

Another year of positive progress for the Group

EMIS is well positioned to respond to the challenges its customers face in 2021 and beyond.

Overview

2020 has been another year of positive progress for EMIS Group. While Covid-19 presented unprecedented challenges to the healthcare sector, it has also been a catalyst for change, leading to a more rapid adoption of digital healthcare that is here to stay. EMIS reacted quickly to the changing needs of our customers with a focus on supporting both the NHS and our colleagues through the pandemic in every way we can.

EMIS Group delivered a resilient financial performance during the period, with revenue and adjusted operating profit at very similar levels to 2019 while reported operating profit grew strongly. Over the year we increased our cash position by 70% and are pleased to be able to recommend an increased final dividend for the tenth consecutive year.

Our NHS and community pharmacy customers have done an incredible job in 2020, as have all our partners in the UK healthcare sector. The front line response to the pandemic has been outstanding and I am delighted to say that all my colleagues at EMIS have stepped up and helped our NHS heroes in every way possible, making a strong social contribution by supporting the clinicians that are delivering patient care on the front line.

Operational execution

EMIS's responsiveness and adaptability during the pandemic has enabled us to manage the business well throughout this challenging time. Early preparation meant that we moved 99% of our people to homeworking in both the UK and India ahead of the first formal

lockdown announcement in March 2020. We received positive feedback from our customers throughout this period and were pleased to support the NHS front line appropriately.

Our combination of homeworking and on-site working enabled us to continue to provide technical support to our end users during this busy time without any interruption to service. Importantly, no staff were furloughed and no redundancies took place during lockdown.

Our robust business model has been the foundation for our performance this year, with 82% recurring revenue (2019: 78%). In addition, our account management and sales model has yielded good results with £28m of new business delivered in the year.

The new business product mix delivered during 2020 was different to what we had expected at the start of the year, as a direct consequence of the pandemic. For example, we saw higher than usual hardware sales resulting from the need for rapid deployment of mobile working solutions during lockdown. Growth was delayed in some areas of the business, such as in the uptake of Patient marketplace services and sales in the community pharmacy market, as patients made fewer visits to community pharmacies during the first lockdown.

We have made further improvements in our customer support area, with formal service level agreement (SLA) performance significantly improving year on year. We are focussed on continuous improvement in customer and partner satisfaction into 2021 and beyond.

Pinnacle acquisition and integration

The business was strengthened in March 2020 with the acquisition of Pinnacle, owners and operators of the widely-used PharmOutcomes platform. The company has integrated well into the Group, both culturally and operationally, especially considering it was acquired at the beginning of the pandemic. Almost immediately following the acquisition, Pinnacle began working with the Patient team to provide a new GP patient referral service as part of Patient Access for Professionals, called Patient Access Connect. This allows practice staff to triage patients and refer them to a community pharmacist in instances where they do not need to see a GP, such as for a minor illness consultation.

Interoperability is progressing well between Pinnacle's core PharmOutcomes system and our existing community pharmacy system, ProScript Connect. In the summer, the two systems began to successfully exchange data to enable pharmacists to check for shielding patients who needed their medicines to be home delivered during the pandemic.

From December onwards, Pinnacle's Outcomes4Health system became the system used by healthcare professionals throughout England delivering vaccinations to capture and share essential immunisation information. It is being used by healthcare professionals in GP-led primary care, community pharmacy and mass vaccination centres, linking directly with NIMS for vital data exchange and sharing Covid-19 vaccination data back into the GP record. By 1 March 2021, Outcomes4Health had been deployed in almost 1,400 vaccination centres and has supported over 14.9 million vaccinations, as well as underpinning the NHS daily reporting on vaccination delivery.





£28m

new business delivered in the year

Our product roadmap

We continued to bring new talent into our global development team during the pandemic and now have 687 people in our core product development team representing 45% of our employees, with our team in Chennai continuing to go from strength to strength. This number has increased from 417 in 2018, with the growth funded through efficiency enhancements in other parts of our business.

Technology development continued in line with our product roadmap, including the early release of EMIS-X Analytics during the year, and we remain committed to continuing investment in new technology through 2021 and beyond.

The positive customer response to EMIS-X Analytics has been particularly encouraging since its launch in October 2020. We have secured pilot contracts with 25 NHS organisations for use of our Explorer analytics product to analyse and drive improvements to healthcare in local populations, including winter planning and identifying Covid-19 hotspots in the local area. We have been supporting large-scale epidemiological Covid-19 research with NHS England and researchers from Oxford University and the London School of Tropical Hygiene & Medicine, and have contracted with Oxford University and a global, science-led biopharmaceutical business to help recruit and screen patients for a major clinical research project in the treatment of Covid-19.

In addition we are collaborating with one of the top five global pharmaceutical companies to implement a neural network, and the first non-image based artificial intelligence deployed in healthcare, into EMIS Web to aid early detection of atrial fibrillation and reduce occurrence of strokes across the UK population.

Our culture

Our culture continues to evolve positively. During 2020 we moved to a flexible working culture, becoming a primarily homeworking business with plans for our office spaces to be transformed into collaboration hubs for team working, meetings and cross-group teamwork. We made this change in consultation with our staff, after our mid-year survey showed that 96% of UK staff were happy to work from home.

Following an employee survey on our culture at the beginning of 2020, we launched our updated corporate values in the second half of the year. The values are supportive, responsible, transformative and collaborative and they capture the essence of what makes EMIS a great place to work both in the UK and in India. We are committed to embedding these values as part of our Group culture through employee engagement and communication as we look to live the values during 2021 and beyond.

We believe it is very important to recognise our team members for the positive contributions they make on a daily basis, and so employee reward and recognition was another key focus area for us in 2020. This included the launch of a new "on demand" system where managers can immediately recognise great behaviour or achievements and reward the individual on the spot.

Employee wellbeing was also a big focus for us during 2020, with 28 volunteers trained as mental health first aiders for their colleagues. Their proactive engagement this year has made a notable difference across the business with a number of staff members personally recognising the invaluable support these volunteers have delivered in this area.

Focus on growth

With these solid foundations in place, the senior management team is focussed on translating our product development investment into growth. We expect to return to growth in 2021 and to build market momentum with our new product developments, which will lead to opportunities for higher levels of growth in 2022 and beyond.

Evolution of NHS structure

Integrated Care System (ICS) organisations have been growing in importance in recent years. These organisations are responsible for strategic plans to improve care for their local populations, including a focus on digital health. To succeed, ICSs will need effective, integrated solutions that enable data to flow between different healthcare settings and systems, including shared care records and population-level analytics. Our product development strategy is aligned with these priorities, for both existing and new products, and we have already restructured our sales and account teams in response to the growing importance of ICSs.

In February 2021, the Secretary of State for Health and Social Care proposed that ICSs be formalised as statutory legal bodies, in a White Paper entitled "Integration and Innovation: working together to improve health and social care for all." Under these proposals, ICSs would replace Clinical Commissioning Groups (CCGs) and partner with hospital trusts and social care services, holding the local budget. ICSs would be required to demonstrate integrated care pathways, underpinned by a new data sharing strategy.

We continue to closely monitor changes to the NHS organisational structure and as always, we will respond accordingly and adapt our business model as appropriate. We do not believe that the changes proposed in the White Paper are likely to have any material impact on the Group.

Summary and outlook

It is a privilege to lead EMIS Group.

Covid-19 has put healthcare at the centre of the global agenda. We believe that EMIS is well positioned to respond to the challenges our customers face in 2021 and beyond, with a combination of our innovative technology, leading market shares and strong recurring revenues that enable us to invest with confidence. The product development investment we have made in recent years means our current and emerging software is well suited to meet the evolving requirements of the healthcare industry both today and in the future.

As we now move forward, our customers require innovation and new solutions. EMIS remains focussed on the vision of a digital, connected healthcare world and we look forward to achieving great results for our customers, colleagues and shareholders.

Andy Thorburn

Chief Executive Officer

17 March 2021