



Navigating Digital Health Amid Economic Uncertainties

How the convergence of digital technologies and health care delivery are poised to weather changes in the market

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New investments into digital health, advanced patient engagement technology, and EHR connectivity tools are helping to create a new connected health future. By combining profitable drugs with new technology, pharma orgs are creating a profitable infrastructure for the future of healthcare where patients are increasingly engaged in their health decisions. But amid rising consumer costs, layoffs and bankruptcies at major digital health startups, and dramatic swings in the stock market, can digital health persevere through economic uncertainties?

The pharmaceutical industry is incentivized to ensure patients have access to the medicine in which they have invested so much of their own time and money. But during economic recession patients' dollars are limited, and drug manufacturers are mindful of access issues. By investing more in patient assistance programs, and in patient access technologies to make sure that no covered patient gets lost in the shuffle, pharma may be able to weather a recession storm better than other D2C channels.

But in the interim, how will these ups-and-downs impact the growth of digital health, and its ability to raise capital, fuel additional growth, and invest in greater innovations?

Impact to stocks

The capital markets have changed significantly over the past few months. Valuations are down, capital markets have tightened, and prospective sales targets are overwhelmed in their current jobs, according to Robert Plush, Head of Partnerships at ScaleHealth. ScaleHealth has put together a global health innovation ecosystem by connecting startups, strategic partners, and communities.

Yet despite stock market volatility, Plush still views the digital health market as a positive one that is positioned for continued growth. "The future of digital health is very positive. There may be near term

pullback, but digital health will be the vehicle that will allow healthcare providers to be more efficient, provide better care and drive economic value."

But growth isn't hitting every digital health company the same. Many unicorn companies have folded, others have seen record layoffs, but there are plenty of smaller digital health companies that are able to scale among the competitive environments. This is helping more digital health tech companies to acquire assets that grow their revenue, bring in more customers, and add to their product offerings.

Growth amid uncertainties

While there is continued uncertainty about whether a full recession is around the corner, there is still some growth in the industry and the digital health sector specifically. According to Ranil Herath, President of Emeritus Healthcare, there is still opportunity for digital health to see continued growth.



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"Growth in virtual care, adoption in technologies for patient care, Rx delivery growth, and remote patient monitoring for virtual care continue to see growth. Much of what accelerated during Covid, is being rationalized, solidified, and becoming part of the system in a sustainable manner."

Platforms that are expanding capabilities are also seeing a surge in growth and collaboration, with different point solutions for different health concerns. Those startups that have a core focus area as seeing the greatest of interest from pharma as they look for one to three digital health companies that help scale a service across all brands.



Medisafe CEO Omri Shor says that connectivity, deep insights, and the ability to scale across existing pharma platforms is a key driver for the company's growth. "A few years ago, many pharma clients were interested in just engaging digital health platforms to support one key drug or one therapeutic area. Now it has become a must-have from a larger enterprise perspective, where an integrated offering can now support a choreographed approach to patient engagement, patient connectivity, and data insights."

The ability to expand beyond just one focus area is becoming the make-or-break point for many digital health startups. Many pharma companies are looking for a digital vendor that started with a point solution and expertise in a central area but have the capability to leverage its use across the company and build a robust platform in the upcoming years.

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Future innovations ahead

The role of innovation and digital technology within pharma is substantial. In 2020, the Food and Drug Administration approved its second-highest yearly total of new molecular entities ever, with new innovations and treatments for lung cancer, HIV, depression, bipolar disorder, and Alzheimer's disease. Many of these are driven by new digital health technology that combine personal technology with standard drug therapies to drive engagement and create positive outcomes.

Plush sees companies with a focus on ROI as key to driving future innovations. "Companies that have a solution that have a clear ROI and focus on pressing needs will have a greater chance of success. By driving better efficiency, clinical outcomes and reduced costs and integrating well with current workflows companies will be more effective in driving adoption."

A good example of that approach is the move of care services to the pharmacy and home health space. Plush says that traditional care pathways that exist today are likely to be augmented over the next five years with advanced patient engagement solutions, home health technologies, and more targeted care for demographic populations.

Shor believes that future innovations will incorporate more digital engagement earlier in the patient experience, adding more connectivity even before a patient meets with a physician. "The entire process can be accelerated, and lag times reduced with digital technology. From digital prescriptions, digital insurance approvals, digital forms, and digital engagement – more of the patient journey will move online to connect with patients when and where they experience care."

But it's not just the patient experience that looks to gain from new digital technology. These new advancements are also changing the way providers approach the delivery of care. Herath says that digital technology is increasingly making its way into medical schools and driving innovations in trainings. "In the next five years, we're likely to see digital health impacting surgeries, with surgical procedures being trained in the meta verse, and the use of augmented reality in surgical procedures."

These new innovations, partnerships with pharma, and expanding capabilities are helping the digital health industry to achieve something that's meaningful in asset value and can grow even in a down market. ■