

Black Book
Research Insights



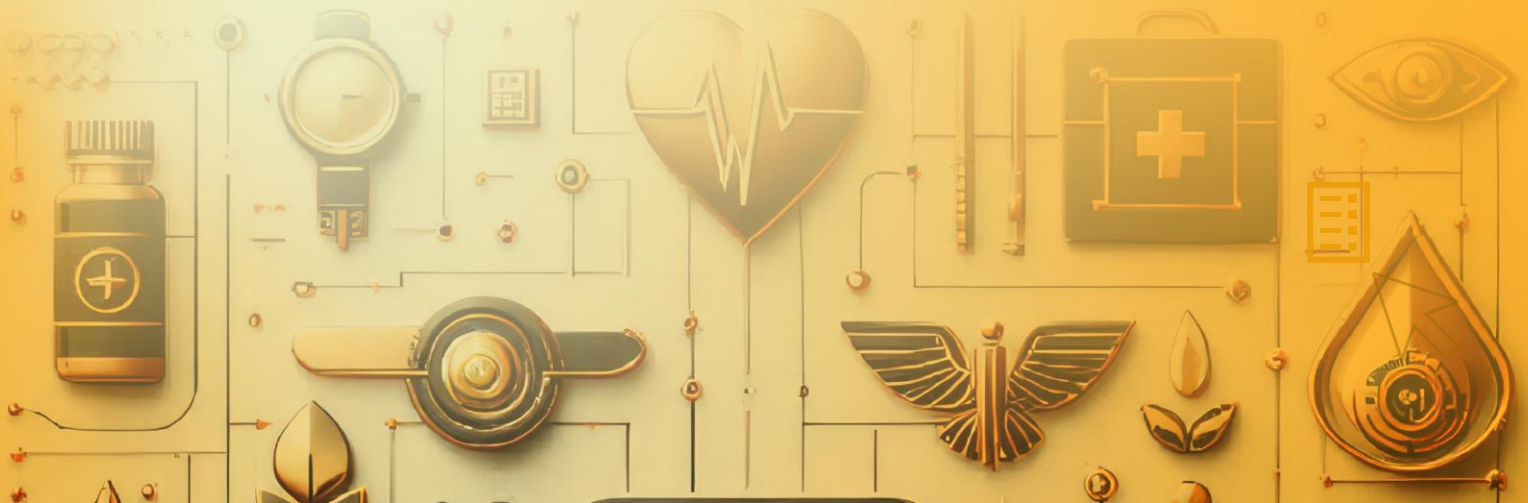
Health IT Commercial Outlook Under Q4 2025 Cash Constraints



**Black Book Flash Survey of
U.S. Health Technology Vendors**

**Black Book Research Insights
November 2025**

Executive Summary



What the flash survey says

- **Procurements paused:** 71% of vendor respondents report at least one in-flight procurement paused (≈ 76 of 107).
- **Sales cycles longer:** 63% report lengthening sales cycles—*most commonly* by **30–60 days**; 12% cite **90+ day** extensions (≈ 67 and 13 respondents, respectively).
- **RFPs delayed:** 68% say new RFPs are being held or pushed out (≈ 73).
- **ROI gate tightens:** 58% see buyers prioritizing **<12-month ROI**; 28% see **<6-month ROI** (≈ 62 and 30).
- **Category shifts:** Demand up for **revenue cycle/denials prevention/patient access** (52%, ≈ 56) and **cybersecurity/compliance** (39%, ≈ 42); **deferrals** hit **platform upgrades/data initiatives** (41%, ≈ 44).
- **Commercial terms move:** 44% report **extended payment terms** (60–120 days) or financing (≈47). 36% see **capex→opex** shifts (subscription/consumption/risk-share; ≈39).
- **Pipeline risk:** 41% revised near-term revenue **downward**, most commonly **5–15%** (≈44); 22% report **project cancellations** (≈24).
- **Governance & capital controls:** Boards/finance committees are **formally holding** discretionary IT, while **re-sequencing** to revenue-protecting modules (denials prevention, eligibility/prior auth automation, patient access) and **cybersecurity**.
- **Go-to-market adjustments:** Vendors are offering **proofs of value/pilots** (47%, ≈ 50), **re-sequencing implementations** (33%, ≈ 35), and **pausing non-essential launches** (27%, ≈ 29).

Strategic implication: Boards are prioritizing **cash visibility and protection now**, funding projects with **fast, measurable ROI** and **risk-limiting commercial terms**. Vendors that can **prove value quickly**, **sequence “cash-first” modules**, and **align payment timing with realized outcomes** are better positioned to sustain bookings and cash flow in lengthened cycles.

Market Context & Terminology



The current “shutdown” is generating cash uncertainty for providers, which is materially slowing decision cycles and shifting priorities toward projects with faster, more visible cash impact. In this environment, boards of trustees and finance committees are asserting tighter control, placing formal holds on discretionary or long-horizon initiatives and green-lighting modules that protect or accelerate cash and contain risk. The practical effect: “must-have” beats “nice-to-have,” and short payback windows are a hard gate, often under 12 months, and in many cases under 6 months.

What moves to the front of the line—and why

Revenue Cycle Management (RCM) & Denials Prevention

What it is: Capabilities that protect top-line cash collections, reduce claim rejections/denials, and accelerate reimbursement.

Why it moves now: Boards are prioritizing near-term cash protection; RCM/denials tools can often show rapid, measurable impact.

- **Cash levers:** cleaner claims up front; fewer avoidable denials; faster resubmissions; improved net collections.
- **Where it overlaps:** Several “cash-first” modules: denials prevention, eligibility, prior-authorization automation sit at the RCM/patient-access boundary and are being re-sequenced to deliver early returns.
- **How to frame value:** Emphasize simple payback within <12 months (ideally <6 months where feasible), using clear before/after measures tied to cash.

Patient Access

What it is: Front-end functions: eligibility verification, prior authorization automation, scheduling, and financial clearance—that reduce leakage and improve cash conversion.

Why it moves now: These steps prevent downstream denials and speed throughput to revenue, making them prime candidates for Phase-1 deployment in a re-sequenced plan.

- **Cash levers:** higher first-pass eligibility, shorter prior-auth cycle times, fewer abandoned encounters, better pre-service financial clearance.
- **Implementation pattern:** Stand up patient-access automations first to show early cash benefit; follow with broader platform work later.

Cybersecurity/Compliance

What it is: Risk-mitigating investments that protect cash and operations by reducing exposure to costly incidents, regulatory penalties, and downtime.

Why it moves now: Boards view cyber as cash-continuity insurance; modules that lower acute downside risk are being green-lit alongside revenue-protecting capabilities.

- **Cash levers:** avoided incident costs, avoided downtime, reduced regulatory exposure.
- **Board posture:** In a cash-tight window, preventing a severe loss can be as compelling as gaining incremental collections.

Platform Upgrades & Data Initiatives

What it is: Larger-scale, longer-horizon programs: data lakes, enterprise analytics, TEFCA onboarding, and big-bang cutovers that tend to have deferred or indirect cash impact.

Why they're deferred now: Under formal capital controls, boards are pressing pause on non-essential and long-ROI efforts until cash visibility improves.

- **Near-term strategy:** Defer these to later phases; anchor Phase-1 on cash-first modules that validate value and build organizational momentum.

How procurement behavior changes under cash uncertainty

- **Decision rights shift upward:** More deals are escalated to board finance committees; discretionary IT faces hold stamps until visibility improves.
- **Cycle times stretch:** Vendors widely report lengthened sales cycles (commonly +30–60 days, with some 90+ days), reflecting added reviews and revised sequencing.
- **RFPs slow:** New solicitations are held or pushed out, making pilot/POV paths and expansions in the base more practical near-term entry points.
- **ROI gates tighten:** Buyers prioritize paybacks <12 months and often <6 months favoring modules with direct, defensible cash impact.
- **Commercial terms adapt:** More requests for 60–120 day payment terms or financing, and a shift from capex to opex (subscription/consumption/risk-share) to align spend with value realization.

“Cash-First” sequencing (how boards expect programs to roll out)

1. Phase 1 — Immediate cash & risk:

- **Denials prevention, eligibility, prior-auth automation, patient access improvements, and cybersecurity** controls most relevant to cash continuity.
- **Board-ready packet:** one-page case with **baseline** → **intervention** → **expected cash impact** and **simple payback** within the stated gates.

2. Phase 2 — Stabilize & scale:

- Broaden deployment where early modules have proven value; sharpen **measurement and reporting** to maintain board confidence.

3. Phase 3 — Strategic platforms:

- Resume **platform upgrades, data lakes, enterprise analytics, and TEFCA onboarding** once **cash visibility improves** and earlier phases have established momentum.

Quick terminology guide (for consistent board conversations)

- **RCM (Revenue Cycle Management):** End-to-end processes and tools that **capture, submit, and collect** revenue efficiently.
- **Denials Prevention:** Methods that **reduce avoidable claim denials** and underpayments before they occur.
- **Patient Access: Pre-service** workflows (eligibility, prior auth, scheduling, financial clearance) that **prevent leakage** and **improve conversion to cash**.
- **Cybersecurity/Compliance:** Controls that **avoid costly incidents** and **regulatory exposure**, sustaining operational and financial continuity.
- **TEFCA:** A framework for **trusted exchange** of health information across networks; often part of **longer-horizon** interoperability roadmaps.
- **Capex vs Opex:** Up-front **capital** spend vs **operating** models (subscription/consumption/risk-share) that can **align payments with realized value**.

What this means in practice, 2026

When cash visibility tightens, boards naturally favor short-payback initiatives and cash-protection controls. That pressures analytics and platform projects with longer ROI, re-orders implementation sequences toward denials prevention, eligibility, prior-auth automation, patient access, and cybersecurity, and reshapes commercial terms to fit tighter cash windows. Vendors and provider teams that prove value quickly, measure rigorously, and align payment timing to outcomes are best positioned to advance essential work while larger platforms wait their turn.

Methodology & How to Read the Numbers



- **Sample: n=107** U.S. health IT/services vendor business development leaders (hospitals/health systems, physician groups, payers, public health, related markets).
- **Fieldwork:** Last week of October 2025; online flash survey; unweighted results.
- **Error:** Maximum margin of error (MoE) ± 9.5 percentage points at 95% confidence.
- **Important cautions:**
 - “Maximum MoE” is a conservative bound applied to all estimates; true MoE varies by proportion.
 - Unweighted and flash methods imply speed over representativeness; interpret directional signals more than precise census.

Converting percentages to people

- 71% paused procurements $\rightarrow$ **~76** of 107
- 63% longer sales cycles $\rightarrow$ **~67**
- 12% cite 90+ day extensions $\rightarrow$ **~13**
- 68% RFPs delayed $\rightarrow$ **~73**
- 58% prioritize ROI <12 months $\rightarrow$ **~62**
- 28% prioritize ROI <6 months $\rightarrow$ **~30**
- 52% increased demand for RCM/patient access $\rightarrow$ **~56**
- 39% increased demand for cybersecurity/compliance $\rightarrow$ **~42**
- 41% deferrals of platform/data initiatives $\rightarrow$ **~44**
- 44% extended payment terms/financing $\rightarrow$ **~47**
- 36% capex $\rightarrow$ opex shift $\rightarrow$ **~39**
- 41% near-term revenue revised downward $\rightarrow$ **~44**
- 22% cancellations of select projects $\rightarrow$ **~24**
- 47% offer proofs of value/pilots $\rightarrow$ **~50**
- 33% re-sequence implementations $\rightarrow$ **~35**
- 27% pause non-essential launches $\rightarrow$ **~29**

Conservative 95% ranges using the stated maximum MoE (± 9.5 pts):

- Example: paused procurements **71%** $\rightarrow$ **61.5% to 80.5%**.

Deep-Dive on Commercial Slowdown Indicators



In-Flight Procurements & Decision Cycles

- **71% report at least one paused procurement** (61.5%–80.5% with $\pm 9.5\%$ MoE).
Interpretation: Pauses suggest **governance escalation**—boards/finance committees reviewing discretionary IT until **cash visibility improves**.
- **63% report longer sales cycles, most commonly 30–60 days; 12% note 90+ day extensions.**
Operational impact:
 - Pipeline **slippage** across quarters.
 - Higher **customer acquisition cost (CAC)** as opportunities require **more cycles** and **more stakeholders**.
 - Increased **forecast variance** as deals bunch near quarter ends or slip into the next quarter.

RFP Flow

- **68% say RFPs are held or pushed out** (58.5%–77.5%).
Implication: New-logo creation is harder; vendors should **seed value** with **pilot/POV constructs** and **land-and-expand** into existing accounts.

The New Buying Gate: “Must-Have” with Fast ROI



- **58%** see buyers prioritizing **ROI <12 months**; **28%** see **<6 months**.
 - These are reported as separate observations; they may **overlap** (the release does not specify mutual exclusivity).
- **Why it matters:**
 - **Board finance committees** often apply **explicit hurdles** under constrained cash: approve only projects that **self-fund within a fiscal year**.
 - **Measurement** becomes part of governance: **before/after KPIs** (e.g., denial rates, days in A/R, prior-auth turnaround time, avoided downtime incidents).

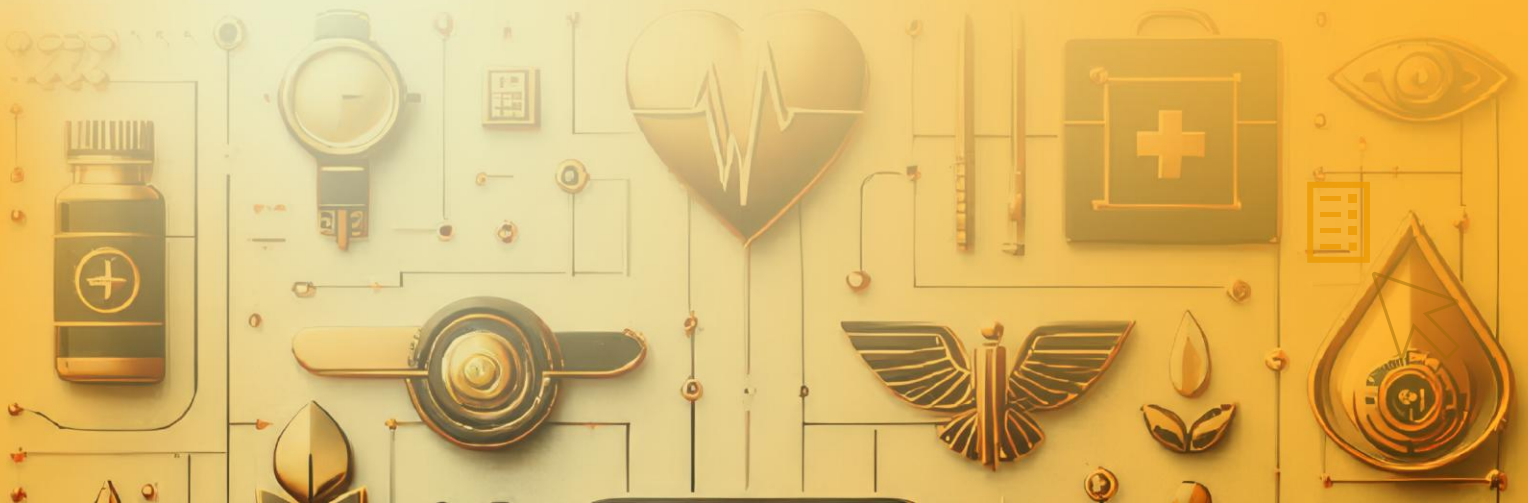
If a denials prevention module costs \$400k and reduces avoidable denials by \$80k/month, **simple payback $\approx$ 5 months**; it passes both <12-month and <6-month gates. Vendors should present this **with audited baselines** and **client-verifiable methods**.

Category Mix: Where Demand Is Rising vs. Deferred



- **Rising demand: 52%** report increased interest in **revenue cycle/denials prevention/patient access** (42.5%–61.5%).
 - **Why these win:** They **protect/accelerate cash** (clean claims, faster eligibility/prior auth, reduced leakage).
- **Rising demand: 39%** see more pull for **cybersecurity/compliance** (29.5%–48.5%).
 - **Why these win:** They **limit downside risk** (breach costs, fines, downtime) and are often framed as **insurance for cash continuity**.
- **Deferred: 41%** report deferrals of **platform upgrades/data initiatives** (e.g., **data lakes, TEFCA onboarding, enterprise analytics**; 31.5%–50.5%).
 - **Why deferred:** Larger programs with **longer time-to-value**, governance **cutover risk**, and **capital intensity**.

Practical takeaway: Lead with **cash-protection modules**, position **analytics/data work** as **later waves** that build on **cash-flow wins**.



- **Extended terms/financing:** 44% report requests for **60–120 day** terms or financing (34.5%–53.5%).
- **Capex→Opex pricing:** 36% see shifts to **subscription/consumption/risk-share** (26.5%–45.5%).

Illustrative financial effects

1. Payment-timing erosion of present value (vendor perspective, 10% annual cost of capital):

- Receiving \$1,000,000 at **90 days** vs **30 days** reduces PV by ~**\$15,912** (~**1.59%** of contract value).
- At **120 days** vs **30 days**, PV reduction ≈ **\$23,678** (~**2.37%**).

Implication: Term extensions are not just timing inconveniences; they **reduce economic value** and **stress working capital**.

2. DSO (Days Sales Outstanding) sensitivity (illustrative):

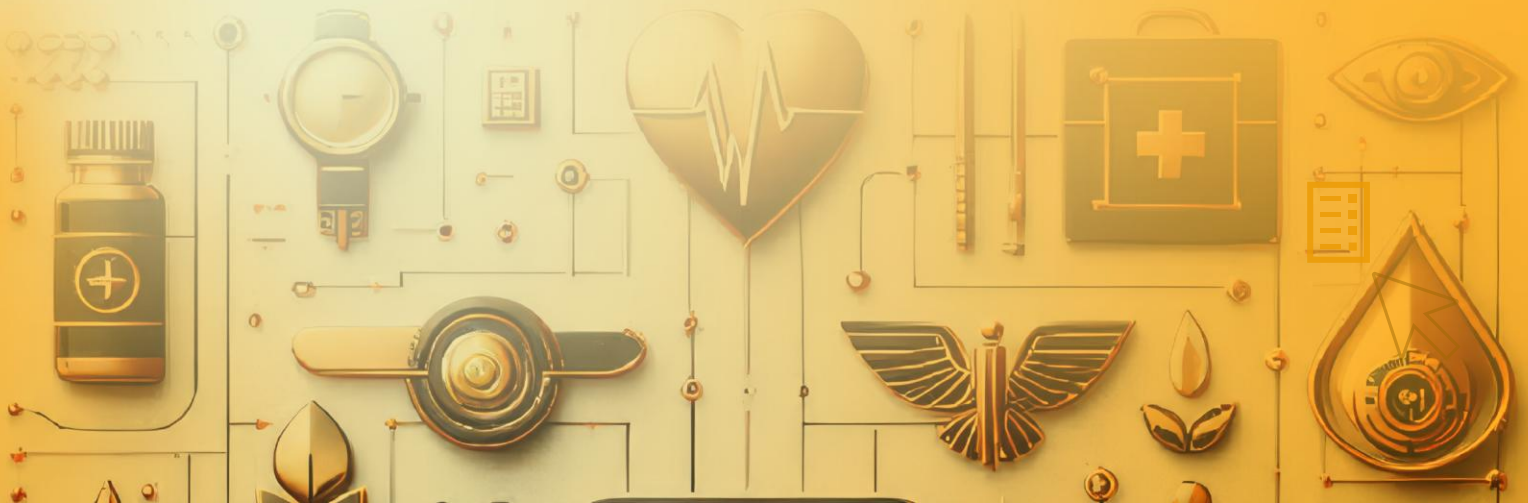
- If a vendor has \$50M annual revenue (≈ \$137k/day) and DSO increases **40 days**, incremental A/R tied up ≈ **\$5.48M**.

Implication: CFOs will press for **financing charges**, **milestone billing**, **risk-share with upside**, or **consumption throttles** to protect cash.

Governance dimension

Boards and finance committees are placing formal holds on discretionary IT. In a provider CIO ad-hoc poll, 60% report pause directives on platform/analytics/TEFCA/non-revenue-critical cutovers, while re-sequencing to denials prevention, eligibility/prior-auth automation, patient access, and cybersecurity continues.

Pipeline Risk & Forecasting



- **Near-term revenue revised down: 41%** (most commonly **5–15%**) are lowering expectations (31.5%–50.5%).

- **Forecast hygiene under uncertainty:**

Use stage-specific slip factors reflecting the release's signals (e.g., add +30–60 days at late stage; apply cancellation factors to non-cash-first categories).

Track board-level reviews as a separate risk gate (if a deal needs finance committee approval, model a binary risk and a longer decision SLA).

Vendor Response Patterns & Best-Practice Blueprints



What vendors are already doing

- **Proofs of value/pilots: 47% (~ 50)** offering pilots with **staged commitments**.
- **Implementation re-sequencing: 33% (~ 35)** delivering **cash-impact modules first** (e.g., eligibility, prior-auth automation, denials prevention).
- **Field marketing pullback: 27% (~ 29)** pausing non-essential launches, re-focusing on **late-stage deals** and **customer expansions**.

Blueprints

1. Cash-First Packaging

- Create “**90-Day Cash Impact**” bundles: **denials prevention, eligibility, prior-auth automation, patient access leakage fixes**.
- Include a **measurement plan** with **baseline** → **post-go-live** metrics that tie to **revenue/cash**.

2. Commercial Terms Aligned to Outcomes

- Offer **milestone billing** triggered by **validated cash KPIs**.
- For **risk-share**, clearly define **attribution, baseline period**, and **caps/floors** to protect both parties.

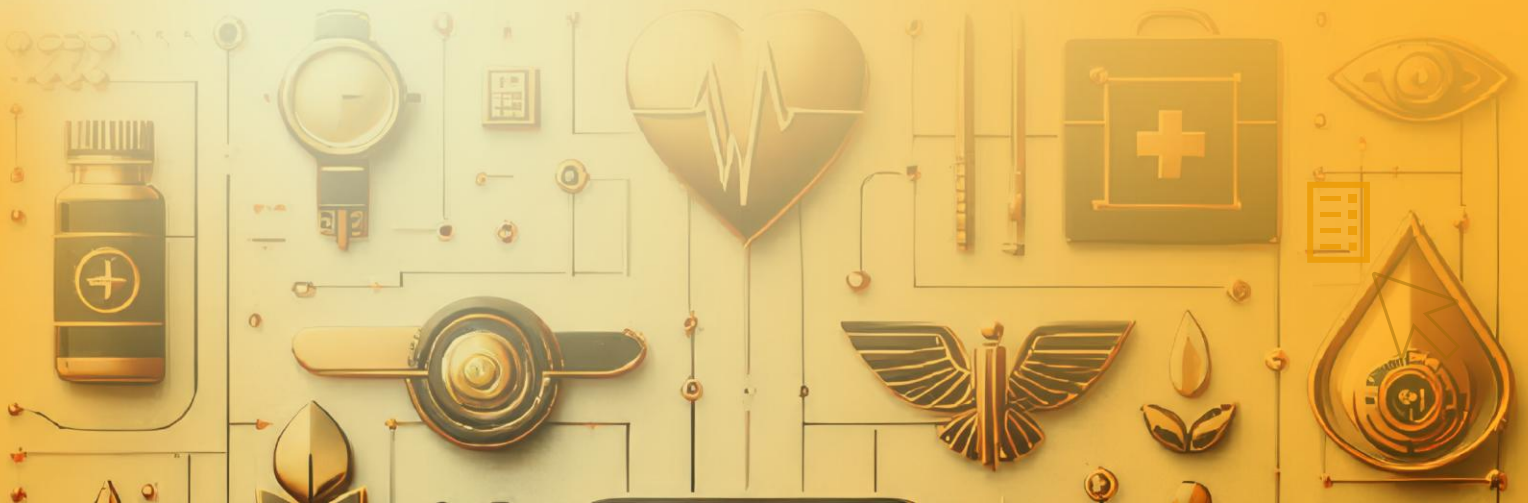
3. Board-Ready Investment Cases

- 1-page **CFO/board brief**: problem, baseline, intervention, **<12-month payback**, governance, and cyber risk mitigation where applicable.
- Provide **scenario analyses** (base/upside/downside) using **conservative assumptions**.

4. Implementation Re-Sequencing

- **Phase 1**: Cash-impact modules; **Phase 2**: stabilization; **Phase 3**: deferred **analytics/TEFCA** once cash steadies.

Implications by Stakeholder



For Provider Boards & Finance Committees

- Maintain formal hold on discretionary IT; require ROI gates (<12 months; where feasible <6 months).
- Green-light modules that protect cash (RCM/denials/patient access) and contain operational risk (cybersecurity).

For Vendor CEOs/CROs/CMOs

- Rebalance go-to-market to late-stage acceleration and customer expansion.
- Institutionalize POV/pilots and cash-first sequencing; adjust pricing/terms to capex-lite consumption and tighten collections (despite term pressure).

For Product & Delivery Leaders

- Prioritize features that reduce denials, speed eligibility/PA, and streamline patient access.
- Build telemetry for ROI measurement and board-ready reporting out-of-the-box.

For Investors

- Expect elongated cash cycles; scrutinize DSO, pipeline quality, mix shift toward RCM/cyber.
- Value vendors that can prove cash impact rapidly and adapt commercial constructs without eroding gross margin.

Scenario & Sensitivity Models (Quantitative Illustrations)



Note: The following are illustrative models constructed to help interpret the survey's findings. They do not add any new claims beyond the release.

A. Sales-Cycle Extension Mechanics

- **Assume:** Typical cycle = **90 days**.
- **Observed shift:** “Most commonly” **+30–60 days**; in some cases **+90+ days**.
- **Effect:** A deal planned to close on **Dec 15** may slip to **Jan–Feb** (+30–60 days) and recognition/bookings shift accordingly.
 - **Operational step:** Add **slip buffers** to your forecast and an explicit “**board review**” gate where applicable.

B. Near-Term Revenue Revision

- **Survey:** **41%** revised near-term revenue downward, commonly **5–15%**.
- **Example:** If your next-quarter plan is **\$40M**, a **10%** revision implies **\$4M** moved out or removed.
- **Mitigation:**
 - **Re-sequence** to **cash-first** expansions.
 - Increase **pilot-to-production** conversion support (executive sponsorship, proof reviews, contracting fast lanes).

C. Payment Terms & Working Capital

- **Survey:** **44%** seeing **60–120 day** terms/financing.
- **Illustration:** Moving from **30→90 days** reduces PV of \$1M by **~\$15.9k** at 10% cost of capital; **30→120** by **~\$23.7k**.
- **Mitigation:** Offer **financed options** priced to **cover capital cost**, or **milestones** tied to **realized cash outcomes**.

Closing Notes

- The data clearly indicates a broad tightening of health IT purchasing against a backdrop of cash uncertainty, board-level control, and a turn toward fast-ROI, cash-protective projects.
- Vendors who prove value quickly, sequence implementations for early cash outcomes, and adapt terms without undermining economics are best positioned to navigate lengthened sales cycles and delayed RFPs.