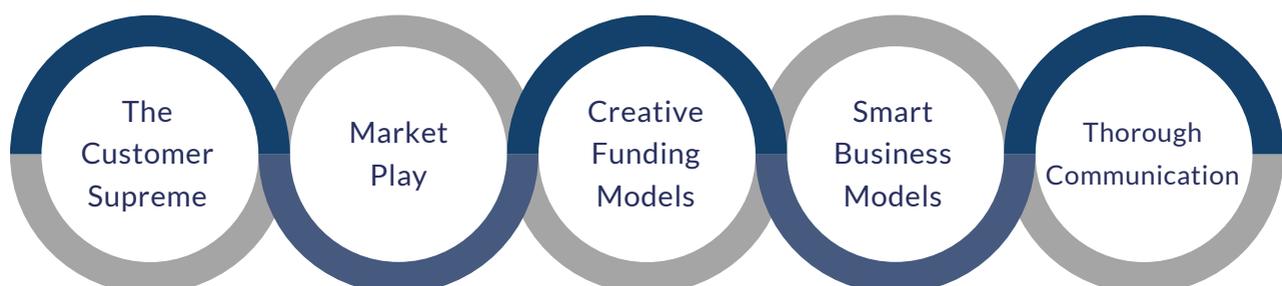


5 Strategic Levers for Digital Health in Asia-Pacific

A Frost & Sullivan Transformational Health Perspective

Rising healthcare expenditure, ageing population, increasing incidence of chronic and infectious diseases and inefficient supply and management of hospital services are driving governments and providers in the Asia-Pacific (APAC) healthcare industry to explore alternative models of healthcare service delivery. In parallel, increasing consumer interest and awareness about the benefits of prevention and wellness are encouraging them to play a greater role in managing their own health. A combination of these two paradigm shifts creates demand for a number of digital technologies– devices and platforms– that support care delivery outside the hospitals. While the demand and opportunity for digital technologies intuitively appears to be significant, actual market revenue and development have been alarmingly slow in the region to the extent that a number of stakeholders, namely governments, healthcare providers and industry vendors, question whether this is a bubble or not. An answer to that question demands a multifaceted analysis of the Digital Health industry in APAC.

While a number of industry factors determine the business strategy for Digital Health, Frost & Sullivan has identified five Strategic Levers that organizations need to think about if they want to make their mark in the APAC Digital Health landscape. These are – The Customer Supreme, Market Play, Creative Funding Models, Smart Business Models, and Thorough Communication. These 5 Strategic Levers have a mutually synergistic effect and cannot be prioritized over each other. Each Strategic Lever encompasses multiple business choices or decisions which eventually impact the organization’s final role and presence in the market. These are explained in detail in the following sections.

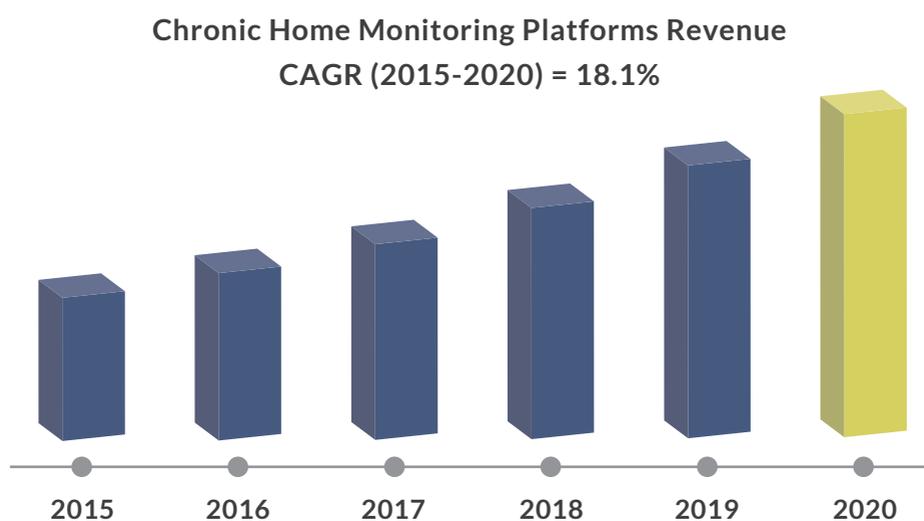


The Customer Supreme

Indeed digital technologies serve to increase access to and penetration of care delivery in both developed and developing countries. However, while the technology can be made available it does not guarantee consumer adoption and adherence. The single most important driver is the consumer or end user's conviction that the digital platform helps reduce healthcare cost and improve quality and experience for themselves. This conviction is more often achieved through experience with several ways of obtaining or delivering care rather than by using a single product or solution. Thus, to a significant extent, it is actually independent of digital health vendors and their marketing collateral. Particularly amongst US consumers, constant engagement through data and services is the key to influencing health and wellness behaviors and driving adherence as shown by "**Creating a Culture of Health – A 2015 Survey of US Consumers**". On the other hand, the "**Asia-Pacific Telehealth Market Outlook, Forecast to 2020**" finds that those influencing adoption and adherence amongst patients in the region are actually primary care and homecare providers who use and promote the use of digital health technologies to do their job more effectively.

Market Play

Increased usage of mobile and broadband internet, smartphones and wearables across the Asia-Pacific region has propelled the adoption of alternative care delivery models. Governments in Asia-Pacific are also playing a significant role in driving technology development and adoption by investing in infrastructure, such as nation-wide 3G and 4G access, developing telehealth and eHealth roadmaps, and creating policies that directly or indirectly attract investment in health technology. Paradoxically, while the demand and opportunity potential for telehealth points to a market worth \$1.27 billion in 2017 for technologies and platforms alone, vendors and healthcare providers in the region have not been able to grow their businesses to the aspired scale and volume. Market Play requires that the data generated through digital technologies be made relevant through analytics, insights, and action. As a result, markets that can combine technologies with consumer-ended services, especially clinical services have a much higher success rate. For example, as per the research, "**APAC Home Health Monitoring Market, Forecast to 2020**", the market segment for chronic disease management platforms, that include devices, connecting platforms and services, will grow at a CAGR of 12.8% between 2015 and 2020.



Creative Funding Models

An industry paradigm shift toward value-based care driven by regulatory incentives and pressures is altering the way healthcare services can be paid for in the United States. No such decisive regulations exist in APAC as a result of which care providers continue to be rewarded for service volumes rather than quality and efficiency. In such an environment vendors need to be creative in identifying the most invested payor for their solution, which would actually change based on the APAC country they target. For instance, savings in the time and effort spent by primary, community, and aged care providers in Australia act as an incentive for them to invest in digital health technologies. In contrast, general practitioners in Malaysia may not see the financial benefits of digital technologies but, patients appreciate the ease of online appointment booking, real-time vital signs monitoring and proactive emergency intervention by their hospital. Our research, **“Southeast Asia Health Market Trends and Opportunities”** highlights key areas of investment for both healthcare and non-healthcare companies.

Smart Business Models

Digital Health business models must always keep convergence in view in order to be sustainable and scalable over a period of time. For example, telehealth platforms that enable patient-provider interaction and care delivery are relevant only in the immediate term. In the long run the platform will need to evolve by delivering more services to the patient and also by identifying new ways of monetizing the data. Our research, **“Growth Opportunities for Healthcare Big Data – An Analysis of Global Case Studies”** highlights a number of opportunities arising from digital health data which companies can expand into based on their existing capabilities. The research also clearly communicates the need for intelligent industry partnerships because the scale and velocity of convergence in healthcare will not allow any single vendor to exist on its own. Progressive countries in APAC, especially Singapore, are already entering into Public-Private Partnerships where vendor-hospital collaborations are using real-world data to develop population health management and precision medicine initiatives.

Thorough Communication

There continues to be an acute lack of knowledge of digital health in APAC, particularly around their quantifiable benefits; safety and security, and even the types of applications that can be developed through digital platforms. While marketing collateral is important, what stakeholders in the region, particularly healthcare providers, really need is education on Digital Health. Thus, vendors must invest in Thought Leadership that indicates the direction of change and disseminate it through effective communication channels. APAC requires a whole lot of education for government decision makers, healthcare providers and consumers, which can only come from proactive efforts by vendors.

The Frost & Sullivan Transformational Health team is also participating in driving industry transformation by working with clients directly in managing the Five Strategic Levers as well as publishing Thought Leading content that raises a call to action for a wider audience to be better prepared for the future. Our latest study, **“Vision 2025 – The Future of Healthcare”** is an electrifying exploration of new paradigms, growth opportunities and unforeseen challenges in the dynamic healthcare industry. We are committed to changing healthcare and we will do it in collaboration with you.

Other Frost & Sullivan research in this context:

Healthcare 2020 – Business Model Transformation Guidebook

Wearable Technologies in Clinical and Consumer Health, Forecast to 2020

Clinical mHealth Growth Opportunities

US Remote Patient Monitoring Market

Analysis of the Telemedicine Market in Asia-Pacific

SMART Healthcare Overview – HIMSS AsiaPac 2015 Digital Healthcare Week

Overview of the Malaysia Telemedicine Conference 2016

Top Trends in Telehealth from ATA 2016

US Telehealth Virtual Visits Market, Forecast to 2020

New Paradigms Driving Digital Health Deals and Partnerships

F R O S T  S U L L I V A N

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