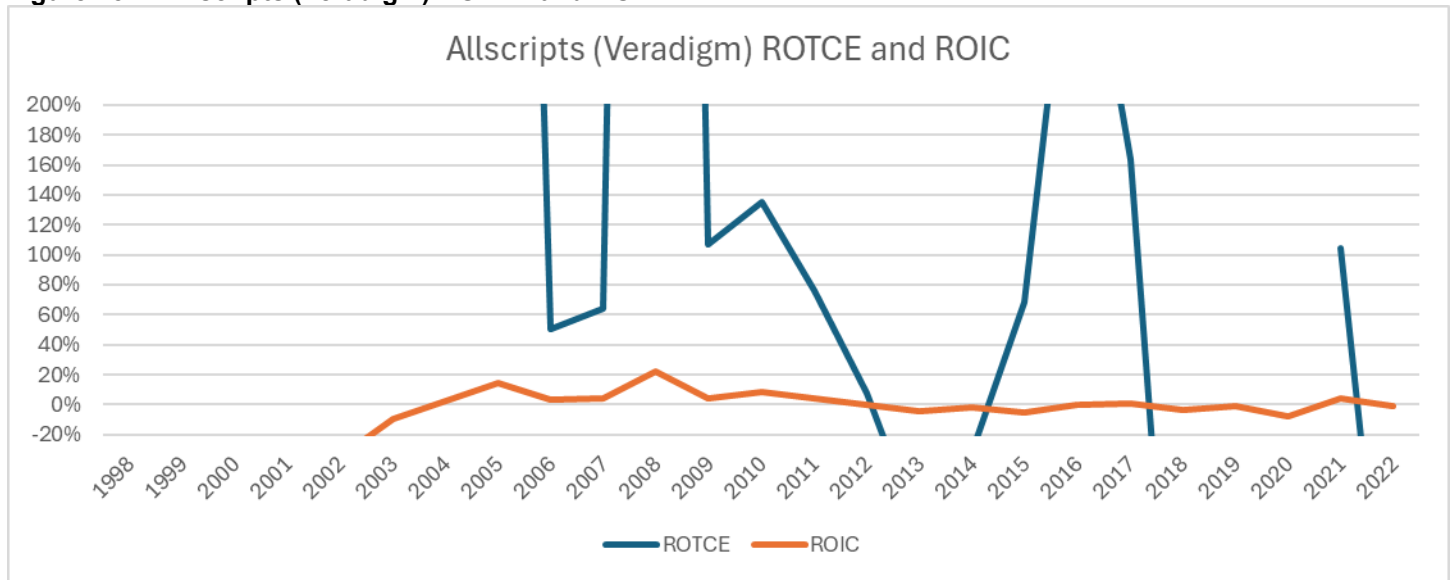
<https://web.archive.org/web/20220925213539/https://www.harriscomputer.com/news/en/ma-resourcesallscripts>

<sup>371</sup> Allscripts (Veradigm) Annual Report 2001

<sup>372</sup> Allscripts (Veradigm) Annual Report 2016

<sup>373</sup> Allscripts (Veradigm) Annual Report 2016

**Figure 15-4: Allscripts (Veradigm) ROTCE and ROIC**



	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
ROTCE								1218.4%	50.2%	63.8%	1817.9%	106.7%	135.3%
ROIC	-78.0%	-140.9%	-35.3%	-724.5%	-35.6%	-9.2%	2.7%	14.0%	3.5%	4.3%	22.3%	3.8%	8.6%
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
ROTCE	75.8%	7.2%			68.2%	369.2%	163.5%				104.6%		
ROIC	4.5%	0.0%	-4.4%	-1.9%	-5.6%	-0.4%	1.0%	-4.0%	-1.0%	-8.0%	3.8%	-1.0%	

**Note:**

1. Empty ROTCE cells reflect periods where the values are not meaningful. Allscripts reported operating losses from 1998 to 2003, in 2013, and again from 2018 to 2022. In addition, the company had negative tangible capital in 2004, 2019, and 2020.

## Valuation

In 2021, Forbes estimated Judy Faulkner's 47% stake in Epic to be worth \$6 billion, implying a \$13 billion valuation of the company, assuming that most of her net worth was from Epic.<sup>374</sup> This would imply a CAGR of 33% from the company's founding investment of \$70,000 in 1979.

A 2024 CNBC report used the average revenue multiple for software and services companies in the S&P 500, approximately 9x, to estimate Epic's current valuation at \$45 billion.<sup>375</sup> That reflects a CAGR of nearly 35% from its founding investment of \$70,000 in 1979.

Assuming a 30% EBITDA margin and no debt, as previously reported by Forbes,<sup>376</sup> Epic's EV/EBITDA for 2023 would be around 30x. Direct comparisons to Epic's main competitors are limited, as many have either remained private or were acquired by companies that are not good comparable companies. The closest competitor, Cerner, was acquired by Oracle Corporation in 2022 for a \$28.3 billion equity deal at \$95 per share,<sup>377</sup> implying a 54x last-twelve-month P/E and 22X EV/EBITDA.<sup>378</sup> If we applied for Cerner's EV/EBITDA when it was acquired by Oracle, assuming a 30% EBITDA margin,<sup>379</sup> Epic's value would be around \$32 billion, implying roughly 35% CAGR from 1979 to 2022.

Veradigm (formerly Allscripts), listed on OTC, traded at an EV/EBITDA of 8.2x at the end of 2023, according to FactSet. However, Veradigm reported revenues of roughly \$490 to \$493 million in 2023,<sup>380</sup> less than one-tenth of Epic's estimated \$4.9 billion.

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<sup>374</sup> The Billionaire Who Controls Your Medical Records. Forbes.

<https://web.archive.org/web/20230302215032/https://www.forbes.com/sites/katiejennings/2021/04/08/billionaire-judy-faulkner-epic-systems/?sh=2ace4801575a>

<sup>375</sup> Inside Epic Systems' Mythical Campus. CNBC.

<https://web.archive.org/web/20240902171731/https://www.cnbc.com/2024/09/01/inside-epic-systems-mythical-campus-a-world-away-from-wall-street-.html>

<sup>376</sup> The Billionaire Who Controls Your Medical Records. Forbes.

<https://web.archive.org/web/20230302215032/https://www.forbes.com/sites/katiejennings/2021/04/08/billionaire-judy-faulkner-epic-systems/?sh=2ace4801575a>

<sup>377</sup> Oracle Buys Cerner. <https://www.oracle.com/news/announcement/oracle-buys-cerner-2021-12-20/>

<sup>378</sup> Calculated based on Cerner's Q3 2021 and FY2020 financials, which were available at the time of the announcement. Enterprise value is calculated as equity value plus debt. EV=\$30 billion; Equity Value=\$28.3 billion. Net Earnings LTM=\$522 million; EBITDA LTM=\$1,384 million. Oracle Buys Cerner.

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<sup>379</sup> The Billionaire Who Controls Your Medical Records. Forbes.

<https://web.archive.org/web/20230302215032/https://www.forbes.com/sites/katiejennings/2021/04/08/billionaire-judy-faulkner-epic-systems/?sh=2ace4801575a>

<sup>380</sup> Veradigm Provides Updates on Fiscal 2023 and 2024 and an Outlook for Fiscal 2025. <https://investor.veradigm.com/news-releases/news-release-details/veradigm-provides-updates-fiscal-2023-and-2024-and-outlook>

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