

eHealth week

Organised by:



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A disruptive approach to drive eHealth from concept to implementation

Stefan Biesdorf, Partner, McKinsey & Company

 @ Speaker twitter handle

10–12 May 2017 MALTA

 @eHealthWeekEU #eHealthWeek

EXECUTIVE SUMMARY

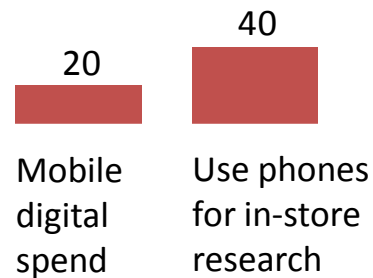
1. Digital innovation in healthcare is **still lagging behind other industries** – however, there is a **clear demand from patients** for **digital health** solutions
2. Digital health can **unlock significant economic value** for the whole health system
3. Venture capital **funding** for digital health is **constantly increasing** globally, leading to a **supply** of thousands of innovative start-ups
4. However, there are a few hurdles to adoption which cannot be resolved from outside the health system
5. Health systems/payors have the **opportunity to shape** how **digital health** will happen and to unlock the **benefits for all stakeholders** in the system by taking an **active role** and following a **fundamentally new approach**

DIGITISATION HAS ALREADY CHANGED BUSINESS MODELS ACROSS INDUSTRIES

Per cent

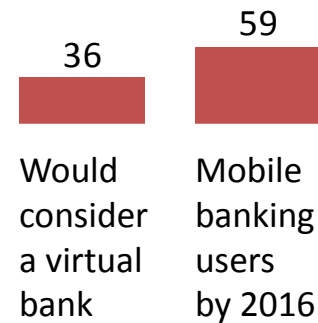
Retail

40% of Walgreens' digital refill requests are mobile



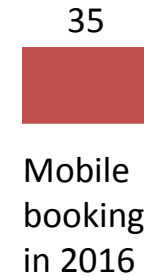
Banking

Mobile banking surpassed online by 2016



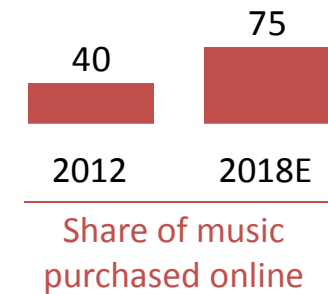
Travel

American Airlines reached USD 1 bn in mobile sales in <2 years



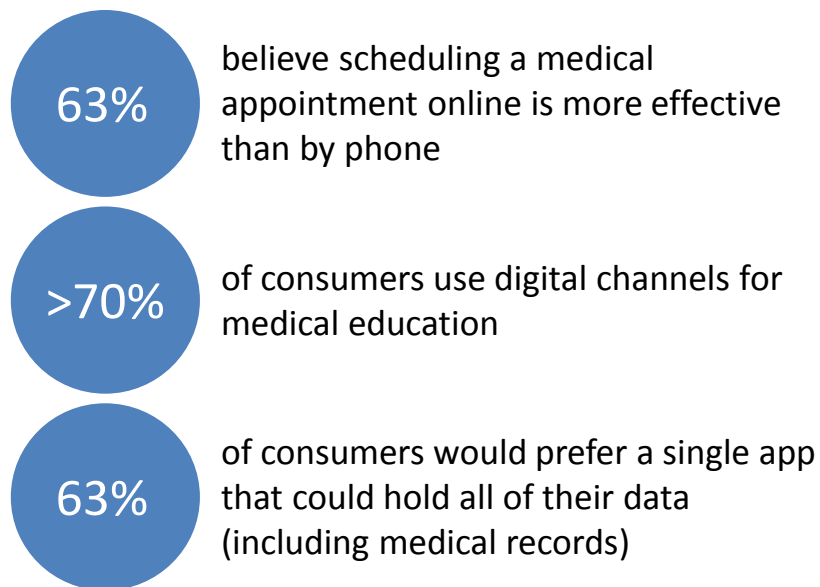
Music

>70% of music revenues generated online by 2018



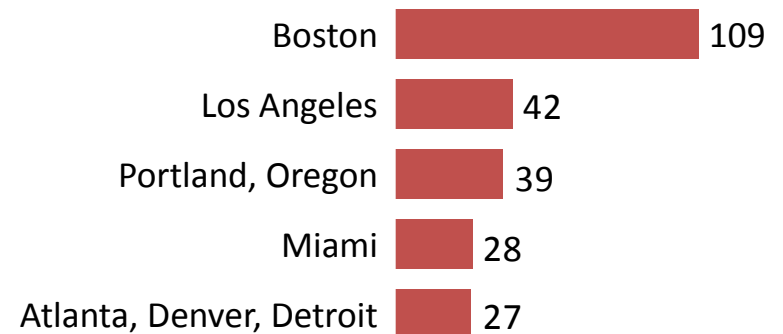
DEMAND

CONSUMERS INCREASINGLY USE DIGITAL CHANNELS FOR HEALTH-RELATED ACTIVITIES – APPLICATION AREAS ARE REAL



Average waiting times for a family medicine doctor appointment

Days, 2017



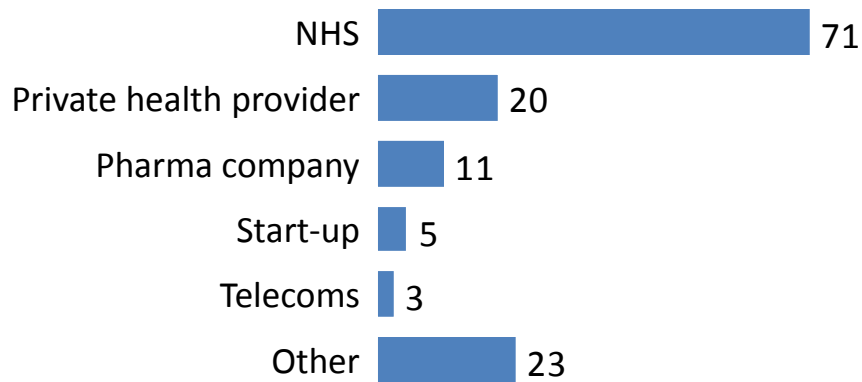
SOURCE: Merritt Hawkins; McKinsey Consumer Health Insights Survey 2015 (n=1,682)

DEMAND

PATIENTS ARE WILLING TO SHARE SENSITIVE DATA IF A TRUSTED MANAGING PARTNER IS INVOLVED

I would be willing to enter personal data onto a platform provided by ...

Per cent (several mentions possible)



Willingness to share ...

Per cent

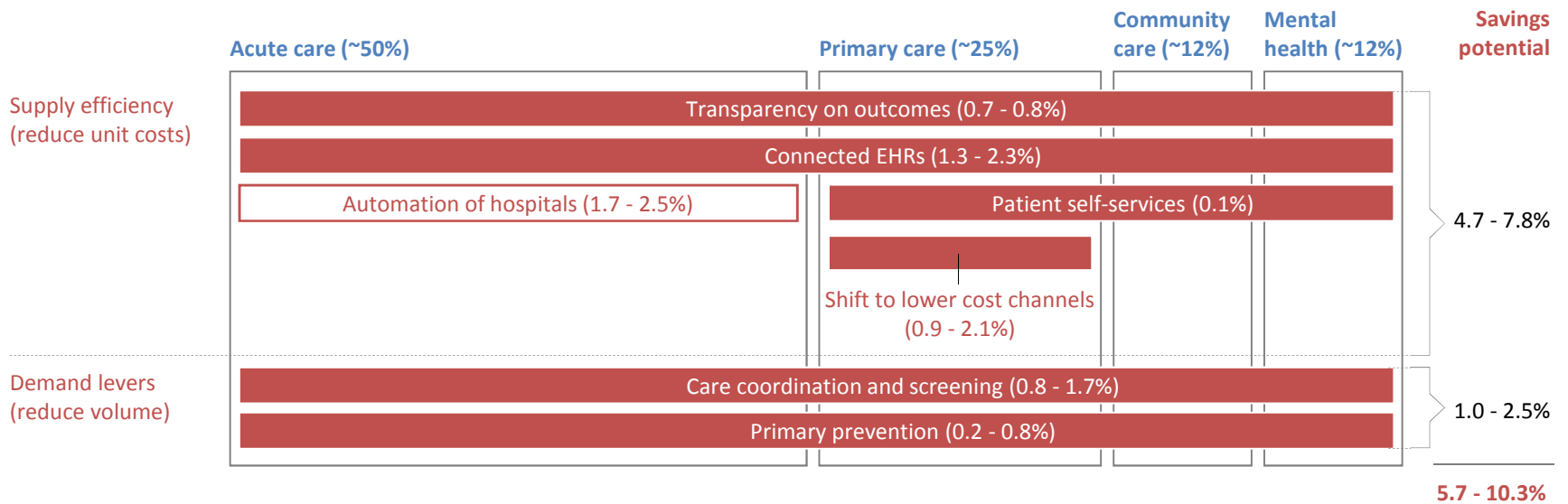


VALUE

DIGITAL INTERVENTIONS' NET IMPROVEMENT POTENTIAL REACHES 10% OF HEALTHCARE SPENDING

Potential estimation for 1 EU country by 2021

Relevance for patient-focused digital health
■ High □ Low
 (x%) Saving as per cent of total healthcare expenditure



SOURCE: McKinsey

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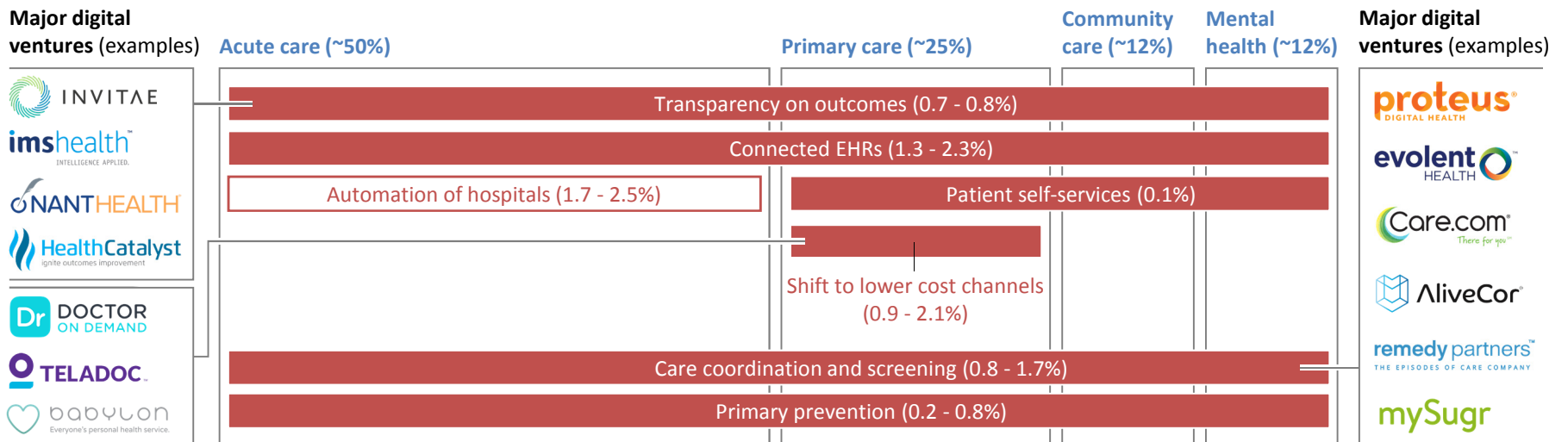
SUPPLY

DIGITAL HEALTH COMPANIES' TOP FUNDS AND IPOs COVER VARIOUS DIGITAL TOPICS

Potential estimation for 1 EU country by 2021

Relevance for patient-focused digital health (x%) Saving as per cent of total healthcare expenditure

■ High □ Low



SOURCE: McKinsey

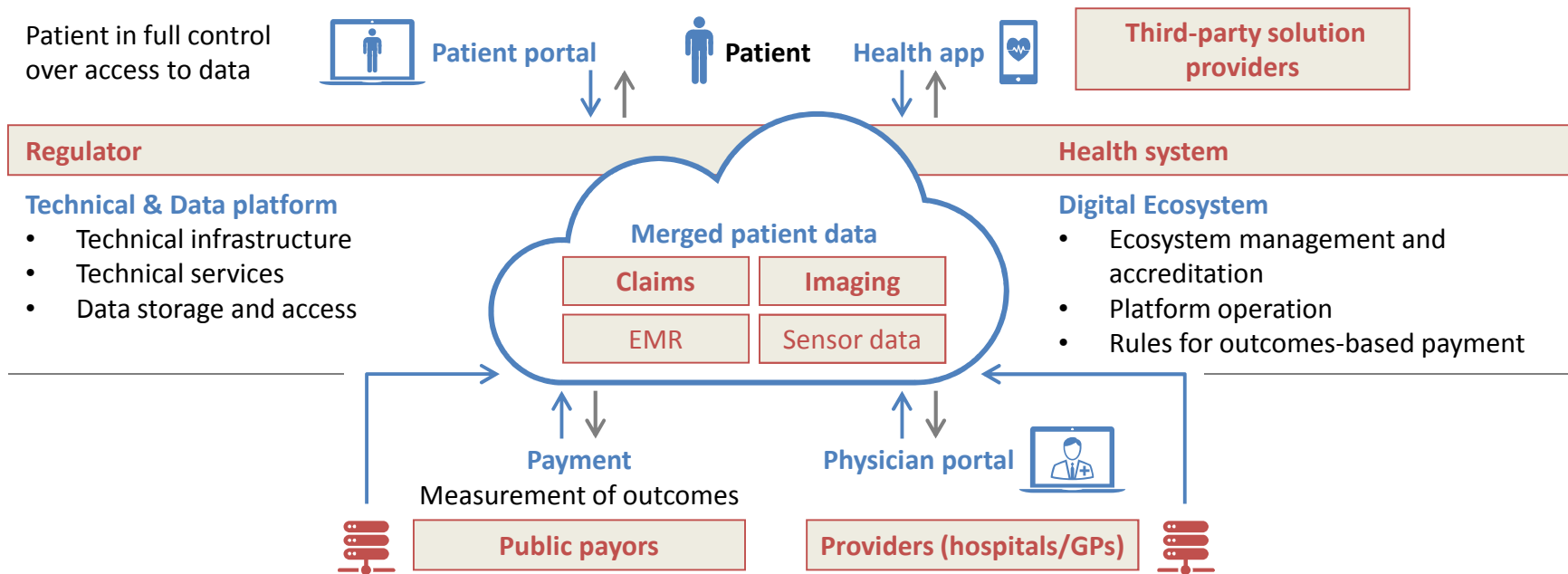
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HEALTH SYSTEMS NEED A CREATIVE APPROACH TO SUCCESSFULLY COMPETE WITH "DIGITAL CHAMPIONS"

Hurdles to adoption

1. Too little focus on patient experience
 2. Lack of a sustainable business model for digital health providers (**unproven evidence**)
 3. **High (technical) barriers** to bring a digital health solution to market (secure exchange/storage of data, identity management/data privacy)
 4. Reluctance of health systems to massively invest in the creation of a digital health system given implementation risk and **failed attempts in the past**
- **Shift payment model for digital health from fee4service to outcomes**
 - Invite and encourage start-ups to develop patient-centric solutions that work
 - **Establish a mutually beneficial approach to innovation for health systems and start-ups**
 - Invest in the most valuable asset of health systems: data

DATA WILL BE AT THE CENTRE OF A NEW APPROACH TO PATIENT-CENTRIC DIGITAL HEALTH



SOURCE: McKinsey

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DESPITE EXISTING DEMAND AND CAPITAL, THERE HAS NOT BEEN A BREAKTHROUGH OF DIGITAL HEALTH

- **Shift payment model for digital health from fee-for-service model to outcomes based reimbursement**
- Invite and encourage start-ups to develop patient-centric solutions that work
- **Establish a mutually beneficial approach to innovation for health systems and start-ups**
- Invest in the most valuable asset of health systems: data
- Start with the data which there and accessible: claims data

Technology is not the problem; change the business model

Health systems have a competitive advantage due to ownership of data

"Digital Champions" are very active in digital health

There is an opportunity to shape the future of digital health

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Thank you!

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