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## CONNECTED HEALTH

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Seizing the opportunities  
in a new era of care

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## CONNECTED HEALTH

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# WHAT'S YOUR **CONNECTED** HEALTH STRATEGY?



In recent decades, emerging technologies have repeatedly forced smart companies to answer the question: what's new here and what's our strategy now? It happened in the mid-90s as the Internet took off, in the mid-2000s as online video and social media went mainstream, and then again with the rise of smartphones and mobile devices in 2008.

Today, smart pharma companies should be asking that same question about another major development: Connected Health. This combination of technology, circumstance, and mindset has the potential to transform a sector of the economy worth [\\$2.8 trillion](#)<sup>1</sup> in the United States alone. This transformation will certainly involve established incumbents in the healthcare market, especially pharma companies, device

and equipment manufacturers, healthcare providers, and insurers. It will also attract new entrants who will be eager to create new services and identify ways to reduce costs. Having little or no experience in healthcare may well give these new entrants an advantage—they will see the market with fresh eyes, allowing them to come up with innovative ways to create value.



<sup>1</sup> <http://goo.gl/QAjl6W>

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# NEW ENTRANTS CHALLENGE OLD MODELS



*“The forces changing the dynamics of healthcare are bigger than those that changed the advertising and entertainment industries.”*

Larry Mickelberg, President, Havas Lynx US

It's not the first time technology has opened the door to outsiders. Google was just a search engine when it [launched AdWords in 2000](#).<sup>2</sup> With no experience in advertising, it created a whole new approach to marketing that brought in over [\\$59 billion in revenue in 2014](#).<sup>3</sup> And well before Apple had revolutionised smartphones, it used its tech smarts and newcomer's vision to storm the music market with the [iTunes store in 2003](#).<sup>4</sup> Most recently, Netflix evolved from physical movie rentals to [streaming TV shows and movies](#).<sup>5</sup> The company is now poised to revolutionise the way Hollywood does business, producing its own hit dramas such as *House of Cards*.

This is just a taste of the things to come. The forces changing the dynamics of healthcare are far bigger than those that changed the advertising and entertainment industries. Longer lifespans and the growing prevalence of chronic disease are pushing costs up. Advances in medicine and pharmaceuticals are raising expectations, while the patent cliff is threatening traditional pharma business models. And there is a lot more at stake—healthcare truly is a matter of life and death.

To stay in business, pharma companies and other established healthcare players will have to deliver health outcomes as good as or better than before, while containing costs and maintaining business performance. New entrants don't have to work from an established position in the healthcare market, with vested interests and revenue streams to protect. They can go wherever they want. They can focus on some part of what established players do, and do it faster, better, or more affordably. And they can spot the gaps that established players don't even see to create new services faster than established players can move.

<sup>2</sup> <http://goo.gl/EpGlwl>

<sup>3</sup> <http://goo.gl/1tDZio>

<sup>4</sup> <http://goo.gl/R2RsH2>

<sup>5</sup> <http://goo.gl/SQsmzu>

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# BEYOND

## TRADITIONAL HEALTHCARE COMPETENCIES



Established healthcare players have core competencies (i.e., medical expertise, clinical facilities, and the ability to develop drug therapies) that have traditionally been highly prized—and priced. Few new entrants would be able to say the same, but, increasingly, this doesn't always matter. In fact, it's becoming apparent that healthcare outcomes depend on a lot more than just those expensive core competencies. There is a shift towards the more cost-effective approach of encouraging and empowering consumers to take more responsibility for their health, both in preventative healthcare and in chronic disease management. Core healthcare competencies are less relevant here than expertise in human behaviour and motivation.

Healthcare providers such as pharma companies have been the primary guarantors of positive healthcare outcomes. But if they want to maintain this role, they will need to think beyond their habitual domains of drugs and clinical practice. They will need to develop services that help patients change their lifestyles, a major factor in chronic conditions such as diabetes and cardiovascular disease. They will need to find ways to help patients stick with their treatment regimens. This would have an immense impact on health outcomes

since non-adherence rates are [as high as 50 percent](#)<sup>6</sup> among patients with chronic illnesses. Healthcare providers will also need to create systems that enable them to monitor their patients in real time, and intervene quickly when required.

In short, if healthcare providers want to stay relevant, they need to understand how to enhance the value they provide. This will almost certainly involve forging partnerships with outsiders and new entrants.

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# CONNECTED THROUGH TIME AND BETWEEN PROVIDERS



Despite its many virtues, traditional 20th century healthcare is fragmented through time and between providers. Interaction with patients tends to be sporadic, occurring only when there is a clinical need that requires providers' expensive services. And sometimes, it occurs only when the need is urgent. By contrast, the hallmark of 21st century healthcare will be increasing connectivity through time and among providers. Interaction with patients will happen more regularly and in a coordinated way, reducing costs while keeping people on track for optimal health outcomes.

The bad news for pharma companies is that this form of Connected Health is alien to their way of thinking; it doesn't fit their business model and requires skills that most don't have in-house. The good news is that by creating Connected Health services, a pharma company can achieve several important

objectives: improve the real-world outcomes of its drug portfolio; get closer to patients, thereby building greater brand awareness and esteem for the brand; increase the company's value in the health outcomes that patients want; and create new opportunities for revenue streams.

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# MORE THAN > DRUGS AND WEARABLES



At H4B Manchester, we believe that Connected Health will usher in the greatest advances in human health since the [germ theory of disease](#)<sup>7</sup> paved the way for sanitation and antibiotics. Some pharma companies grasp the size of the opportunity and are actively planning for this new reality. But many haven't begun the task. They are finding it hard to see beyond the traditional models of blockbuster drugs and sales teams. They don't really grasp Connected Health...yet.

With our unique insider/outsider perspective on healthcare, one of our key roles today is to help clients understand the full picture of Connected Health and how they can be part of it.

For any patient living with a chronic condition, drug therapies are an essential element of Connected Health. They are a pharma company's credentials and they give the company the advantage of privileged access to the patient. But on their own, they are just momentary connections between the brand and the patient. They also face price resistance from payers and competition from generics.

The most obvious elements of Connected Health are the new generations of portable and wearable health gadgets—

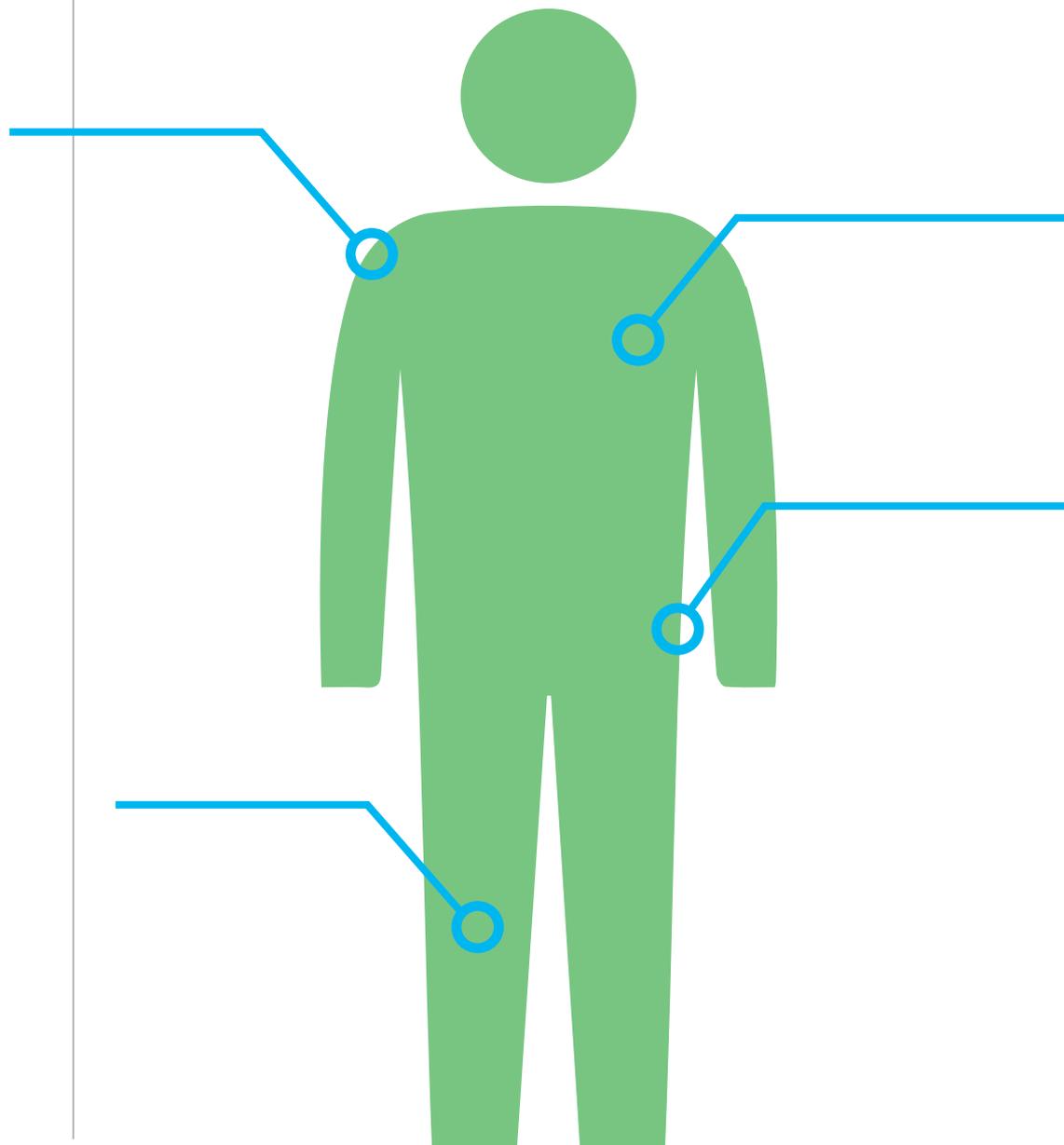
the growing variety of sensors that can track key metrics such as body temperature, heart rate, blood sugar levels, and oxygen saturation. These data provide the raw materials for continuous health analytics—the sort of detailed health profile that was previously available only for hospitalised patients.

On their own, however, sensors are nothing special. Like most technologies, they're becoming commoditised and have a short replacement cycle. Drug therapies and wearables certainly are important, but they are far from being the whole picture. Any company aspiring to harness the power of Connected Health needs all three advanced elements and a bigger aspiration.

<sup>7</sup> <http://goo.gl/c7AhrD>

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# A BIGGER ASPIRATION



In the traditional healthcare model, pharma companies seek to attain high levels of technical competency in their therapeutic field. Competitive advantage has come from their drugs being better known, more effective, or having fewer side effects. The focus is on creating products that achieve measurable clinical improvements in specific diseases. This has created a condition-centred mindset that is focused on drugs and their impact on the disease.

In contrast, Connected Health is patient-centred. It focuses on understanding the person and the needs and problems caused by that person's condition. The aspiration is to create experiences that deliver solutions for these needs.

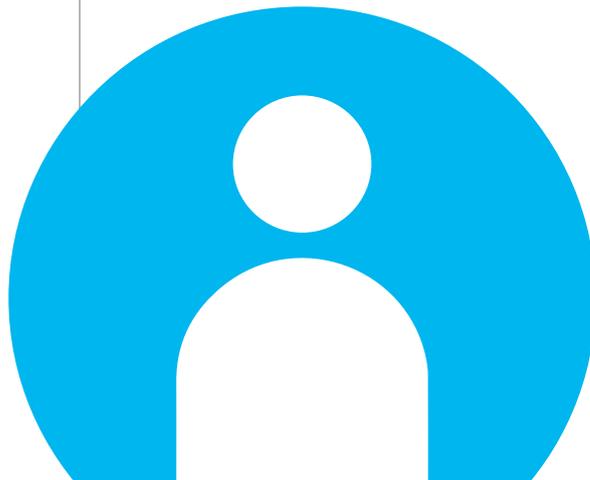
Connected Health is grounded in the understanding that there is more to a drug than its clinical profile. Delivering effective healthcare should focus not only on objectively measurable disease parameters, but also on patients' experiences of their condition and its treatment. Hence, Connected Health requires seeing drugs in a broader context: embedding them in experiences

that help a patient with a specific condition deal more effectively with the condition and live better with it. This may involve helping patients remember to take their medication. It may involve dietary guidance, connections to social support, nudges to undertake physical activity, or other non-drug interventions.

While many of these initiatives have been standard practice for years, they were typically part of a one-size-fits-all approach. Connected Health will allow us to unify these initiatives into a pervasive experience that is tailored to each patient, and that greatly improves their results.

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**TARGETED,  
TIMELY,  
AND  
PERSONAL**



In the world of Connected Health, mobile devices and cloud-based analytics are the stars, and no wonder. They are the shiny new gadgets on the healthcare scene, gaining rave reviews at events such as the annual Consumer Electronics Show. But beware: no matter how amazing these advances may be, it's important to remember they are merely tools to facilitate Connected Health. Their value for healthcare lies in enabling smart companies and their marketers to take one-size-fits-all elements and customise them for individual patients. For medication and supporting services to be as effective as possible, they must be Targeted, Timely, and Personal. This means delivering the *right intervention* at the *right time* in the *right way* for each particular type of patient.

Take the problem of non-adherence mentioned earlier—patients failing to take their medication according to the prescribed schedule. Suppose they've collected the prescription but are just forgetting to take it on time. Maybe all they need are well-placed reminders on Post-it notes, or maybe a text message when it's medication time. Or maybe not. People have an amazing capacity to ignore reminders. What works for some people may totally fail for others. Connected Health identifies different types of patients, finds out what works for them, and tailors their experience accordingly. It deploys different content assets through different channels on

different platforms to the different patient types. In doing so, Connected Health can create more seamless patient journeys.

The combination of wearables, cloud-based analytics, and feedback loops makes for a smarter system. Drawing on masses of fine-grained data, it can segment patients on the basis of which interventions will work for them. It can generate treatment algorithms and clinical decision support. Applying predictive algorithms to real-time monitoring data, it can anticipate events and allow people to get ahead of their condition.

# HOW TO CREATE A CONNECTED HEALTH OFFERING



Some of pharma's big names have seen the opportunity and have now announced Connected Health initiatives. For companies who have yet to start, here's a quick checklist of the steps to success.

### □ ASPIRE TO THE BIG PICTURE

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The winners in Connected Health will be providers who focus on optimising the patient experience and aim to deliver complete solutions for the needs associated with a condition.

### □ ROOT SOLUTIONS IN INSIGHTS

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Connected Health solutions arise from deep and thorough exploration of patient experiences. Insight-driven marketing practices provide the foundations.

### □ MAP OUT TEAM SPECIALTIES NEEDED

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End-to-end solutions are bound to involve a range of different specialties—certainly medical, pharma, technical, and marketing expertise, as well as commercial, regulatory, and others as needed.

### □ SOURCE TEAM RELATIONSHIPS

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The success of the Connected Health solution will depend on the quality of the team of innovators. Elements of the team may be found in-house; others will involve reaching out to external specialists.

### □ IDENTIFY BARRIERS AND PITFALLS

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New initiatives typically face barriers that slow development. On the flip side, rushed development increases the risk of pitfalls. Engage cross-functional expertise to get through the barrier, avoid the pitfalls, and meet regulatory, quality, and compliance requirements.

### □ IDENTIFY THE MOST IMPACTFUL STEPS

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Success generates belief and momentum. Which initiative in a full solution would be most likely to have a measurable impact? It might be driving adherence, or regular monitoring.

### □ KEEP IT CONSTANTLY IN BETA

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Feedback loops are an essential feature of Connected Health. Whatever end-to-end solution you start with should be built to identify what works and what doesn't, and adapt accordingly.

