



POINT OF VIEW

# The Digitization of the Healthcare Industry

## You're living history and you don't even know it yet



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The mobile device you're reading this white paper on contains more computing power than the spaceship used to send astronauts to the moon. And if 50 years of technological advancement doesn't impress you, how about this: it also contains more computing power than the spaceships being used for today's Mars missions.

While this is certainly a fun party fact (try it out at your next happy hour), it also represents so much more. Commoditized technology, open digital resources, and digital networks give everyday people easy and affordable access to build and scale product and market development at unprecedented size and speed. It used to take a Fortune 500 company an average of 20 years to make \$1 billion. Today? It takes 4 years.

**The explosion of digitization within the last 5 years is fueling rapid market transformation that will redefine our next 5 years.**

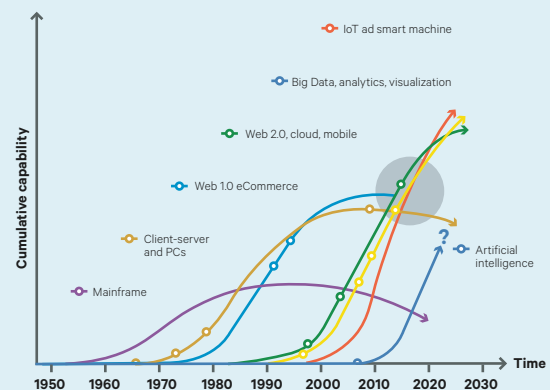
So, what does this mean for healthcare? And more importantly, what does this mean for your business? In an industry that often finds itself years behind the technological curve, digital transformation can sound flashy yet feel unobtainable. But if you read any white paper this year, make it this one. Because understanding the impending market changes is imperative to getting ahead of them.

### Why Now?

So, why do we suddenly find ourselves in an era of rapid digitization when the Internet has been around for decades? Within the last few years, there has been

a combinatorial effect from the advancement of widespread high-speed Internet, mobile technology, cloud computing and storage, and blockchain. These advancements are to digital transformation as the cotton gin was to the industrial revolution. And unlike the exponential advancements in the past, **for the first time the cost of advanced technologies is dropping while the power of said technologies is increasing—creating an explosion of opportunity.**

### The pace of change is accelerating through the 'combinatorial' effects of digital transformation



Source: Onward and upward? The transformative power of technology, World Economic Forum, 2016.



## How Healthcare Is Changing at the Hands of Digitization

Like many industries, healthcare is in the midst of rapid upheaval due to digital transformation.

From the proliferation of wearables to the spread of telemedicine to the growth of electronic health records (EHRs), the digital revolution in healthcare is disrupting the entire business landscape—and few industries have the potential to be changed as profoundly as healthcare.

This provides a significant challenge but, at the same time, a unique opportunity for healthcare companies and brands to discover updated value creation, new revenue models, and accelerated supply chains. But where should you start?

The transformation occurring in healthcare is largely concentrated in 3 key areas that will likely look very different in the years to come:

### 1. Healthcare delivery

Maybe more than any other area of change, the healthcare supply chain is most at risk for total overhaul. Digitalization allows companies to short-cut the traditional linear supply chain and distribute directly, globally, and instantly to their customers. This accessibility to the marketplace means the playing field is now open to those with less experience but equal (or more) direct access to the customer.

This power of new competitors is rapidly reshaping the established healthcare delivery model. Take, for example, Landmark Health, one of many direct provider startups pioneering a new model of care for patients with multiple complex chronic conditions. By combining a home-based medical model, innovative technologies and analytics, and risk-based financial arrangements, Landmark has been able to dramatically improve outcomes and reduce unnecessary medical costs for patients with comorbidities.

Startups like Landmark result in fewer trips to the doctor and/or hospital and more self-care through connected devices and virtual consultations. Reducing in-person visits can free up healthcare system resources to be reallocated to the most critical needs.

While it's not possible for all companies to pivot to a direct service model, the reality is **it is no longer good enough to be good at only part of the value chain**. Companies need to identify ways to use innovative technology to close the market gap by concentrating production, service, and delivery as much as possible, eliminating the middlemen and directly connecting with buyers, healthcare professionals (HCPs), and consumers.

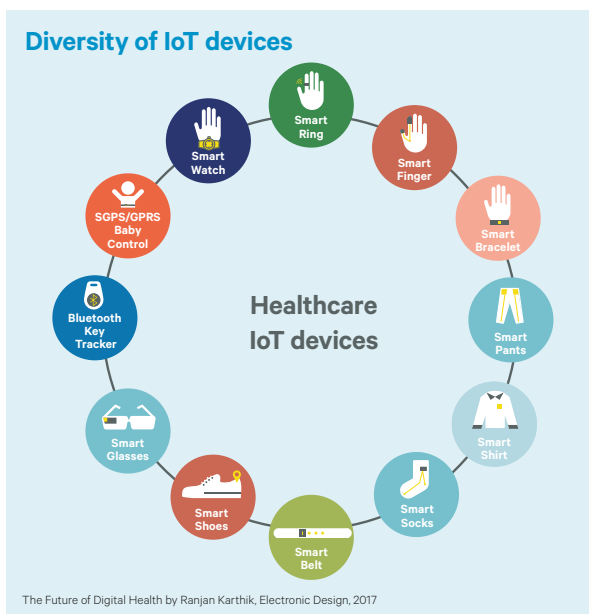
### 2. The patient journey

Consumers these days have an insatiable desire for speed, convenience, and connectivity. Empowered by new devices and technologies, they are living a hyper-connected lifestyle that is completely changing their healthcare experience.

This increased connectivity has a profound impact on how the whole healthcare ecosystem engages with patients, how patients manage their own health conditions, and patients' interaction with HCPs.

The healthcare Internet of Things (IoT) means that what was once a simple, linear patient journey has transformed into a complex, multi-touchpoint spider web where the consumer is in the driver's seat, self-managing their conditions and bypassing many of the traditional touchpoints where we're used to intercepting them: doctor's office, pharmacy, and hospital.

It's now possible to research, schedule, diagnose, prescribe, treat, and monitor a patient without ever being in the same room. This newly transformed patient journey requires a different way of thinking about the patient experience, patient needs, and the role of the HCP.



### 3. Data-driven care

Not only does digital transformation provide key advances in data collection, storage, and analysis, but it has provided the most valuable currency of all: data itself. Data from wearable devices, apps, clinical information systems, and EHRs make it easier than ever to truly understand health risks and the impact of different treatments. There is an increasing need to treat data as a strategic asset instead of just a success measure.

The most promising feature of “big data” is predictive analytics—as it is the backbone for personalized, proactive care. Earlier this year, Roche, a global pharmaceutical giant, acquired Flatiron Health, an oncology-focused EHR company, for \$1.9 billion. Flatiron Health’s cancer-centric EHR platform is linked to an incredible amount of structured and unstructured data from over 250 community oncology practices, in

addition to major research facilities, payer networks, and laboratories. Flatiron uses its data to accelerate research and development efforts as well as improve the ability to gather real-world evidence on the use of its cancer medicines outside of clinical trials.

Data will continue to open new doors for precision medicine and evidence-based approaches to healthcare.

### What Next?

When an industry is shifting so rapidly, it can seem easier to just ride the wave and hope you end up in the right place in a few years. But there are a few simple ways to join the digital revolution and begin to pivot your business in a future-forward direction.

- **Champion a culture of innovation**

In today’s world, innovation should be a default mindset. Every business and marketing plan should contain something brand new to try out with the target audience and see the response.

- **Move faster**

Speed is the defining characteristic of a digital landscape. While it can be challenging in healthcare to move at a rapid pace, the market demands it. Finding internal opportunities for agility and scale will be critical to keep pace with the healthcare disruptors entering the space.

- **Rethink your customer experience**

Digital companies that were birthed in the era of digital transformation live and die by their customer experience, but traditional businesses think of it as an afterthought. Now is the time to refocus your business to be customer-centric and identify the pain points your company can solve.

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This is the first article in an upcoming series about business transformation in healthcare from Britt Thompson, EVP, Business Transformation. The business landscape is shifting quickly, and we want to help you compete, innovate, and grow in the digital economy.