

PURPOSE

Enable better care through technology innovation

- Connecting care settings to improve patient experience and health outcomes
- Empowering people through online access to clinically authored content and approved services
 - Delivering insight for clinicians to improve UK health and wellness

WHY DOES THE OPPORTUNITY EXIST?

The NHS Long Term Plan is driving the agenda for integrated care, delivered through technology.

£4.5bn

is committed to increasing primary and community healthcare

2023-24

deadline for every patient to be offered digitally enabled primary care

Markets page 14 >

WHY INVEST IN EMIS?

- Strong positions in specialist markets
- Opportunity to strengthen position in B2B healthcare sector markets over time both organically and by selective bolt-on acquisition
- Excellent financial strength and track record
- High levels of earnings visibility and cash generation
- New technology driving future growth and efficiency

Read more at emisgroupplc.com >

SEGMENTS

EMIS HEALTH

Primary, community
and acute care

63%

of revenue in 2019

#1 in primary care

#2 in community

#1 in A&E

EMIS ENTERPRISE

Medicines
management

22%

of revenue in 2019

#1 in community
pharmacy

#2 in hospital
pharmacy

Partners and
other services

13%

of revenue in 2019

113 accredited
partners

Patient-facing
services

2%

of revenue in 2019

#1 patient
services app

BRANDS



The clinical software business, supplying innovative and essential technology to 10,000 healthcare organisations across every major UK health sector.



Part of EMIS Health

Dedicated to providing specialist ICT infrastructure, hardware and engineering services and non-clinical software into health and social care.



The UK's leading independent provider of patient-centric medical and well-being information and related transactional services.

**“We are focussed on
delivering our strategy.”**

Mike O’Leary
Chair



A year of good progress

EMIS Group delivered higher rates of growth both to revenue and adjusted profit.

Dear Shareholder

I am pleased to report a year of good progress for EMIS Group. We have delivered higher rates of growth both to revenue and adjusted profit. We have maintained our nine-year track record of increased annual dividends. We have also completed the internal transformation of the business and we are focussed on delivering our strategy.

Talent, culture and diversity

During 2019 we continued to attract and retain key talent, selecting and developing exceptional people who are motivated by our purpose. Our teams comprise people driven to grow their areas of the business in the mid and long term. We are thoughtful in our approach to recruitment and retention and have robust succession plans in place. I would like to thank all of our employees for delivering such a strong performance through their commitment, hard work and support of the Group.

A positive culture and employee engagement are fundamental contributors to success. I am pleased to report that an independent culture audit this year saw a very high response rate with continued strong engagement at all levels. This will be an ongoing area of focus during 2020.

Diversity in all forms brings material benefit to EMIS Group and we seek to provide opportunities for all, regardless of background, age, gender or race. The gender diversity of our business has been enhanced with the appointment of Jen Byrne as a Non-executive Director of the Group in May 2019 and Suzy Foster as CEO of EMIS Health in April 2019. We will continue to promote diversity throughout the organisation.

Board changes

As reported in the 2018 annual report and accounts, following completion of nine years of service, Robin Taylor retired on 8 May 2019 at the conclusion of the 2019 Annual General Meeting (AGM), following which Kevin Boyd took on the role of chair of the audit committee and Andy McKeon took on the role of Senior Independent Director. On 22 August 2019 David Sides resigned from the Board following his appointment to a new executive role in the United States. I would like to thank both Robin and David for their contributions to EMIS Group over an extended period.

We were delighted to appoint Jen Byrne to the Board on 8 May 2019 and she has taken up the role of designated Non-executive Director for engagement with our workforce. This is a new role introduced in compliance with the 2018 UK Corporate Governance Code (“the Code”), which we have chosen to apply voluntarily.

We were also extremely pleased to appoint Patrick De Smedt to the Board on 1 January 2020 as Chair designate. Patrick will take over from me as Chair on my retirement at the conclusion of our AGM on 6 May 2020. I would like to welcome Patrick and wish him every success in the Chair role. I have thoroughly enjoyed the nine years that I have spent at EMIS Group and would like to thank my fellow Board members and all of the Group's employees for their support during my tenure as Chair.

Corporate governance

Corporate governance remains an important area of focus for the Board and underpins the sustainability of our business and the achievement of our strategy. The Board has taken steps to consider and strengthen our governance to align with the new Code, in particular in the areas of stakeholder and workforce engagement. Further details of our approach to the Code are set out in our corporate governance statement on pages 45 to 50.

Dividend

A final dividend of 15.6p per share is recommended by the Board. The dividend progression is in line with the capital allocation policy adopted by the Group and will result in a total dividend for the year of 31.2p. Subject to approval by shareholders at the AGM, the final dividend will be paid on 11 May 2020 to shareholders on the register on 14 April 2020.

Outlook

2019 finished strongly and, as noted above, revenue and adjusted profit growth have both been encouraging. Innovation remains key for our future and we will continue to invest in technology development. Our strategy remains closely aligned with NHS policy, which will drive growth for both the EMIS Health and EMIS Enterprise areas of the business. We are unique in the breadth of markets we serve and the strong market positions we hold. We remain well positioned for future success.

Mike O’Leary

Chair

17 March 2020

[Stakeholder engagement page 12 >](#)

“I would like to thank all of our employees for delivering such a strong performance through their commitment, hard work and support of the Group.”

“A positive year for EMIS Group.”

Andy Thorburn

Chief Executive Officer



Considerable operational progress

We achieved key customer retention goals and maintained our leadership positions in key NHS markets.

2019 was a positive year for the Group, with considerable operational progress across the organisation. We have completed the internal transition and organisational plans that were underway through the year and which have in turn improved our operational efficiency, service and responsiveness to customers.

In parallel, we delivered positive revenue growth of 7% and adjusted operating profit growth of 9%, improved our adjusted operating margin to 25% and maintained our nine-year track record of increased annual dividends. This performance was particularly pleasing as we continued to invest to expand our research and development (R&D) capabilities to deliver new, innovative solutions to our customers.

We achieved two key customer retention goals when EMIS Health was appointed to the NHS National Services Scotland (NSS) framework in Scotland and the NHS GP IT Futures framework and Digital Buying Catalogue in England. This ensures that we maintain our accreditation to supply IT systems and services to these primary care markets.

We maintained our leadership positions in key NHS markets and expanded the EMIS Enterprise business with some excellent commercial work, including achieving outright leadership in the community pharmacy market.

We maintained our critical focus on clinical safety, data security and service level performance. We invested in all these areas through the year and supervised progress with regular operational reviews and oversight by our risk management committee.

Transition

Over the last two years, we have successfully dealt with legacy issues, putting us in a strong position in 2020 to execute the next stage of our strategy. In April 2019 we disposed of our Specialist & Care business as it was non-core to the Group's technology strategy. We also exited a number of smaller legacy products that are not part of the Group's future, streamlining our business so that every product and service we provide directly contributes to our core purpose.

We made changes to several of our office spaces according to our business needs, moving our head office to a smaller, more modern facility and reconfiguring other locations to reduce building-related operating costs in 2020 and beyond.

Overall staff numbers decreased as part of our efficiency drive, but at the same time there was a significant change in the mix of staff towards more technology-focussed roles. This included the removal of management layers and administration roles through the deployment of new processes and systems, including our service management platform, ServiceNow. These changes enabled us to invest in the future, increasing our headcount in product management, technology innovation and software engineering roles, which now represent 37% of the Group compared to 22% in January 2018.

Customers and end users

Our customers and end users are central to everything we do, from planning and designing our software at the outset through to daily support interactions. We are continually asking ourselves how we can do better for our customers and as a result during 2019 we adapted the structure of our customer engagement teams to respond to the market's evolution. The NHS is consolidating to deliver a digital transformation that will improve services and outcomes for patients. In England this will be driven by Sustainability and Transformation Partnerships (STPs) and Integrated Care Systems (ICSs): a collaboration of NHS organisations and local councils. Our two business areas are responsible for managing relationships with NHS customers (EMIS Health) and private sector healthcare business and consumer customers (EMIS Enterprise).

We introduced a new support system that improves our responsiveness and increases the ability for customers and end users to self-serve. Our service and support performance improved in the second half of 2019 following the deployment of new systems and, importantly, new leadership. These changes provide us with robust foundations for 2020.

It was a strong year in the EMIS Enterprise business as we completed the roll-out of our community pharmacy dispensing system, ProScript Connect, to almost 5,200 locations. We also upgraded our customer-facing networks as well as taking our data security systems and processes to the next level.

Innovation

Our increased investment in technology and software engineering roles has accelerated the development of our product roadmap:

- We launched phase one of our patient-centric marketplace, allowing the UK public to book appointments for pharmacy services at their local community pharmacy through Patient Access.
- We continued our investment in EMIS-X, our next generation platform, and we expect version one of the platform to be available during 2020 as planned.
- We expect the first applications running on the EMIS-X platform to be launched in 2021.

Talent

Our business is all about people; they drive the energy, innovation and passion behind the quality of our products and services. We continued to attract and retain key talent in 2019; as well as expanding our overall technology development team in the year, we strengthened our team in various key focus areas, including leadership, customer engagement and marketing.

Chief Executive Officer's statement continued

Talent continued

We now have more than 550 employees working directly on product development across the Group. We also have 71 people in our clinical team including doctors, consultants, nurses and pharmacists, driving our high clinical safety standards and contributing essential insight into product development. We have seen an increase in collaborative working across Group segments, business areas and teams as we unite in our shared common purpose of enabling improved care through technology innovation.

We increased our staff benefits packages and introduced performance-related pay for key roles. Share ownership in the business increased during 2019 when we offered a shares grant through the share incentive plan (SIP) scheme, with a 75% participation rate.

Post year-end acquisition

Following the year-end, we completed the acquisition of Pinnacle Health Partnership LLP and Pinnacle Systems Management Ltd, owners and operators of the widely-used PharmOutcomes platform.

PharmOutcomes is a secure, web-based service management solution used by more than 11,000 community pharmacies to record and manage nationally and locally commissioned patient services such as flu vaccinations, the Community Pharmacist Consultation Service and hospital discharge referral management. It allows local and national level analysis and reporting on the effectiveness of commissioned services, helping to improve evidence-based reporting for community pharmacy services.

EMIS Group acquired the business on a cash and debt free basis for £3.0m in cash with further consideration of up to £4.0m payable in cash on the attainment of certain performance targets.

Our focus for 2020

Our focus for 2020 is continuing to deliver our strategic plan of innovation and growth. With our core foundation principles in place – of delivering the highest standards of clinical safety and content, never compromising on data security and exceeding customer service expectations – our 2020 plans are the building blocks for our next stage of growth as a resilient and dynamic business.

We operate in a complex and diverse market and the business is now organised around the operational structures of our healthcare customers. While NHS structures may change, its commitment to technology to deliver positive change remains and we continue apace with the development of EMIS-X and Patient marketplace services for the forthcoming year.

We are developing EMIS Web to meet the requirements of GP IT Futures and these new enhancements will carry forwards to EMIS-X this year. Through our existing EMIS Health product portfolio, we will deliver enhancements to our primary, community and acute care products to satisfy contractual requirements such as for GP IT Futures and to deliver essential user-requested enhancements. We have detailed product roadmaps and resource plans for both existing and new products to meet our go-to-market and retention goals.

The focus for the EMIS Enterprise business in 2020 is to work on further integration of ProScript Connect and to develop Patient Access to offer new services to the UK public through our community pharmacy customers and other partners. The primary care partner programme remains a core focus, as we continue to strengthen the EMIS Health ecosystem through interoperability and integration.

“We delivered positive revenue growth of 7% and adjusted operating profit growth of 9%.”

Looking further ahead, we maintain our targets that the financial outcomes from our growth strategy are expected to be sustained mid-to-high single-digit revenue growth in the mid-term, moving towards an even split of revenue derived from our NHS and enterprise sectors and operating margins increasing towards 30% in the mid-term.

Brexit

As reported in previous years, we anticipate that Brexit will have minimal direct impact on the Group as it is not a significant exporter or importer of goods or services. There are potential indirect effects, including exchange rate volatility affecting the value of sterling and increased pressure on NHS budgets, which could have a negative impact on the Group's prospects. However, despite the improved clarity provided by the UK leaving the EU on 31 January 2020, the scale and timing of these remains uncertain. We will continue to monitor the progress of the withdrawal agreement regarding the terms under which the UK left the EU and the potential market implications of those terms.

Coronavirus

We are monitoring the potential impact of the virus on the UK healthcare market and our business as it changes daily.

Our NHS and community pharmacy customers need our support as they tackle the crisis. We are working with NHS Digital on new coronavirus insights and for our GP end-users we have offered free access to our software to provide video consultations through Patient Access. We have released new coronavirus related functionality in EMIS Web and our product EMIS Anywhere allows full access to EMIS Web through a mobile device, to enable flexible working for GP practices.

We have a robust business continuity plan in place to prioritise both the wellbeing of our employees and keep our software systems and support services up and running for our end-users. To date we have implemented home working for our employees according to government advice. We will continue to take proactive action to mitigate the emerging threat from coronavirus.

Summary and outlook

EMIS Group has a robust business model, with 78% recurring revenue and a strong balance sheet, and is well positioned to weather the short-term market uncertainties created by coronavirus. We have no delivery risks associated with our recurring revenue. We are focussed on looking after our EMIS Group colleagues and supporting our customers as they take care of the population through the coronavirus challenges.

As a resilient and dynamic business, the Group will focus on delivering its strategic plan of innovation and growth beyond the immediate market uncertainty.

Longer term, we are in alignment with NHS policy and fully support the Secretary of State for Health and Social Care's modernisation agenda. The NHS Long Term Plan, published in January 2019, sets out the strategy for the NHS as it plans a digital transformation to provide better patient care across the UK. It is clear that technology will play a huge part in alleviating the pressure on already-stretched NHS services. Our products and services are being designed for market need, responding to the drivers for change in the market, positioning us well for both the NHS and private and consumer healthcare sectors.

Andy Thorburn

Chief Executive Officer

17 March 2020

“Our people drive the energy, innovation and passion behind our products and services.”

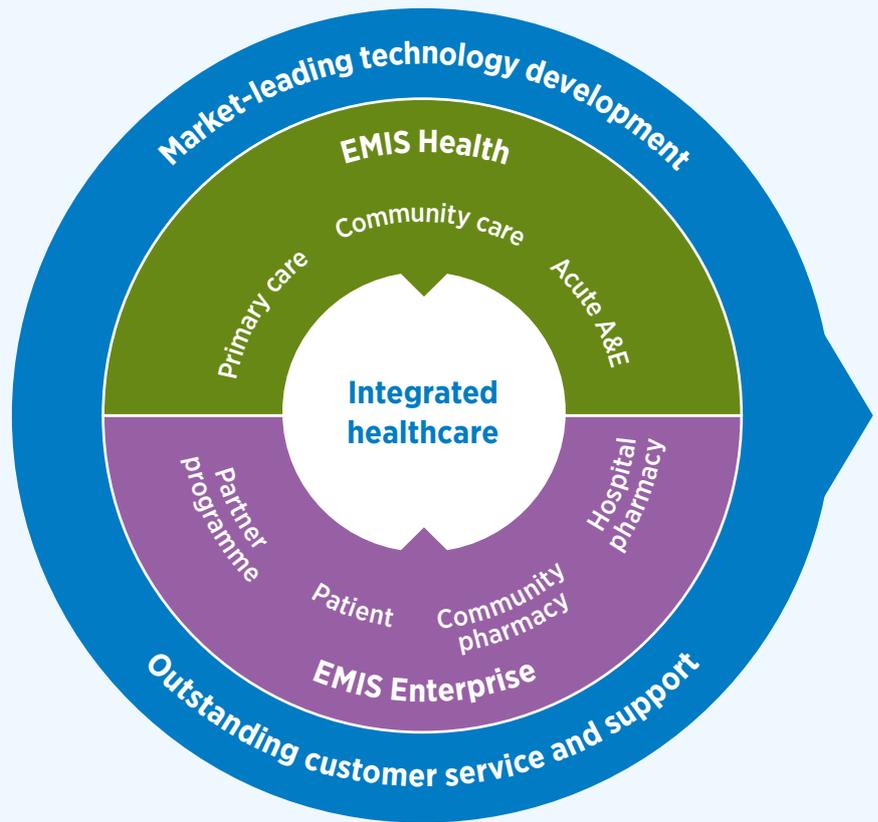
Andy Thorburn
Chief Executive Officer

Joined-up healthcare through innovative IT

OUR KEY INPUTS

- Innovative connected technology services.
- Highly skilled people.
- Trusted brand.
- Strong relationships strategically aligned with government, partners and the markets we serve.
- Strong revenue visibility.
- Responsible leadership.
- Strong culture of caring for both patients and customers.

Markets page 14 >



Our four key values underpin everything we do, throughout every area of the business

Caring

The Group has a strong culture of caring for its customers and employees and making a difference in its community. In 2019 EMIS Group continued to support employees in fundraising for Mind, the chosen Group charity.

Joined-up

EMIS Group has joined teams together into two focussed segments, EMIS Health and EMIS Enterprise. There is a strong emphasis on virtual teams and bringing people together to work in a collaborative, integrated way.

Innovative

EMIS Group continues to invest in innovation to drive growth, from continued development on the EMIS-X platform to brand new, first-to-market, patient-facing services through Patient Access.

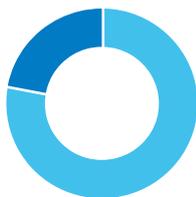
Accountable

EMIS Group's culture of accountability drives the commitment to excellence in every aspect of the business, from development to customer services, working towards the overarching goal of improving health and wellness in the UK.

HOW WE GENERATE REVENUE

Through providing:

- Software and software licences.
- Maintenance and software support.
- Other support services: interoperability fees and B2B services in healthcare.
- Training, consultancy and implementation.
- Hosting services.
- Hardware installation, maintenance and support.



- Recurring revenue 78%
- Non-recurring revenue 22%

[Financial review page 34](#) >

HOW WE ADD VALUE

CUSTOMERS

We help make integrated care a reality across the healthcare industry.

45

out of 191 Clinical Commissioning Groups (CCGs) use EMIS Health systems for both community care and 100% of primary care

CLINICIANS

Our systems and services are designed to support healthcare on the front line.

10,000

healthcare organisations rely on our clinical systems daily

UK PUBLIC

We provide trusted healthcare information and digital services for the UK general public.

8.4 million

Patient Access users

SHAREHOLDERS

We deliver long-term growth in dividends and share price.

31.2p

dividend for the year

B2B

We provide B2B systems and services to enterprise customers in the healthcare market.

5,179

community pharmacies use our software to deliver better customer service and drive up revenue

EMPLOYEES

We are investing in technology innovation and software engineering roles as we accelerate new software development.

37%

of employees are dedicated to software and product development

Why customers choose us



Clinically focussed

We enable clinicians to provide safe and efficient care through excellent software and services – helping patients live longer, healthier lives.



Trusted supplier

Our software and services are used in every major healthcare setting – from GP surgeries to high street pharmacies, community, hospitals and specialist services.



Joining up patient care

Through innovative technology, we are giving more and more healthcare professionals access to the information they need to provide the best possible front line healthcare.



Care about our customers

Clinically led development teams work with our customers to develop systems. That is why we consistently meet the needs of end users.



Innovative

We are always looking at future technologies and trends to make sure we develop ground-breaking services that benefit patients, clinicians and NHS organisations.

Strengthened relationships

The Board recognises its responsibility to take into consideration the needs and concerns of EMIS Group's key stakeholders as part of its discussion and decision-making process. More information about how the Directors have discharged their duties under Section 172 of the Companies Act 2006 (s.172) is available in the strategic report on pages 2 to 41.

EMPLOYEES

Link to strategy [1](#) [2](#) [3](#) [4](#) [5](#) [6](#)

Key topics

- New benefits portal
- Share schemes
- Office relocation
- Feedback on engagement survey
- Gender pay gap report
- Group performance updates
- Culture audit

How we engage

Employees have the opportunity to ask the Chief Executive Officer questions about the business in the regular, live online "Ask Andy" sessions. Board members are able to view these sessions to understand what is most important to employees. Similar sessions have been run by a number of the Group Executive Team (GXT) to increase two-way communication.

A number of meetings were held between employees and Jen Byrne, the designated Non-executive Director responsible for workforce engagement. These meetings are held at the main UK locations on a regular basis. Jen feeds back to the rest of the Board on employee issues, concerns and culture.

The Board discusses other key employee issues, including training and development and the initiatives and outcomes of the Women's Network in both the UK and Chennai.

Employees were surveyed on important decisions such as office relocations, with feedback being considered by the Board.

Key Group performance information such as trading updates is always communicated to employees.

All employees were surveyed as part of a culture audit and employee focus groups were held at different offices to gather more in-depth feedback on culture.

Outcomes

- Regular employee updates to increase their understanding of overall strategy, performance and priorities.
- Greater transparency and two-way communication.
- Increased employee engagement with senior management and an opportunity for the Board to lead by example on values and culture.
- A greater understanding of employee culture by the Board.

KEY TO STRATEGIC PRIORITIES

- | | | |
|---|---------------------------------------|---|
| 1 Connected healthcare | 2 Patient empowerment | 3 Technology innovation |
| 4 Highest clinical content and safety standards | 5 Talent | 6 Customer experience |

SHAREHOLDERS

Link to strategy [1](#) [2](#) [3](#) [4](#) [5](#) [6](#)

Key topics

- EMIS Group strategy
- Corporate governance
- Remuneration
- Financial results
- Disposals and acquisitions

How we engage

The Chief Executive Officer and Chief Financial Officer hold analyst and investor meetings throughout the year with a particular focus following the release of the Group's annual and half year results. Feedback from these meetings is shared with the Board.

The chair of the remuneration committee discussed remuneration matters with several major shareholders during the year. The Board Chair also met with several major shareholders during the year to discuss strategy and remuneration matters.

The AGM is an important opportunity for communication between the Board and shareholders, particularly private shareholders.

The Group's annual report and accounts is available to shareholders in both hard copy form and online. All announcements and presentations are available on the Company's website and key information is announced on EMIS Group social media channels.

Outcomes

- A wide range of communication styles is used to suit investor and potential investor preferences to engage and enable them to gather the information they need, from in person to hard copy to online.
- All material new information is made available to shareholders and potential shareholders at the same time.
- EMIS Group won the Best Investor Communication Award at the AIM Awards 2019 for the second year running.

CUSTOMERS AND END USERS

Link to strategy [1](#) [2](#) [3](#) [4](#) [5](#) [6](#)

Key topics

- Service levels
- Product development and roadmaps
- Customer service

How we engage

The Board receives feedback from both its NHS and B2B customers and end users, both directly and through reports from customer-facing teams.

The Chief Executive Officer attended a number of meetings with strategic-level customers, including NHS Digital (NHSD) and NSS, and reported back to the Board. The Chief Executive Officer also met with representatives at user group meetings to gather direct end-user feedback. The Chief Executive Officer also met senior executives in community pharmacy and partner organisations.

Customer feedback and support performance statistics are regularly collected by the business. This information is discussed by the Board with outcomes and actions passed to the relevant teams.

A number of major contracts were reviewed by the Board including the GP IT Futures framework.

Outcomes

- Increased engagement with customers at strategic level.
- A greater understanding of both customer pain points and future requirements from strategic to end-user level.
- A Board-level drive for the Group to deliver products and services to the highest quality.
- Publication of product development roadmaps to customers to increase clarity.
- Improvements to the provision of support and service with the introduction of ServiceNow.

Delivering digitally enabled care

The NHS has a long-term strategy to use technology to deliver better, more efficient care. It is planning, consolidating and providing funding for its future as the digital NHS, which will rely on IT for every task and every patient interaction. The NHS Long Term Plan, published in January 2019, set the direction of travel for the NHS for the next ten years. At the heart of the Plan is the digital transformation of the NHS to improve services and outcomes for patients.

The digital transformation in England will be driven by STPs, a collaboration of NHS organisations and local councils. In some areas STPs have evolved to become ICSs.

In June 2019 the NHS Long Term Plan Implementation Framework was published, setting out the requirement for STPs and ICSs to create strategic plans to improve care for their local populations. Underpinning each plan is a requirement for a comprehensive digital strategy, including improving provision for digital services and access to personal healthcare records. There is an emphasis on integration and interoperability, such as through a local shared health and care record platform, and NHS funding has been allocated.

The digital NHS will be an everyday working reality for all; NHS staff at every level will be required to make adjustments to how they work as part of the digital transformation, from clinicians to receptionists.

INTEGRATED CARE

[Link to strategy](#) **1** **2** **3** **4** **5** **6**

£4.5bn is committed to STPs and ICSs for an increase in primary and community health services.

- £4.5bn is committed to STPs and ICSs for an increase in primary and community health services. In addition, NHS England has committed to providing extra development funding of around £1m per STP or ICS.
- Healthcare providers are grouping and consolidating to better deliver integrated care. More than 1,200 primary care networks have been introduced to promote collaborative working between GPs and other healthcare professionals, with £1.8bn funding assigned over the next five years.
- CCGs are responsible for commissioning healthcare services in their local area. Large-scale mergers of CCGs are planned in 2020; 74 of the current 191 CCGs have announced plans to consolidate to 18, highlighting the move towards integrated care.
- The second wave of Local Health and Care Record Exemplars (LHCRES) was announced in 2019, with a continued focus on electronic sharing of local health and care records.
- 25 trusts are due to receive a share of £26m to upgrade digital prescribing systems to reduce errors and improve patient safety.
- NHSX is a new unit created to oversee digital transformation including interoperability across systems and local sharing of records to support integrated care.

How EMIS Group can help

- EMIS Web already helps facilitate the collaborative healthcare that CCGs and Primary Care Networks (PCNs) are working towards, connecting, for example, GPs and community nurses. EMIS-X will take this to the next stage, enabling wide-scale interoperability across the healthcare industry, from GPs to paramedics to social care.
- EMIS-X will be the common core to a series of clinical applications for any clinical setting, enabling efficient and seamless exchange of clinical data.
- EMIS Health supports 35% of acute care trusts with its Electronic Prescribing and Medicines Administration (ePMA) system, already enabling digital prescribing.
- EMIS Group restructured its sales and account management teams during 2019 to have a regional focus to better serve consolidated healthcare organisations.

KEY TO STRATEGIC PRIORITIES

- | | | |
|--|------------------------------|--------------------------------|
| 1 Connected healthcare | 2 Patient empowerment | 3 Technology innovation |
| 4 Highest clinical content and safety standards | 5 Talent | 6 Customer experience |

INDUSTRY INSIGHT



“Digital healthcare benefits patients and clinicians”

Dr Shaun O’Hanlon

Chief Medical Officer, EMIS Group

The latest research predicts a 7,000 GP shortfall by 2023/24. More than half of GPs are working 11-hour days and seeing one third more patients than they should be. Technology can be part of the solution to managing rising demand.

A digital front door to primary care

Nine out of ten households have internet access and 78% of adults use smartphones to access the internet.

This means digital healthcare services can provide a ‘digital front door’ into primary care to benefit patients and GPs.

More efficient complex care

Behind the scenes technology can deliver the greatest benefits, by joining up information between different practitioners to enable seamless care for better patient outcomes.

Read more online at emisgroupplc.com >

DIGITALLY ENABLED CARE

Link to strategy [1](#) [2](#) [3](#) [4](#) [5](#) [6](#)

Every patient will have the right to be offered digital-first primary care by 2023-24.

- The NHS Long Term Plan aims for every patient with a long-term condition to have access to their care plan via the NHS App, enabled by the Summary Care Record (SCR).
- Every patient will have the right to be offered digital-first primary care by 2023-24. GP practices are required to make a minimum of 25% of their appointments available for online booking. All patients will have the right to online consultations by April 2020 and video consultation by April 2021.
- The plan will support pharmacies to take on increased patient-facing clinical roles to alleviate pressure on general practices.
- In 2018-19, £20m of funding for online consultations was included in CCG baselines.
- In 2019-20, £16m has been made available to STPs/ICSS to support online consultations.
- There is agreement for additional funding between 2020-2023 to support the delivery of a digital-first approach, including online and video consultations.

How EMIS Group can help

- EMIS Web is integrated with the NHS App, providing all patients registered to a practice using EMIS Web with the ability to use the NHS App. 99% of EMIS Web practices contribute to the NHS SCR.
- Patient Access provides 24/7 online appointment booking.
- Patient Access enables people to book appointments for healthcare services such as flu vaccinations at community pharmacies, in alignment with the Long Term Plan, helping pharmacies to extend their role beyond dispensing medications.
- Video consultations are available through Patient Access, facilitating a digital-first approach.
- Egton launched Online Consult in 2018 (formerly called Online Triage), enabling GPs to offer a route to primary care services online. The system allows practice staff to triage patients and provide the best and most appropriate help quickly and effectively. 360 practices are already using Online Consult with more than 67,000 online patient requests sent in 2019.

Enabling better care through technology innovation

EMIS Group is focussed on delivering its strategic plan as outlined at its Capital Markets Day in November 2018.

The Group has three clearly defined growth pillars:

- digital access to healthcare-related information and care services;
- focus on dispensing and clinical consulting services for community pharmacy; and
- continuing its journey to provide connected care through enhancements to current systems and the build of EMIS-X, the integrated care software platform.

EMIS Group's strategy is a combination of three core parts – connected healthcare, patient empowerment and technology innovation. This powerful combination of priorities means the Group continually adds value to the NHS and B2B healthcare sector.

The strategy is underpinned by an unwavering commitment to maintaining the highest quality clinical content and standards, supporting and developing the organisation's talent and ensuring an excellent customer experience for all.



STRATEGY

ACHIEVEMENTS

1

Connected healthcare

EMIS Group delivers the technology the NHS needs to provide integrated healthcare.

- EMIS Group's technology strategy enables the vision of integrated care to become a reality, creating a joined-up NHS across all settings.
- The Group's current and future product portfolio aligns with market need, including NHS England's strategy, NHSD's roadmap and the requirements and ambitions of GP IT Futures.
- In the mid-term, EMIS-X will be the UK's first integrated clinical platform serving all of the Group's major healthcare markets.
- Patient Access provides connected healthcare services to the general public.
- EMIS Group is uniquely positioned to be able to join up medicines management, from prescribing to dispensing to wholesale, connecting and improving this vital aspect of healthcare.

- 45 out of 191 CCGs use EMIS Health systems for both community care and 100% of primary care, with the potential for integrated working.
- The Group continued working on national standards and projects for interoperability, including SNOMED CT coding compatibility and the Fast Healthcare Interoperability Resource.
- EMIS Health progressed with NHSD's national GP Connect programme, receiving full roll-out approval for GP Connect appointment management and shared record viewer.
- Direct interoperability between clinical system suppliers is now on general release, beginning with interoperability between EMIS Health and third party supplier, TPP.
- Close collaboration across different areas of the Group is resulting in integrated care innovations. Joined-up working between Community Pharmacy and Patient resulted in the release of community pharmacy appointment booking through Patient Access.

2

Patient empowerment

Technology helps keep patients at the centre of every healthcare touchpoint.

- Through Patient Access, the Group will provide a single point of access to a wide range of healthcare services.
- New Patient Access developments will enhance the end-user experience.
- Development of Patient Access transformational features will add new, innovative services to help patients even further.
- Growth of Patient marketplace by adding new suppliers and services.
- Delivering connected care through the core suite of EMIS Health products so that clinicians have all the information they need when they need it, empowering them to spend more time focussing on patient care and less on retrieving information.

ACHIEVEMENTS

- 11,500 people have booked 14,000 community pharmacy appointments in the first six months since the pilot of the new service began.
- Strong take-up of Online Consult in its first year, helping patients get the best and most appropriate primary care quickly and effectively.
- Patient Access registered users increased from 6 million to 8.4 million, booking 6.7 million appointments and ordering 20.2 million repeat prescriptions during 2019.
- 8,700 flu vaccination appointments were booked with community pharmacies through Patient Access in the second half of 2019.

3

Technology innovation

EMIS Group's purpose is to enable better care through technology innovation.

- Increased investment in technology over the next two to three years.
- Further innovation of new Patient marketplace services.
- Development of ProScript Connect to meet the future demands of a changing market.
- EMIS-X will be the core foundation technology that forms the basis of clinical applications for any healthcare setting.
- Clear development roadmap of existing and new products, aligned with customer strategic priorities.
- Development of new technology to improve the process of medicines management for the acute and community pharmacy markets, as well as analytics to drive large-scale improvements in future.

- Completion of additional EMIS Web functionality to meet contract obligations under GP IT Futures.
- Launch of the new community pharmacy appointment booking function in Patient Access, the first release of the Group's Patient marketplace services.
- EMIS-X development on track and meeting internal milestones, with core functionality now largely in place.
- Disposal of the Specialist & Care segment to focus on technology innovation and development for core strategic markets.

4

Highest clinical content and safety standards

EMIS Group is committed to the highest clinical standards in every product and service.

- The Group's focus is to improve patient outcomes and deliver efficient, easy-to-use products for customers and end users.
- The expert clinical team advises and directs on all aspects of product development, bringing a broad range of experience from every major clinical setting.
- The clinical safety team maintains the highest clinical standards for the Group, including creating, embedding and governing the safety processes throughout the product lifecycle.
- The Group is committed to providing the highest standard of content on Patient.info, written and peer reviewed by the clinical content team following The Information Standard guidelines.

- 24/7 clinical safety support is embedded across all products operated by the Clinical Safety Officers across the Group.
- Tracking clinical safety through detailed weekly key performance indicators reviewed by the Chief Medical Officer.
- Continued involvement of the clinical safety team in support processes, including assessing clinical safety impact to ensure any potential clinical safety issue is identified and escalated immediately.
- Ensuring any clinical safety issues that may occur are managed through working collaboratively with customers on appropriate mitigations.
- A robust "safety advisory notice" process provides a formal notice of clinical safety issues to relevant customers and any mitigations required to address any risks.

Strategy continued

5

Talent

EMIS Group's people are the driving force of its energy, innovation and success.

STRATEGY

- Year on year enhancement to employee benefits to increase engagement and retention, subject to affordability.
- A higher proportion of people to be employed in software development and associated product and technology roles, moving towards 45% of the Group's headcount.
- Continual focus on wellbeing, including supporting the Women's Network, flexible working and charity work through the Caring EMIS programme.
- Understanding, reviewing and improving the culture of EMIS Group to make it a great place to work.
- Increasing employee engagement through improved internal communications, clear role objectives and career development plans.

ACHIEVEMENTS

- Improvements made in five key areas: inspirational leadership; talent and development; reward and recognition; operational excellence; and culture and communication.
- Giving back to the community through the Caring EMIS programme, supporting employees in charity fundraising.
- Increased benefits for employees, including improvements to paternity pay, holidays and death in service.
- Standardisation of a flexible working policy across the Group to help those balancing family and work life, including the introduction of a mentoring programme to support returners back to the workplace after periods of leave.

6

Customer experience

Customer satisfaction and end-user experience is at the heart of the business.

- Continued development of existing products, to maintain customer satisfaction and retention.
- Deliver a high standard of customer service, utilising ServiceNow to increase efficiency and enable customers to self-serve for support and training.
- Customer service teams are empowered to resolve more issues at the point of contact, to meet and exceed key service level agreements (SLAs).
- The focus on high-quality customer service at every touchpoint is championed by the leadership team, creating a customer-centric culture across the business.

- Each segment has a clear focus for streamlined customer engagement, with EMIS Health managing relationships with NHS customers and EMIS Enterprise managing B2B healthcare sector customers.
- The Group improved EMIS Health's go-to-market strategy, delivered through teams that have been restructured to reflect the changing healthcare market.
- Patient Access continues to maintain a 4.8/5 star rating for satisfaction.
- Completion of ProScript Connect roll-out to all customers.
- Increased take-up of the new digital support channels, with 30% of all cases being logged through the ServiceNow portal, via email or the new digital chat feature.

[Key performance indicators](#) page 20 >

[Risk management](#) page 24 >

**“Our 2020 plans are the
building blocks for the
next stage of growth.”**

Andy Thorburn
Chief Executive Officer

Measuring our performance

The Group's key performance indicators (KPIs) monitor progress towards the achievement of its objectives.

Total revenue²

£159.5m

+7%

2019	159.5	170.1
2018	149.7	170.1
2017	142.4	160.4
2016	144.5	158.7

DESCRIPTION
Total revenue is a reflection of the level of business that customers choose to place with the Group. It is important as a measure of the attractiveness of the Group's products to the market.

[Financial review pages 34 to 37 >](#)

STRATEGIC FOCUS
Total revenue decreased by 6% in the year. On a like-for-like basis (adjusted to exclude the disposal of the Specialist & Care business in April 2019) revenue increased by 7%. This is a sign of customer confidence in the Group's products and is consistent with the Group's strategy of increasing revenue at a mid-to-high single digit growth rate.

LINK TO STRATEGIC PRIORITIES
1 2 3 4 5 6

LINK TO REMUNERATION
R

Adjusted operating profit^{1,2}

£39.3m

+9%

2019	39.3	37.6
2018	35.9	37.6
2017	36.8	37.4
2016	38.3	38.8

DESCRIPTION
This is the key measure of the Group's underlying financial profitability, as defined in the alternative performance measures (APM) section on page 22, excluding exceptional items and expensing development costs as incurred.

STRATEGIC FOCUS
The 4% increase in the year was reflective of a combination of stronger revenue growth accompanied by investment in the business to deliver on past contractual commitments and for future growth. On a like-for-like basis (adjusted to exclude the disposal of the Specialist & Care business in April 2019) adjusted operating profit increased by 9%. The Group's target continues to be to increase operating margins towards 30%, which implies a faster rate of growth in profit than in revenue, to be delivered by operational leverage and greater efficiency in the Group's systems.

LINK TO STRATEGIC PRIORITIES
1 2 3 4 5 6

LINK TO REMUNERATION
R

Adjusted earnings per share (EPS)^{1,2}

51.4p

+14%

2019	51.4	47.4
2018	45.1	47.4
2017	46.4	47.2
2016	48.7	49.4

DESCRIPTION
Adjusted EPS represents the best measure of underlying profit attributable to shareholders, as set out in the APM section on page 22.

STRATEGIC FOCUS
The increase in adjusted EPS in the year was consistent with the growth in adjusted operating profit. On a like-for-like basis (adjusted to exclude the disposal of the Specialist & Care business in April 2019) adjusted EPS increased by 14%. As a key measure of shareholder return and driver of executive long-term incentive plans, EMIS Group's strategy is to focus on driving improvements in this metric in future through delivering sustainable business growth.

LINK TO STRATEGIC PRIORITIES
1 2 3 4 5 6

LINK TO REMUNERATION
R

1 Adjusted operating profit and adjusted EPS are APMs. See page 22 for further details.

2 ■ Continuing operations excluding Specialist & Care business.

■ Continuing operations and discontinued Specialist & Care business.

KEY TO LINKS

STRATEGIC PRIORITIES

- 1 Connected healthcare
- 2 Patient empowerment
- 3 Technology innovation
- 4 Highest clinical content and safety standards
- 5 Talent
- 6 Customer experience

REMUNERATION

- R Link to remuneration
- R No link to remuneration

Total dividend for the year

31.2p +10%



DESCRIPTION

This measure records the amount of dividend paid out per share relating to the financial year.

STRATEGIC FOCUS

The Board's recommendation of a 10% increase in dividend is a reflection of the Board's commitment through the capital allocation policy (see page 68) to increase direct returns to shareholders over time in line with underlying earnings growth.

LINK TO STRATEGIC PRIORITIES



LINK TO REMUNERATION



Employee engagement

70% -



DESCRIPTION

An engagement score is the best focal point to understand overall employee engagement and represents the employee population's average response to questions on engagement, belief, loyalty and satisfaction.

STRATEGIC FOCUS

Employee engagement stayed consistent during 2019. As set out in the people section on pages 38 to 40 and stakeholder engagement section on pages 12 and 13, the Group is committed to the continual improvement of its working culture, to create a great working environment. The outcomes of a culture audit during the year are being evaluated.

LINK TO STRATEGIC PRIORITIES



LINK TO REMUNERATION



R&D investment²

£20.7m +11%



DESCRIPTION

This measures the level of R&D investment in the Group's software products and is a key measure of the Group's commitment to ensuring that it not only maintains its existing portfolio but is also investing in developing the products of the future.

STRATEGIC FOCUS

The increase in investment in the year is consistent with the Group's strategic focus on preparing new products for the evolving healthcare market, including Patient and the EMIS-X clinical platform, as well as enhancing existing products such as EMIS Web.

LINK TO STRATEGIC PRIORITIES



LINK TO REMUNERATION



Alternative performance measures (APMs)

This annual report and accounts contains certain financial measures (APMs) that are not defined or recognised under IFRS but are presented to provide readers with additional financial information that is evaluated by management and investors in assessing the performance of the Group.

This additional information presented is not uniformly defined by all companies and may not be comparable with similarly titled measures and disclosures by other companies. These measures are unaudited and should not be viewed in isolation or as an alternative to those measures that are derived in accordance with IFRS.

Recurring revenue

Recurring revenue is the revenue that annually repeats either under contractual arrangement or by predictable customer habit. It highlights how much of the Group's total revenue is secured and anticipated to repeat in future periods, providing a measure of the financial strength of the Group. It is a measure that is well understood by the Group's investor and analyst community and is used for internal performance reporting.

	2019 £'000	2018 £'000
Reported revenue	159,507	149,710
Non-recurring revenue	(34,538)	(29,160)
Recurring revenue	124,969	120,550

Adjusted operating profit, adjusted operating margin, and adjusted earnings per share

Adjusted operating profit is operating profit excluding exceptional items, the effect of capitalisation and amortisation of development costs and the amortisation of acquired intangible assets. The same adjustments are also made in determining the adjusted operating margin of the Group and its segments and also in determining adjusted earnings per share (EPS). The EPS calculation further adjusts for the related tax and non-controlling interest effects of the operating profit adjustments.

The Board considers this adjusted measure of operating profit to provide the best metric of assessing underlying performance, as:

- it excludes exceptional items (items are only classified as exceptional due to their nature or size);
- it excludes any one-off goodwill impairment;
- by expensing capitalised development costs (and also not amortising these costs) it reflects the underlying in-year cash cost of development of software for external sale, as development is considered to be a core ongoing operating function of the business; and
- it excludes the amortisation of acquired intangibles arising from business combinations which varies year on year dependent on the timing and size of any acquisitions. This is consistent with the presentation of the amortisation of the Group's own software intangibles.

These metrics are used internally for reporting business unit performance and in determining management and executive remuneration. They are commonly used by other software companies and are also well understood by the Group's investor and analyst community.

	2019 £'000	2018 £'000
Reported operating profit	26,827	27,680
Exceptional items	5,360	(1,657)
Development costs capitalised	(7,363)	(5,782)
Amortisation of computer software developed for external sale	7,132	9,447
Amortisation of intangible assets arising on business combinations	7,317	6,202
Adjusted operating profit	39,273	35,890

The exceptional item in 2019 relates to redundancy and restructuring costs, including property exit costs.

The exceptional item in 2018 relates to a credit for service level reporting charges. A reconciliation of adjusted earnings used in the adjusted EPS calculations is shown below:

	2019 £'000	2018 £'000
Profit attributable to equity holders	22,658	22,710
Profit from discontinued operation, net of tax	(476)	(862)
Exceptional items	5,360	(1,657)
Development costs capitalised	(7,363)	(5,782)
Amortisation of computer software developed for external sale	7,132	9,447
Amortisation of intangible assets arising on business combinations	7,317	6,202
Tax and non-controlling interest effect of above items	(2,319)	(1,624)
Adjusted profit attributable to equity holders	32,309	28,434

Adjusted cash generated from operations

The Group's adjusted cash generated from operations adjusts for capitalised development cost expenditure and the cash costs of exceptional items, consistent with the adjusted operating profit metric used by the Group. This provides a meaningful metric for the underlying cash the Group generates having accounted for the cash cost of all development expenditure and adding back the cash cost of non-recurring exceptional items.

	2019 £'000	2018 £'000
Reported cash generated from operations	50,059	49,873
Development costs capitalised	(7,363)	(5,782)
Cash cost of exceptional items	3,636	10,378
Adjusted cash generated from operations	46,332	54,469

Net cash/(debt)

The Group uses net cash/(debt), defined as cash and cash equivalents less total borrowings (excluding IFRS 16 lease liabilities), as a supplementary measure in evaluating its liquidity, as it indicates the level of cash available to the Group and provides an indicator of the overall balance sheet strength. It is used in the calculation of the leverage ratio under its bank facility arrangements. For the period ending 31 December 2019 the Group was in a net cash position, with no borrowings.

“The strength of the Group’s customer relationships and high level of recurring revenue gives confidence to invest in developing future products and services.”

Peter Southby
Chief Financial Officer

Principal risks and uncertainties

Management of risk

Risk management remains a key priority for EMIS Group to sustain the success of the business in years to come. Each area of the business identifies, evaluates and manages risk according to the Board policy.

The risk management framework

The Board is responsible for the proactive risk management policy, to ensure that EMIS Group has a structured and appropriate approach to risk. Each area of the business has a clear focus to identify, evaluate and manage risk in line with Group strategic priorities and risk appetite.

The risk management process is overseen by the risk management committee (RMC). The RMC has formal terms of reference and the committee comprises the Chief Financial Officer (chair), Chief Executive Officer, Director of Legal and Administrative Services, Company Secretary and Head of Group Internal Audit. The committee met monthly throughout 2019; minutes and action plans are formally recorded and reported to the audit committee, which maintains oversight of the RMC.

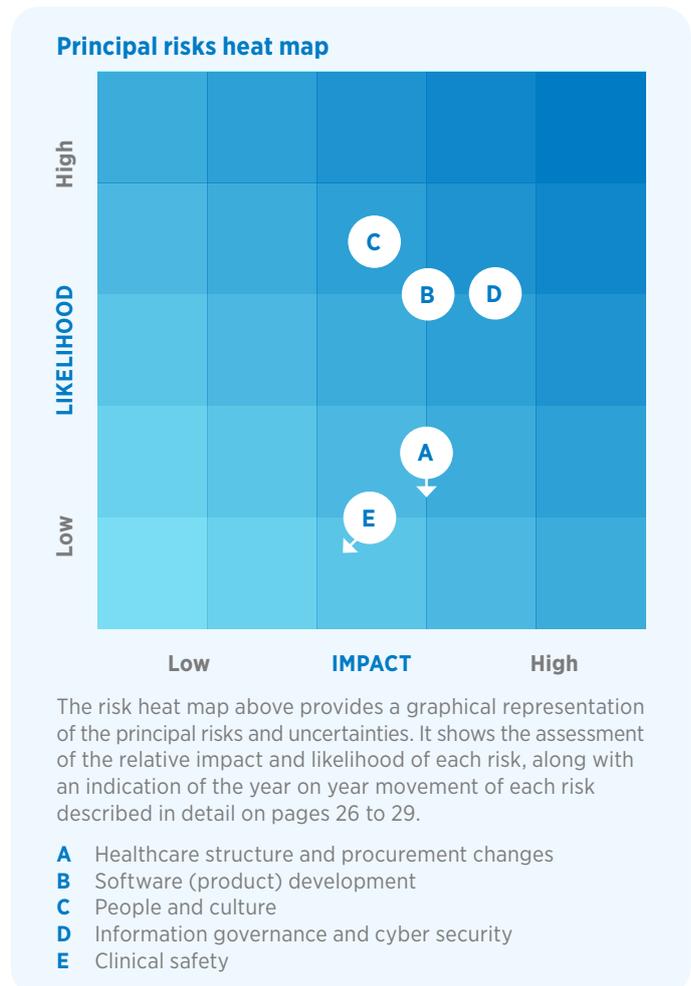
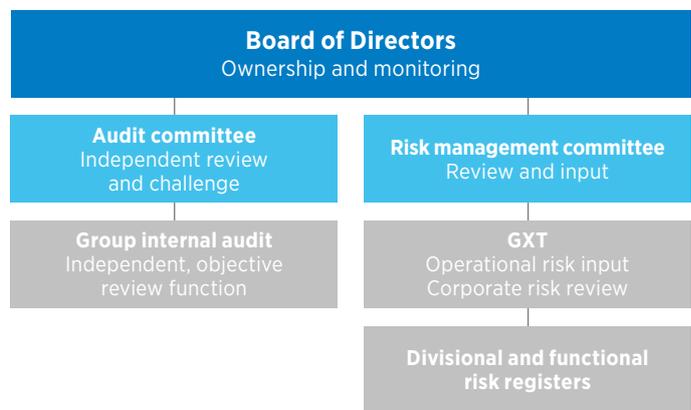
Members of the GXT and other operational management regularly attend RMC meetings to review their key risks and explain in detail how they are managing them.

The RMC reviews a consolidated Group risk register at least twice a year before it is submitted to the main Board for consideration. The audit committee reviews and challenges the principal risks and mitigating controls identified by management. Group internal audit provides independent, objective assurance on key risks through a programme of audit reviews.

Risks are evaluated using consistent measurements of likelihood, financial and reputational impact, both before and after mitigating controls are taken into account. Risk registers and risk scores are independently verified by the Head of Group Internal Audit. A named risk owner is responsible for ensuring that adequate mitigating controls are in place and operating effectively for individual risks and that, where a risk exceeds the Group's risk appetite, there is an action plan to address this.

Impact of the UK leaving the European Union (Brexit)

As reported in previous years, the Board continues to believe that Brexit will have minimal direct effect on the Group as it is not a significant exporter or importer of goods or services. There are potential indirect effects including exchange rate volatility affecting the value of sterling and increased pressure on NHS budgets that could have a negative impact on the Group's prospects, but the scale and timing of these remains uncertain, despite the improved clarity provided by the UK leaving the EU on 31 January 2020 following the passing of the Brexit withdrawal agreement bill by Parliament. The Board has considered this scenario in its stress testing of the modelling which supports its viability assessment (see viability statement on page 71). While the Board continues to monitor the progress of the withdrawal agreement regarding the terms under which the UK left the EU, and the potential market implications of those terms and those under any future additional agreements, it does not believe that Brexit represents a principal risk for the Group. However, it will continue to keep the situation under review as the UK government and the EU negotiate additional deals in the future.



Risk appetite

The Board, with input from the GXT, has defined its risk appetite across a range of risk categories as outlined opposite, along with detailed statements to support these basic levels of risk appetite. Although there are areas where EMIS Group is prepared to take higher levels of risk, the risk management framework is designed to manage down to an acceptable level the risk of significant financial or reputational impact, with rewards being commensurate with the level of risk being taken within a reasonable timeframe. These statements provide management with guidance on how much and what types of risk the Board is prepared to accept when management is making business decisions.

The Board reviews and revises its risk appetite as its understanding of the level and nature of risk in the business develops or as its appetite for taking risk changes. Acceptable risk appetite levels have remained consistent throughout 2019.

Risk appetite parameters have been built into the Group's web-based risk management application. Any area where exposure is assessed as exceeding the Board's defined risk appetite is flagged and assigned to specific members of the GXT to determine what, if any, action is required. Such risks are monitored by the RMC and remedial actions are tracked.

Emerging risks

Emerging risks differ from principal risks, or other lesser risks in the risk management system. They have a higher degree of uncertainty around when, or even if, they may occur; therefore their impact cannot readily be assessed. Emerging risks have the potential to increase in significance and affect the performance of the Group and its ability to meet its strategic objectives. Their timeline may be well beyond the current three-year time horizon we apply to future risks. As their status changes and they become more certain and more quantifiable, we will move them into the risk registers as clearer, better defined risks. The RMC is the recognised forum for identifying, assessing and reporting on any significant emerging risks facing the Group.

Impact of coronavirus (Covid-19)

In the early weeks of 2020 EMIS Group is responding to the emerging risk of coronavirus (Covid-19). An internal operational task force reviews daily the advice and guidance issued by the UK and Indian government and public health bodies, and responds accordingly to protect the health and safety of employees and anyone with whom they come into contact.

The Group has also prioritised the continuity and availability of its technologies for end users and has updated its customer-facing software systems to reflect the latest government advice. It has also provided GP practices with the option to use Video Consult free of charge in the event that they need to provide medical care and advice remotely.

Risk category	Risk appetite
Overall	Low
Strategic	Medium
Financial	Low
Compliance (legal, regulatory, health and safety, environmental)	Low
Operational:	
- Commercial	Medium
- Sales	Medium
- Marketing (including product strategy)	Medium
- People	Low
- Property	Low
Technical:	
- Innovation	Medium
- Development	Low
- Release (testing/quality assurance)	Low
- Implementation	Low
- Internal IT systems	Low
Clinical:	
- Safety	Low
- Delivery	Low
Data management:	
- Information governance (in relation to clinical safety)	Low
- Information security (in relation to data records and data security)	Low

Each key risk is assigned to an appropriate individual or discrete operating group and all mitigation and action plans are recorded and monitored.

Possible impacts for EMIS Group include the lack of availability of staff in the event of a pandemic, or restricted access to key sites should these need to be closed. The Group has a robust business continuity plan in place including home working and video conferencing to address these eventualities. The Group has a limited reliance on its product supply chains but has sought reassurance from key suppliers that they have adequate stock buffers of several months.

It is difficult to assess the potential financial impact of what is a fast-moving situation. However, the Group has modelled scenarios as part of its viability statement assessment which have demonstrated the Group's resilience to a short-term downturn in trading. The Group will continue to take proactive action to mitigate the emerging threat from Covid-19, both to keep people safe and healthy and to reduce the impact on all the Group's stakeholders.

Principal risks

The principal risks and uncertainties identified by management, and how they are being managed, are set out on pages 26 to 29. These risks are not intended to be an extensive analysis of all risks that may arise in the ordinary course of business or otherwise. During the year the risk regarding recruitment and retention was expanded to cover people and culture more widely, and the risk regarding interoperability and integration was incorporated into healthcare and software product-related risks to better reflect the integrated nature of these areas.

The principal financial risks are separately disclosed in note 3 to the financial statements on page 88.

Principal risks and uncertainties continued

	DESCRIPTION OF RISK	WHY IS IT A RISK?
<p>A</p> <p>Healthcare structure and procurement changes</p>	<p>The commercial success of the Group is dependent on the healthcare sector and its strategic direction to use IT to reduce costs and improve efficiency. There is a risk that the Group's products and services are not in line with the healthcare sector's strategies, or that these will change as NHS and B2B healthcare organisations' plans continue to evolve.</p> <p>The NHS represents a significant proportion of the Group's revenues; how it is organised and how it procures goods and services could affect the Group's ability to sell effectively to this market.</p> <p>While the Group's appointment to the GP IT Futures framework in 2019 has reduced the level of this risk, the framework imposes obligations including the requirement that our products are interoperable with the products of other non-Group suppliers of healthcare services to the NHS.</p>	<p>The English primary care market currently represents the largest single area of revenue for the Group. While the Group has successfully been appointed to the GP IT Futures framework, there is a risk that the Group may not be included on future frameworks which govern procurement in this important area.</p> <p>Failure to achieve interoperability with third party systems could have a significant impact on the Group's ability to meet the government's healthcare technology requirements and to sell its products and services to the NHS and other private sector customers in the longer term.</p>
<p>B</p> <p>Software (product) development</p>	<p>The Group provides innovative IT healthcare systems across a range of sectors, which are integrated with each other and interoperable with other non-Group systems. The core software products are critical to the efficient and effective operation of a wide range of healthcare organisations. Developing excellent, robust and reliable software systems is essential to the ongoing success of the business.</p> <p>The Group's products may be disrupted by competitors if they develop more innovative technology.</p> <p>To achieve its objectives, the Group has acquired several businesses across a range of healthcare sectors in recent years. There is a risk that these businesses do not function effectively as a group, impacting on the success of product integration across the sectors.</p>	<p>The technical or physical failure of the Group's systems, during development, implementation or everyday use, could lead to disruption or complete service denial of high-profile public or B2B services.</p> <p>The failure to monitor and rectify software defects on a timely basis could result in reduced customer satisfaction and contractual penalties.</p> <p>Failure to deliver modern, interoperable software platforms that integrate healthcare services could have a significant impact on the Group's ability to meet the government's healthcare technology requirements and to sell its products and services to the NHS and others in the longer term. This is a reputational risk as EMIS Group is the leading connected healthcare IT supplier to the NHS.</p>

KEY TO STRATEGIC PRIORITIES

- 1 Connected healthcare
- 2 Patient empowerment
- 3 Technology innovation
- 4 Highest clinical content and safety standards
- 5 Talent
- 6 Customer experience

HOW WE MITIGATE THE RISK

To reduce the risk of changes in the healthcare structure impacting procurement, EMIS Group has the following measures in place:

- EMIS Group continues to align its strategies with planned and published government policy on healthcare and technology through close engagement with the NHS at strategic and tactical levels. This ensures products meet the essential requirements of the NHS's current and future major frameworks;
- the Group's new operating segments reflect the split between NHS and non-NHS driven revenues to provide greater focus on these two different markets;
- the segments will reduce reliance on the NHS as a revenue source, with a stated target of achieving a balance between the two segments over time through organic growth and acquisition;
- EMIS Group has continued to invest significantly in product management to develop clear, product-led strategies;
- EMIS-X will provide extensive integration and interoperability across both Group and third party products and will serve different healthcare needs beyond the NHS across the broader healthcare sector; and
- EMIS Group strives to ensure it is perceived as a supplier of connected healthcare IT solutions in its key markets and regularly monitors and analyses key markets and competitors.

To ensure the secure and effective development and implementation of both new and existing products, the Group has in place a range of mitigating controls, including:

- investment in new development, product and project management talent and technologies;
- adoption of strategic product portfolio management across the Group;
- improved in-life software management processes including capturing, classifying, prioritising and reporting software defects and enhancements, clinical safety checks, testing and implementation;
- continued development of best practice standards in software development, product management, customer support, project implementation, clinical safety governance and product integration;
- close liaison between product and sales teams ensuring that commercially attractive product propositions underpin the go-to-market approach;
- aligning product and development teams to specific business and strategic areas with cross-functional teams ensuring that direct feedback from users and customers is taken into account throughout the software life cycle;
- central team responsible for the architecture of the Group's software, ensuring that its platform continues to evolve as new technologies emerge; and
- Board-level responsibility for product and acquisition integration with a clear strategic plan and regular monitoring.

OPPORTUNITY FOR EMIS GROUP

The opportunity for EMIS Group is to align its strategy to policy, so that its products and services deliver the integrated and interoperable solutions that the market is seeking to procure. This positions the Group as a trusted high-tech supplier delivering at every level from end-user experience through to government strategy.

LINK TO STRATEGIC PRIORITIES



The opportunity is to build on the Group's strong 30-year history as a market innovator and instigator of positive change, with new software development that is both technologically leading edge and in alignment with customer requirements.

LINK TO STRATEGIC PRIORITIES



Principal risks and uncertainties continued

	DESCRIPTION OF RISK	WHY IS IT A RISK?
<p style="font-size: 2em; font-weight: bold; margin: 0;">C</p> <p style="font-weight: bold; margin: 0;">People and culture</p>	<p>The Group is reliant on the skills and knowledge of its people in a range of areas, but especially in software development, clinical safety and information technology systems. The Group may not be able to recruit or retain an appropriate calibre of employees.</p> <p>Business reorganisation has continued apace throughout the year. The nature and speed of change can create short-term disruption and uncertainty and lead to the loss of skills and knowledge.</p> <p>Workload is high for many people and this can lead to poor physical and/or mental wellbeing.</p>	<p>Failure to recruit or retain appropriate numbers of suitably qualified people in critical areas could lead to a deterioration in the quality of products and services. This could lead to failure to meet customers' needs, loss of business and the Group failing to deliver expected financial returns.</p> <p>Low level engagement caused by a poor culture could risk the retention of critical employees and/or a reduction in productivity.</p>
<p style="font-size: 2em; font-weight: bold; margin: 0;">D</p> <p style="font-weight: bold; margin: 0;">Information governance and cyber security</p>	<p>The Group processes significant volumes of confidential and sensitive personal data, particularly in the areas of hosting patient care records and processing employee data.</p> <p>Hosting personal data (in particular special category data such as patient care records) carries risks associated with information security, data protection and system reliability, including loss, theft and corruption of data. Breaches may arise in relation to any of the three pillars of information security: confidentiality, integrity or availability.</p> <p>The majority of reported data breach incidents are owing to people inadvertently disclosing data, but attacks and malware incidents continue to rise. Recent media reports involving the misuse of employee data by internal actors has highlighted the need for vigilance in relation to this data and the threat of the insider.</p>	<p>EMIS Group's trusted reputation rests on its integrity and the quality of stewardship it applies in respect of its customers' sensitive data.</p> <p>Changes in information governance legislation, including the EU General Data Protection Regulation (GDPR), the Data Protection Act 2018 and the Networks and Information Systems Directive, have raised awareness across the industry and the general public and brought a much tougher enforcement regime.</p> <p>Failure to comply could lead to significant fines, claims for damages and reputational damage. "Class action" style claims are increasingly being brought on behalf of affected individuals where individual claims might be relatively modest but when multiplied by the number of individuals involved the sums can become very significant.</p>
<p style="font-size: 2em; font-weight: bold; margin: 0;">E</p> <p style="font-weight: bold; margin: 0;">Clinical safety</p>	<p>As a provider of critical IT systems to organisations that provide healthcare to patients, the Group is exposed to a range of clinical risks.</p> <p>These include risks associated with the use of algorithms in the Group's products, which clinicians use to direct and support day-to-day patient care.</p> <p>For pharmacy software products, similar risks exist around incorrect dosages and labelling of products dispensed.</p> <p>The Group's Patient business provides technology-based enabling tools for clinicians. There are no direct clinical services provided by Patient.</p> <p>The Group does not carry direct clinical risk from causing harm to patients, as it is no longer a provider of clinical services following the disposal of Specialist & Care in 2019. This has considerably reduced the Group's overall exposure to clinical safety risks.</p>	<p>There is a risk of clinical harm to patients should the software used by healthcare professionals, such as EMIS Group hosted IT systems, fail to provide accurate, reliable and timely personal information. For example, this could include alerts regarding a patient's known allergies, existing prescribed medication or other relevant personal information. These risks may be amplified where Group systems interoperate with third party applications.</p>

KEY TO STRATEGIC PRIORITIES

- 1 Connected healthcare
- 2 Patient empowerment
- 3 Technology innovation
- 4 Highest clinical content and safety standards
- 5 Talent
- 6 Customer experience

HOW WE MITIGATE THE RISK

Key actions implemented, or commenced, during the year include:

- improved empowerment and accountability through restructuring;
- investment in management skills through training, performance management and 360-degree feedback;
- improved internal communication;
- team management objectives included in bonus achievement of senior leaders;
- succession plans in place for key roles;
- operating a regularly reviewed and externally benchmarked pay and benefits framework to ensure greater consistency across the Group;
- Group-wide employee satisfaction surveys including suggestions for improvement;
- investment in improved working environments to motivate and inspire employees;
- mental health first aiders trained and roll-out of their support across the business;
- continued focus on the Women's Network, aimed at increasing engagement of female employees;
- focus on graduate and apprentice hiring to provide a ready supply of "home grown" talent; and
- culture audit to evaluate business culture to improve employee engagement.

An information governance (IG) framework has been established including:

- culture placing IG at the heart of everything we do;
- oversight structure includes an IG Board, Data Protection Officer, Senior Information Risk Owner, IG Officer and Caldicott Guardian;
- all employees receive mandatory annual online IG training provided by the NHS' e-learning programme and internal and external GDPR training;
- policies and procedures meet the requirements of GDPR; and
- Data Protection Impact Assessments undertaken in relation to key products and services where personal data is processed.

The Group has implemented a major security improvement programme, which is continually implementing new measures, hardening existing controls and increasing employee education in keeping data and systems secure. The programme includes:

- physical security improvement measures at data centres;
- programme of penetration testing and vulnerability scanning;
- maintaining compliance to ISO 27001, ISO 22301, ISO 9001 and Cyber Essentials Plus;
- building resilience to social engineering and phishing attacks;
- cloud security measures for AWS/EMIS-X;
- specialist cyber responders to manage breaches; and
- cyber insurance.

Most clinical risks are allied to other principal risks, for example, software development, recruitment and information governance, as failures in any of these could lead to clinical harm to patients.

Mitigating actions specifically relevant to clinical risk management are noted here:

- Chief Medical Officer and a network of Clinical Safety Officers in place with responsibility for clinical safety across the Group;
- policies and procedures designed to meet the regulatory requirements of NHSD's clinical risk management standards DCB 0129 or DCB 0160;
- policies and processes in place to meet regulatory standards for "software as a medical device" pertaining to embedded algorithms and decision support;
- procedure for accredited clinicians to identify and mitigate potential clinical risks in new software development, releases and updates. Clinical sign-off is required for all releases; and
- oversight by external regulators.

OPPORTUNITY FOR EMIS GROUP

The Group's strategy to become an employer of choice will lead to improved recruitment and retention of talent. Attracting and retaining highly skilled, motivated employees will lead to better business performance, enhancing the Group's good reputation as well as financial return.

LINK TO STRATEGIC PRIORITIES

- 1
- 2
- 3
- 4
- 5
- 6

With a clear, dedicated focus on information governance and cyber security, the Group is able to operate in the healthcare market with confidence in its processes, products and services, inspiring, in turn, confidence in customers and end users.

LINK TO STRATEGIC PRIORITIES

- 1
- 2
- 3
- 4
- 5
- 6

EMIS Group's priority is to deliver the highest standards of clinical safety. This is an unswerving focus that runs through the Group's culture, creating an opportunity to continue to build the trust of the healthcare profession, leading to increased software and service sales and customer retention.

LINK TO STRATEGIC PRIORITIES

- 1
- 2
- 3
- 4
- 5
- 6

Operational review – EMIS Health

Focussed on integrated care

Connected healthcare solutions for strategic customers in alignment with market need and NHS policy.

EMIS Health

The EMIS Health segment comprises business areas where revenues are generated from NHS organisations. This includes the primary, community and acute A&E markets as well as the Egton business.

Market shares

EMIS Health maintained its UK GP market leadership position with a market share of 57% (2018: 57%).

EMIS Health increased its community market share to 21% (2018: 20%), maintaining the number two market position.

The Group increased its market share in Acute A&E to 23% (2018: 22%) moving to market leadership.

NHS primary care frameworks

As previously announced, EMIS Health was awarded a place on the NHS GP IT Futures framework in October 2019 and shortly afterwards became the first GP clinical system supplier to be accepted onto the Digital Buying Catalogue.

The framework commenced on 1 January 2020 and replaced the previous contractual framework, GP Systems of Choice (GPSoC), to supply IT systems and services to the GP market in England. The framework will govern the provision of the majority of EMIS Group's clinical IT system-related services to GPs in England. During 2019 EMIS Health delivered the EMIS Web functionality required to meet

the initial contract obligations under GP IT Futures with further development planned during 2020.

Following the announcement in February 2019 that EMIS Health had been awarded a place on the NSS framework, the Group is investing in its team and facilities in Scotland and continues to work closely with NSS to deliver the technology to support its health and care strategy.

EMIS Health has successfully completed the upgrade to EMIS Web in Northern Ireland. It continues to support its GP customer base in Wales following NHS Wales Informatics Service's (NWIS) announcement in mid-2019 that it had cancelled the contract with one of its GP clinical software suppliers, which had been appointed to replace EMIS Health over time.

EMIS-X

The development of EMIS-X continues at pace. EMIS Group is working towards an expected first version of the platform during 2020 and the first upgraded application in 2021.

Our development activity is closely aligned with market need and NHS policy. The Group's clinical team brings a wealth of clinical insight from all major settings to ensure EMIS-X delivers innovation that makes a difference and the best end-user experience. Dovetail has contributed well in 2019 as an integrated part of our technology development activity.

Improved go-to-market strategy

During 2019, EMIS Health brought together its primary, community and acute care sales and service functions into one unit, together with Egton. The NHS market is moving towards joined-up healthcare solutions that span multiple care settings. The Group refined its go-to-market strategy during 2019 to focus on its overarching connected healthcare propositions to strategic customers, including STPs and ICSSs.

The focus is to work in partnership with strategic organisations to deliver the technology solutions they need to meet the challenges of integrating care in their locality.

EMIS Health is working closely with its acute A&E and community customers to share development roadmaps with the intention of building a personalised plan for each patient to meet their needs.

It continues to work closely with customer user groups on enhancements and developments.

Streamlined support and service

EMIS Health has streamlined its support and service function with migration onto a single customer and internal platform, ServiceNow. It co-located two of its support teams during 2019 to improve joined-up working and increase efficiency.

This has seen an increase in the use of digital-first options to access support services. Digital chat is a new and additional route for end users to provide quick access to

WE DELIVER

A&E systems

6.3m

electronic discharge messages sent to NHSD

GP systems

163m

appointments booked annually

Community systems

79m

consultations recorded

GP hosted systems

40m

patient records

support teams via ServiceNow. In the last six months of 2019 EMIS Health saw an increasing uptake of digital-first support, with around 30% of all support issues now logged via email, portal or digital chat.

Digitisation

Egton's Lloyd George Digitisation service continued to perform well, with strong sales of its service to digitise legacy paper records, as the market continues to work towards its target to be fully digitised by 2024.

Future plans

The focus for EMIS Health for the forthcoming year is on the development of EMIS-X, working towards its first deployments in the Scottish and English GP markets. Essential developments will be delivered to the existing product suite, meeting market and contractual need until the EMIS-X platform and resulting applications are ready.

INDUSTRY INSIGHT



Technology allows us to think as one

Ian Bailey, RN, DN, BN (Hons)

Queen's Nurse,
Clinical Design Director

“Caring for people more effectively in their own homes relieves pressure on busy hospitals. This relies on joined-up working.”

Clinicians working across different teams need instant, electronic access to a shared care record – whether they are in a clinical room, the patient's home or the car. This helps them make more informed and safer decisions, have more effective conversations with their colleagues and provide patients with the best experience possible.

Read more online at emisgroupplc.com >

INDUSTRY INSIGHT



Party like it's 2019

Haidar Samiei

Clinical Director,
EMIS Health

“As a junior doctor, I was working in A&E on New Year's Eve 1999, armed with only a backpack full of textbooks and a pager.”

Life as a junior doctor was information-poor back then: imagine replacing access to the consultant, registrar, intranet and mobile phone with a pager and some textbooks on a night shift. Now in 2019 we have decision support tools: we can streamline processes and use people with specialist skill sets to provide better, faster care.

Read more online at emisgroupplc.com >

B2B healthcare opportunities

The release of the first Patient marketplace service is a true demonstration of joined-up healthcare technology in action.

EMIS Enterprise

The EMIS Enterprise segment comprises business areas where revenues are derived predominantly from B2B healthcare sector sources, including medicines management across both community and hospital pharmacy, and the Patient business.

Market shares

The Group moved to a sole market-leading position in community pharmacy during 2019 at 36% (2018: 37%) and maintained its number two market position in hospital pharmacy with a market share of 35% (2018: 36%).

ProScript Connect upgrade

The roll out of ProScript Connect was completed during 2019. This brings all community pharmacy customers onto the same system, enabling efficiencies in supporting and developing just one system instead of two. The retirement of the legacy product, ProScript, resulted in the loss of a small number of sites which opted not to upgrade.

Other community pharmacy products and services

Two Group-wide solutions for the Falsified Medicines Directive (FMD) authenticator via barcode scanning were developed and released to both the community pharmacy and hospital pharmacy user base. The electronic controlled drug register functionality was released and included as standard for all

community pharmacy customers, adding an essential timesaving feature to help with customer retention. Other strong performing products included the pharmacy WiFi service and the hardware required to support FMD.

The pilot of the Patient Group Directions (PGD) functionality was completed and the software will shortly be launched as part of ProScript Connect. This enables community pharmacies to provide clinical services to patients as part of the PGD directive to help more patients in community pharmacy and alleviate pressure on primary care.

Hospital pharmacy

EMIS Group continues to develop its existing ePMA system to provide better functionality for end users, working with customers to align to the same release version to realise development and support efficiencies and ensure updated technology for all.

Patient

2019 was another successful year of growth for Patient. Registered users for Patient Access climbed from 6.0m to 8.4m, booking 6.7m GP appointments and 20.2m repeat prescriptions. The app continues to receive positive user ratings, with an average 4.8/5 star rating on the Apple App Store from 315,000 ratings (2018: 4.8/5 star rating from 150,000 ratings).

Following a successful pilot with the Day Lewis pharmacy group, EMIS Group launched community pharmacy appointment booking

during 2019, enabling the UK public to book appointments for clinical services with participating community pharmacies, adding to the existing functionality allowing GP appointment booking. This supports the PGD directive.

In the first six months since launch of the pilot in July 2019, 14,000 community pharmacy appointments were booked by 11,500 members of the public. By February 2020 the service was live with more than 800 pharmacy branches across 22 organisations. There was a seasonal uplift during flu season, with 8,700 flu vaccination appointments booked with community pharmacies through Patient Access.

The service includes a flu eligibility checker, where patients can check whether they are entitled to an NHS flu vaccination, allowing them to book their vaccination with either their practice or pharmacy as they choose. In the first six months, 56,000 people took advantage of this service.

Patient Access community pharmacy booking is the first release of the Group's marketplace services and uses the EMIS-X appointment engine as its underlying technology. It is a true demonstration of joined-up healthcare technology in action. Pharmacists using ProScript Connect software are able to send an electronic consultation summary back to the EMIS Web patient medical record, where the GP can review and update the record accordingly. The patient can then access the medical record at any time using the Patient Access medical record viewer.

WE DELIVER

Patient Access

8.4m

registered users

Hospital pharmacy systems

14m

patient records annually

Community pharmacy

454m

items dispensed annually

Partner programme

113

partners in the primary care ecosystem

The partner programme

The partner programme continued to perform strongly during 2019, providing accredited technology solutions that interoperate with EMIS Health primary care clinical systems. There are now 113 accredited companies in the partner ecosystem (2018: 104), providing 158 accredited products or services (2018: 149) as a connected care solution to help primary care end users improve efficiency and patient outcomes.

Future plans

The focus for EMIS Enterprise during the forthcoming year remains on developing additional marketplace services into Patient Access, to both enhance the app for the general public and add increasing value for community pharmacies. There is growing collaboration between the Community Pharmacy and Patient teams to bring additional pharmacies on board to offer Patient marketplace services at more locations across the UK.

The Group will also continue to develop ePMA for hospital pharmacy and launch the PGD software to community pharmacy during the 2020 financial year.

INDUSTRY INSIGHT



A positive impact on medicines management

Shanel Raichura
MRPharmS

Clinical Director, EMIS Health

“People can now book appointments for services in their local community pharmacy through Patient Access.”

The UK public can find and book a range of clinical services provided by their local community pharmacist through Patient Access. It's one way we're working on joining up medicines management across the healthcare journey: pharmacists using ProScript Connect can send an electronic consultation summary back to the Patient's GP, (with patient consent). It means greater visibility of the patient's journey for all.

Read more online at emisgroupplc.com >

INDUSTRY INSIGHT



Easing pressure on general practices

Dr Sarah Jarvis, MBE,
FRCGP

Clinical Director, Patient Platform Limited

“The average wait to see a GP is now two weeks and 40% of patients wait longer than this.”

The NHS Long Term Plan emphasises digital services to provide patients with the tools they need to look after their own health. The pace of change in the digital world is rapid and we have been providing our users with more services, driven by the growing need to empower patients to take control of their own health and wellbeing.

Read more online at emisgroupplc.com >

**“Group revenue
increased by 7%.”**

Peter Southby

Chief Financial Officer



Good progress and investment

Adjusted operating profit for the year increased by 9%.

The results for the year ended 31 December 2019 reflect a year of good trading progress for the Group, increased investment in the business to deliver future growth and the completion of the Group's reorganisation.

Adjusted operating profit for the year, as set out in the table below, increased by 9% to £39.3m (2018: £35.9m) with statutory operating profit, including an exceptional £5.4m charge for reorganisation costs, at £26.8m (2018: £27.7m). A reconciliation between the operating profit measures is given in the Group statement of comprehensive income and in the appendix to this report.

Group revenue increased by 7% to £159.5m (2018: £149.7m), with recurring revenue 4% higher.

Segmental performance

The table below sets out the summary segmental performance.

In the EMIS Health business, revenue grew by 2% with adjusted operating profit lower than the previous year as a consequence of increased investment in developing the EMIS-X software platform.

Performance in the EMIS Enterprise division reflected a strong performance in the market with revenue increasing by 16% and adjusted operating profit by 37%. These results included a number of commercial licence deals for both continuing and legacy products.

Revenue

Group recurring revenue, principally software and software licences, maintenance & software support, hosting and other support services, was £125.0m (2018: £120.6m). This represented 78% of the Group's total revenue (2018: 81%), slightly lower as a result of increased non-recurring revenues in the EMIS Enterprise division. The strength of the Group's customer relationships supported by the high level of recurring revenue give the Group confidence to invest in developing future products and services, as well as providing good visibility of future financial performance.

Revenue is analysed in the following categories:

- software and software licences, higher at £66.6m (2018: £62.1m), reflecting a strong overall performance and benefiting from the licensing referred to above;
- maintenance & software support, consistent at £39.3m (2018: £39.8m) with business growth offset by reduced revenues from legacy products;
- other support services, which grew to £17.4m (2018: £16.9m) with business growth in part offset by a reduction in online advertising revenues;
- training, consultancy and implementation, which was higher at £15.6m (2018: £11.7m) with growth in partner and in Egton patient record digitisation implementation fees;
- hosting, where additional revenues associated with the end of GPSoC resulted in an increase to £13.7m (2018: £11.9m); and
- hardware revenues, which were slightly lower at £6.9m (2018: £7.3m).

Summary segmental performance

	EMIS Health 2019 £'m	EMIS Health 2018 £'m	EMIS Enterprise 2019 £'m	EMIS Enterprise 2018 £'m	Total 2019 £'m	Total 2018 £'m
Revenue	100.9	99.3	58.6	50.4	159.5	149.7
Adjusted segmental operating profit	23.3	25.2	17.5	12.8	40.8	38.0
Group expenses					(1.5)	(2.1)
Adjusted operating profit¹					39.3	35.9
Adjusted operating margin	23.1%	25.4%	29.9%	25.4%	24.6%	24.0%

¹ Excludes capitalisation and amortisation of development costs, amortisation of acquired intangibles and exceptional items.

Financial review continued

Profitability

Adjusted operating profit increased by 9% to £39.3m (2018: £35.9m), after taking account of the increased level of investment in development across the business during the year, which amounted to £20.7m (2018: £18.7m). The adjusted operating margin also improved to 24.6% (2018: 24.0%).

There was a small increase in total staff costs with higher levels of variable compensation across the Group, although year-end staff numbers fell to 1,527 (2018: 1,685 excluding the disposal of the Specialist & Care business) and the average headcount was also lower at 1,575 (2018: 1,667). Overall staff numbers have reduced over the year, despite the Group continuing to invest in hiring developers, through the careful management of recruitment and the restructuring exercise, which is now complete. This resulted in exceptional costs of £5.4m in 2019 in respect of staff and related property costs.

After accounting for the exceptional items, the capitalisation and amortisation of development costs, and for the amortisation of acquired intangibles, statutory operating profit was £26.8m (2018: £27.7m).

Taxation

The tax charge for the year was £5.0m (2018: £5.4m). The effective tax rate for the year was 19.2% (2018: 18.9%).

Earnings per share (EPS)

Adjusted basic and diluted EPS were 14% higher at 51.4p and 51.1p respectively (2018: 45.1p and 45.0p). The statutory basic and diluted EPS were marginally lower at 36.0p and 35.8p respectively (2018: 36.1p and 36.0p) principally as a result of the impact on the respective years of exceptional items.

Dividend

Subject to shareholder approval at the AGM on 6 May 2020, the Board proposes an increase in the final dividend to 15.6p (2018: 14.2p) per ordinary share, payable on 11 May 2020 to shareholders on the register at the close of business on 14 April 2020. This would make a total dividend of 31.2p (2018: 28.4p) per ordinary share for 2019. This is 10% higher than in the prior year, reflecting the Group's strong financial position, the Board's commitment to increasing dividends in line with underlying earnings growth and its continued confidence in the Group's prospects.

Disposal

On 2 April 2019, the Group announced the disposal of its Specialist & Care business for a total of up to £14.9m. This is accounted for as a discontinued operation and contributed a profit of £0.5m in the period (2018: £0.9m) as set out in note 11.

Cash flow and net cash

The principal movements in net cash were as follows:

	2019 £m	2018 £m
Cash from operations:		
Cash generated from operations	50.1	49.9
Less: internal development costs capitalised	(7.4)	(5.8)
Adjusted cash generated from operations	46.3	54.5
Cash cost of exceptional items	(3.6)	(10.4)
Net cash generated from operations	42.7	44.1
Business combinations	(1.2)	(1.4)
Acquisition of non-controlling interest	—	(8.0)
Business disposal	6.2	—
Net capital expenditure	(5.6)	(6.8)
Transactions in own shares	(3.1)	0.3
Tax	(4.5)	(5.8)
Dividend to non-controlling interest shareholder	—	(4.0)
Dividends	(18.7)	(17.1)
Lease payments	(0.9)	—
Other	0.6	0.3
Change in net cash in the year	15.5	1.6
Net cash at end of year	31.1	15.6

Cash generated from operations was broadly unchanged at £50.1m (2018: £49.9m). Adjusted cash from operations is stated after adding back the cash cost of exceptional items of £3.6m (2018: £10.4m) and after deducting capitalised development costs. On this adjusted basis, cash flow from operations was 15% lower than in 2018, largely due to an adverse working capital movement with the December 2019 one-off transition impact of moving to new payment arrangements under GP IT Futures from GPSoc compounded by a particularly strong working capital performance in 2018.

The disposal of the Specialist & Care business gave rise to a net cash inflow of £6.2m. The Group paid £1.0m of deferred contingent consideration in respect of the 2018 Dovetail acquisition and also acquired a minority stake in an early-stage pharmacy data business for £0.2m.

Net cash spent on capital expenditure (excluding capitalised development costs) was slightly lower at £5.6m (2018: £6.8m). Capital additions in the year included £3.1m on computer equipment, £0.8m on internal systems and software, and £1.7m on property assets. During the year, the Group agreed terms for the disposal of its former head office building for consideration of £2.5m. As this transaction completed in January 2020, the property has been classified as a current asset held for sale in the balance sheet.

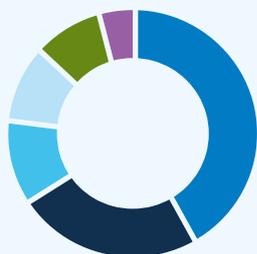
The Group's Employee Benefit Trust (EBT) acquired £3.6m of shares and received £0.5m (2018: £0.3m) for shares transferred in connection with the Group's share schemes.

After tax, dividends, lease payments and other transactions, the total net cash inflow of £15.5m resulted in a year-end net cash position of £31.1m (2018: £15.6m). At 31 December 2019, the Group had available undrawn bank facilities of £30.0m committed until June 2021, reducing to £15.0m for the twelve-month period ending 30 June 2022. An accordion arrangement is in place to increase the quantum up to £60.0m, reducing to £30.0m for the twelve-month period ending 30 June 2022.

Peter Southby
Chief Financial Officer

17 March 2020

REVENUE ANALYSIS



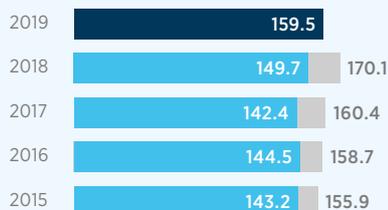
- Software and software licences: 42%
- Maintenance & software support: 24%
- Other support services: 11%
- Training/consultancy/implementation: 10%
- Hosting: 9%
- Hardware: 4%



- Recurring: 78%
- Non-recurring: 22%

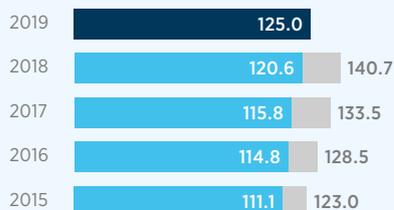
Total revenue³

£159.5m +7%



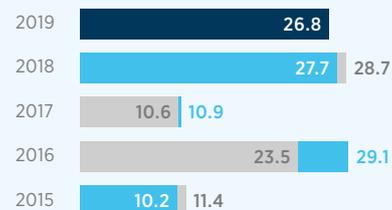
Recurring revenue^{2,3}

£125.0m +4%



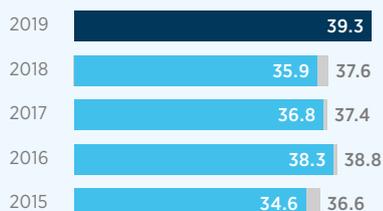
Reported operating profit³

£26.8m -3%



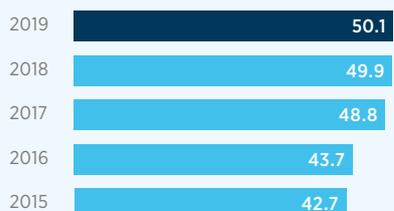
Adjusted operating profit^{1,2,3}

£39.3m +9%



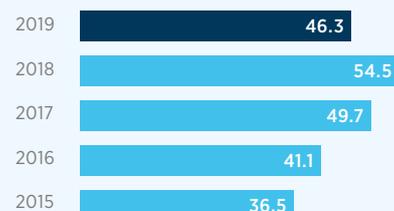
Reported cash generated from operations

£50.1m -



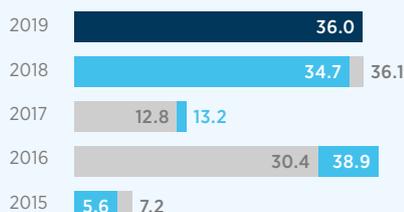
Adjusted cash generated from operations²

£46.3m -15%



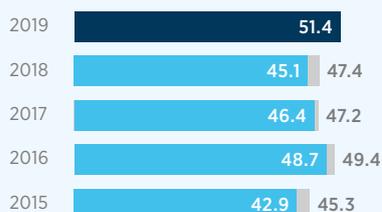
Reported EPS³

36.0p -



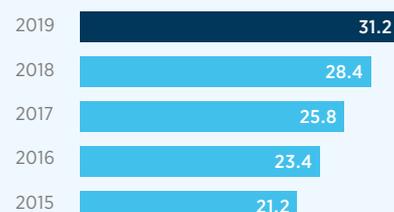
Adjusted EPS^{1,2,3}

51.4p +14%



Total dividend for the year

31.2p +10%



1 Excludes capitalisation and amortisation of development costs, amortisation of acquired intangibles and exceptional items as set out in the Group statement of comprehensive income on page 78. Earnings per share calculations also adjust for the related tax and non-controlling interest impact.

2 These are alternative performance measures. See page 22 for further details and reconciliation to the relevant IFRS number.

3 ■ Continuing operations excluding Specialist & Care business. ■ Continuing operations and discontinued Specialist & Care business.

Our people strategy

EMIS Group set out five key objectives to underpin its people strategy during 2019, with a continual focus on being a great place to work.

1 Inspirational leadership

Inspirational leadership

In 2019 the Group focussed on identifying and building the strengths of future leaders. It launched Academis, a consolidated learning resource, including a hub to support managers in day-to-day leadership and ensure all employees receive a consistently excellent experience.

Regular senior leadership briefings from Andy Thorburn and the GXT enable teams to deliver their best performance.

2 Talent and development

Talent and development

A key objective in 2019 was upskilling, retraining and professional development to support career progression.

Managers have been trained on a consistent process for performance management that will enable people to succeed and grow in their role.

3 Reward and recognition

A wealth of personal development resources are available to all employees, encompassing topics such as honest conversations, building collaborative relationships and decision making.

The Group launched its apprenticeship scheme, bringing new talent into the business, (see page 41) and piloted a returners' programme to help those rejoining the business following extended leave, such as maternity leave (see page 41).

4 Culture and communication

Culture and communication

The Group has a continual focus on creating an open, collaborative working culture and driving up the standards of its internal communications.

The regular "Ask Andy" Chief Executive Officer live online Q&A sessions continued, with a number of GXT members running their own live Q&As. Feedback indicates that people value the honesty and direct access to senior management in these sessions.

A key priority is the Group's caring and wellbeing culture. The Group introduced a mental health first aider programme, training volunteers to support other colleagues. Its charity partnership with Mind continued to inspire colleagues to raise funds.

During 2019 the Group undertook a culture audit, to help shape its vision, values and strategy to do even better in key areas such as communication, collaboration and performance.

Designated Non-executive Director Jen Byrne held regular meetings at different locations, to meet and hear from employees about the Company culture and feed back to the Board. Employee forums were launched in Leeds and Bolton with more to follow.

5 Operational excellence

Reward and recognition

The Group aims to develop fair and consistent reward and recognition plans to support a performance culture. External market data is used as a benchmark to develop market competitive reward strategies to help attract and retain key talent. The Group continued to make improvements to benefits at every job level and all UK employees were offered an award of free shares through the SIP. EMIS Group engaged a new benefits provider in 2019 to enhance the offering to employees and increase value for money.

Operational excellence

Operational excellence enables the business to focus on its priorities, supported by well running HR processes.

The Group set up systems to bring clarity to HR policies and resources so that everyone has the support and information they need. Academis provides all key personal development information on one platform, previously held on different systems. For example, building on the flexible working policy introduced in 2018, there is one central resource to support working parents and enable managers to provide the best support possible.

JACQUI SUMMONS, HR DIRECTOR



Jacqui Summons
Group HR Director

PEOPLE STRATEGY

“Our goal is to attract the very best people to want to work for EMIS Group, support and encourage them to fulfil their career goals with us and reward them for excellent performance. Our people drive the growth of our business and we want to inspire their best performance. We do this through striving to increase employee engagement, taking good care of our people, rewarding high performance, providing clarity to people on what is expected of them and overall making EMIS Group an attractive place to work.”

WHAT'S NEXT?

“During 2020 we will continue to develop career pathways for employees. We plan to enhance our remuneration and benefit packages to ensure we attract and retain key talent. Employee engagement will remain a key priority: having engaged people means a happier workforce and improves retention. We plan to further extend our wellbeing initiatives; we've achieved a lot in two years already and I'm particularly proud of the Women's Network and our approach to mental wellbeing (see page 40).”

EMPLOYEES

Equality and diversity

EMIS Group recognises the benefits of a diverse workforce. Equality and diversity is becoming embedded in the culture of the business, for example through the Women's Network and HR policies such as flexible working both in the UK and Chennai. The gender pay gap (GPG) was published for the second year in April 2019, showing a mean average of 16.9% (a 3.3% reduction from the previous year).

The Group will publish information in line with the requirements of the Equality Act 2010 (Gender Pay Gap Information) Regulations on an annual basis. GPG data for 2019 has just been published showing a further drop of the mean gap from the previous year to 10.3%. Further details on equality and diversity are included in the nomination committee report on page 57 and in the report of the remuneration committee on page 59.

Enhanced benefits

The Group launched a new benefits programme, focussing on the areas people have said matter to them. This includes improvements to paternity pay, holidays and death in service.

The Group has made a commitment to enhance its benefits where it can, subject to affordability, each year.

Pension contribution

92% of UK employees have pension contributions paid on their behalf into a pension scheme (2018: 94%). New employees are auto-enrolled into the Group scheme.

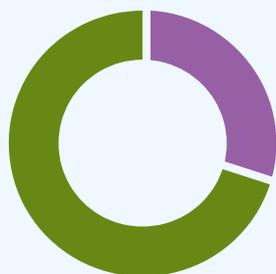
The Group has been increasing pension contributions over a number of years and during 2019 increased standard UK contributions by 0.5% to 4.5%, 1.5% above the minimum statutory requirement for employers. By April 2020 standard pension contributions will be a minimum 10% (5% employee and 5% employer).

Share Incentive Plan

The SIP is offered to all UK employees with over six months' service. In December 2019 there were 232 regular contributors to the SIP out of 1,197 eligible employees (19%), an increase of 3% in participation rate from December 2018.

In April 2019 the Group offered a free share award and 971 employees opted to accept the award out of 1,292 who were eligible (75%).

GENDER DIVERSITY



GXT

- Female: 30%
- Male: 70%



SENIOR MANAGEMENT (AND THEIR DIRECT REPORTS)¹

- Female: 39%
- Male: 61%

¹ Senior management as defined by the Code.



ALL EMPLOYEES

- Female: 31%
- Male: 69%

Our people continued

Highlights

SPOTLIGHT ON THE WOMEN'S NETWORK

EVENTS

The second annual UK Women's Network event was a day of shared experiences, learning and networking with both internal and external inspirational speakers. The focus was on removing barriers.

In India, the quarterly World of Women forums enable discussion on topics on women's welfare specific to Chennai, to support and empower women to remove barriers they encounter in working life.

CULTURE

The Women's Network is driving an open and honest culture, redefining the norm so that people can be open about sometimes taboo subjects that affect employees such as imposter syndrome and coping with the menopause.

A dedicated Workplace page (Facebook for Work) keeps this alive in everyday working life, providing a platform for people to stay connected, support each other and share learning and ideas.

CHANGE

The Women's Network is driving real change to the business by feeding into HR policy. It has so far delivered improvements to flexible working, the returners' programme and fed into the apprenticeships scheme.

2019 saw the launch of "The.Girl.Code" events, to promote the apprentice scheme. Two female apprentices joined the business to start a new career in development after attending one of the events.

CASE STUDY



Women in tech UK: Vicky

A passion for healthcare

Vicky Askham is a senior developer based in Sheffield.

"As a teenager I dreamed of becoming a doctor, but I had a natural talent for ICT so I followed that path and I couldn't have chosen a better career to combine my passion for healthcare and IT!"

Vicky applied for a job as a developer, gaining experience in the development and maintenance of clinical pathology and radiology, requesting and reporting software systems.

"It's been a male dominated area in the past but there are definitely more women entering the industry, which is great to see and something I am determined to support."

CASE STUDY



Women in tech India: Varshini

Balancing a career and family life

Varshini Karthik is a senior associate at EMIS Health India.

"In India it's challenging for women to balance work and our responsibility to care for our family. Many women discontinue working in technology when our personal responsibilities grow because of the long hours typically expected in the industry.

"At EMIS Health India I feel respected for my work and able to balance my responsibilities at home, which has helped me enjoy and excel in my role. It is both a stimulating and nurturing environment for women to grow in their careers and as individuals: it's made it possible for my female colleagues and me to continue our IT careers."

Sustainability policy

Health and safety

EMIS Group is committed to maintaining high standards of health and safety. New starters receive health and safety training during their induction period and refresher training is provided to all employees every 18 months.

Two RIDDOR accidents were reported during the year (2018: one RIDDOR accident).

Environmental management

EMIS Group has completed an Energy Savings Opportunity Scheme (ESOS) (Phase 2) Assessment and notified the Environment Agency of compliance. From January 2020 EMIS Group will be compiling energy data to comply with the Streamlined Energy Carbon Report regulation and will disclose data on energy consumption in the 2020 annual report and accounts.

Waste

There has been an overall increase of 5% in total electrical waste handled in 2019 (25 tonnes). This increase is due to a programme for one of the Group's customers to dispose of printers and monitors. Electrical waste figures incorporate both EMIS Group and customer waste.

Travel

The Group offers the cycle to work scheme and hybrid company fleet vehicles, to encourage its employees to make more fuel-efficient and environmentally friendly choices.

The number of fleet vehicles has reduced over the year and 52% of new orders are for hybrid vehicles.

Utilities

EMIS Group continues to implement energy efficient technologies during redevelopment work on its buildings and also within the data centres to assist in energy reduction.

In 2020 the Group will consider other projects that will help to reduce its impact on the environment.

The strategic report on pages 2 to 41 is signed on behalf of the Board.

Andy Thorburn

Chief Executive Officer

17 March 2020

CASE STUDY



Returners' programme: Lauren Making a difference

"When I returned from maternity leave, I expected to pick up where I left off but I didn't feel the same. Being away for six months made me doubt myself. I joined the pilot of the returners' programme and it really helped me build my confidence again and understand my value to the organisation. I realised I was struggling with imposter syndrome."

Lauren Latham is the Head of Product Management for the Acute division. "I joined EMIS Group to make a difference, with a vision to improve healthcare by creating excellent products and inspiring others to do the same. I'm back to feeling fulfilled in my career, delivering my goal to help the NHS with exceptional technology."

CASE STUDY



Apprentice scheme: Subah Beginning a new career in software development

"When I finished school, I didn't know what I wanted to do and ended up doing all kinds of jobs. At that stage I just wanted to earn money. But as I've got older, I've wanted to get into a career that I'm really passionate about."

Subah Khan joined EMIS Health's apprenticeship programme to begin a new career as a developer at age 36, with no prior experience of healthcare or technology. Subah found the apprenticeship scheme was a perfect way to retrain but remain financially stable for his family. "EMIS Health has given me a life-changing opportunity to begin a new career."