DIGITAL LEADERSHIP BLOG

Deloitte UK's Centre for Health Solutions

Coulter Partners talked recently to Karen Taylor, Research Director with the Deloitte Centre for Health Solutions, about Digital Disruption in Healthcare

CP: *From your research what are the biggest challenges you see facing businesses at the crossover of healthcare and technology?*

Karen: Traditional boundaries between previously siloed healthcare stakeholders, are being eroded more quickly and becoming increasingly blurred. At the same time pharma and medtech companies are embracing different business models to enable them to provide service to patients rather than just products. Meanwhile healthcare providers are looking to digital technology to help them respond more efficiently and effectively to increasing demand. And big tech companies have set their sights on healthcare as a sector where they can grow. They not only bring the disruptive technology to help deliver more efficient and effective healthcare, they also bring the skills and understanding of a more consumer-centric approach to compete actively with incumbents.

Where healthcare insights are missing in a tech company, or tech skills in a healthcare or pharma company, there are two options; compete and acquire the necessary skills internally, or partner. Increasingly we are seeing **partnerships and collaborations**, not only in the pharma industry but also in healthcare, although concerns remain around the motives for such partnering. Is it simply about gaining access to patient data and if so, how are they going to use that data? Some of the bigger challenges that face all industries in the healthcare ecosystem are around data privacy, data security and access to data. Consequently, all stakeholders need to demonstrate and generate trust in the way patient data is used.

CP: *How do healthcare companies misunderstand what consumers want and in turn, how do tech companies misunderstand what patients want?*

Karen: I think there has been both a misunderstanding and miscommunication. Big tech companies have not been clear about what they might do with the data they can access through the use of their technologies. And those companies that are working with the NHS, for instance in the Digital-first primary care space and in hospitals, to try to improve workflow or how patients engage or access information, are also clouding the issue. There is a great deal of scepticism around **security of health data** and patients fear that it may ultimately be used to penalise them in some way – whether it's to invalidate their access to healthcare insurance or restrict their access to some forms of healthcare because of their behaviours.

Yet if you ask patients If they are willing to share their data to improve their own health or to help other patients, the answer is invariably yes. Though they want to have a say over who's using it and how it is used. Often, they don't understand that they won't in fact have that control. A consumer health survey that we conducted across Europe, Australia, Canada and the US asked how much people would be willing to share their data and who they believed should own that data. The UK was somewhat higher on the list in demonstrating willingness to share their data with healthcare professionals (45 per cent of respondents), for example their doctor or emergency care professionals, but only 22 per cent were willing to share with the device developer or researchers. Yet when asked in what circumstances they would share data, the highest response was for the development of new drugs that might help people with similar conditions (45 per cent of respondents).

The healthcare sector has been slow to see patients as consumers and unlike the US where patients can 'shop around' patients in the UK, for example, rarely consider themselves as "consumers" or "customers" and question the use of such terms. This is largely because, unlike other kinds of customer-facing engagements, people do not feel they have much choice when interacting with healthcare professionals. When they do need healthcare, they want and expect the expert advice of clinicians that they trust, and who have studied for many years to become specialists in their field. Although patients, today, can usually access plenty of information on their disease or condition, culture and history dictate that what patients want is the advice of a trusted clinician on what they should do. However, one change we are seeing has been a move from being a passive recipient of care towards more co-production and closer collaboration between the doctor and the patient so they can make decisions together based on a shared understanding and agreement on the best course of action.

CP: *What sort of challenges do you see around big pharma collaborating with early-stage businesses when they are innovating?*

Karen: Digital transformation started slowly. While big pharma has been slow to embrace the digital transformation and technological advances we see in other customer facing industries, they are now moving at a faster pace. If you look at our report on **AI in Drug Discovery**, all the big pharma companies are beginning to collaborate with AI for drug discovery companies. These are unlike traditional medtech companies or other life science start-ups that generally expect to be acquired once they have developed something innovative that a big company may want. Instead, many 'AI for Drug Discovery' companies consider that they could take the drugs they have discovered through AI-enabled technology faster and more successfully right through the value chain, rather than passing over their IP and their discovery to big pharma. They feel they don't necessarily need to be a partner in the drug development process, but where they do need big pharma is in their understanding and ability to navigate the regulatory landscape in supply chain, manufacturing, distribution and pricing. It's not that they don't think they can go it alone, but more that they recognise the value of big pharma's experience in navigating the complex pharmaceutical regulatory landscape. Big pharma can also benefit from partnering rather than acquiring businesses; as it allows them the freedom to develop multiple relationships and spread the risk and rewards.

We produce a report annually on measuring the return from pharma innovation that looks at the expected revenue from the drug development pipeline and, over the past ten years, that we have been doing this report we have seen a considerable decline in the return on investment year on year, both for our original cohort of the top 12 big pharma companies by R&D value in 2010, which is now below 2%; but also for the extension cohort. A key driver of this decline is the increasing cycle time costs of getting a new drug candidate through the drug discovery and clinical development phases. If you can reduce cycle times through AI-enabled efficiency improvements, then you can achieve significant savings.

CP: *What one change would have the biggest impact to allow technology to change people's health and happiness?*

Karen: Patients as healthcare recipients want to live longer but with more time spent in good health. And today, there are numerous digital technologies that can provide patient with better information, understanding and support to help them achieve this. This includes better information and communication for patients around the benefits of digital transformation and how more effective access to and use of digital technologies will benefit their care. If you're going to be a co-producer of your own health care plan, then you will need greater support and information you can trust.

Digital Health providers need to do it **with** *patients and not* **to** *patients.*

In our report "Closing the digital gap: Shaping the Future of UK Healthcare" we identified a number of **"smart characteristics"** that digital technology companies need to bear in mind when they wish to develop and sell a product into healthcare. Above all this means ensuring they are smart, simple and intuitive to use technologies, because if patients can't use them easily, then they won't. But it's also important that the technologies are developed with input from clinicians and patients. Too many companies come to healthcare providers and say they have designed a solution to a problem, without understanding what problem providers are facing, because they have never talked to the end users, the clinicians or patients at all.

The big tech companies like Google, Amazon and Apple are becoming successful because they've utilised their brand, engineering expertise and knowledge of consumers to disrupt the whole healthcare landscape. They also think about their customers in a completely different way from traditional healthcare providers. Crossover skills are of course critical, and healthcare needs better understanding of tech, while tech needs deeper knowledge of healthcare. What we are now seeing, however, is much more ambition and preparedness to adopt new technologies. There is less fixation on "it wasn't invented here" and "where's your evidence that it will work here", and instead many are embracing the concept that technologies can help bridge the gap between increasing demand for services and constrained resources. They can help staff to work smarter and patients to engage more effectively in their own healthcare!

For further information please go to:
www.deloitte.co.uk/centreforhealthsolutions

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Intelligent drug discovery: Powered by AI (November 2019)

Shaping the future of UK healthcare (June 2019)

Time to care: Securing a future for the hospital workforce in the UK (February 2018)

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