


How Amazon in Healthcare Will Change your Organization

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HFMA New Jersey FACT committee

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1

Agenda

- Competitive Environment
- Future State of Healthcare
- Current and Emerging Disruptors
- Preparing for Disruption


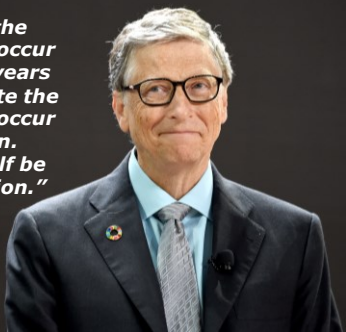


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"We always overestimate the change that will occur in the next two years and underestimate the change that will occur in the next ten. Don't let yourself be lulled into inaction."

- Bill Gates



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Healthcare disruptive innovations

"... a process by which a product or service takes root initially in simple applications at the bottom of a market, and then relentlessly moves up market, eventually displacing established competitors."

-Clayton Christensen

Disruptive innovations are often focused on convenience and initially dismissed by incumbents as poor quality

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Opportunities that New Entrants See in Healthcare

- Poor Communication
- High Prices
- Misaligned Incentives
- Lack of Coordination
- Patient non-compliance
- Unmanaged Chronic Illness
- Rising Pharmaceutical Costs

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An Intensifying Competitive Map

Degree of Disruption

- Infrastructure
- Scope of services
- Established reputation
- Innovation
- Consumer expertise
- Tech-based/data savvy
- Resources

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Past Performance is not a Guarantee of Future Results



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Imagining the Future State of Healthcare

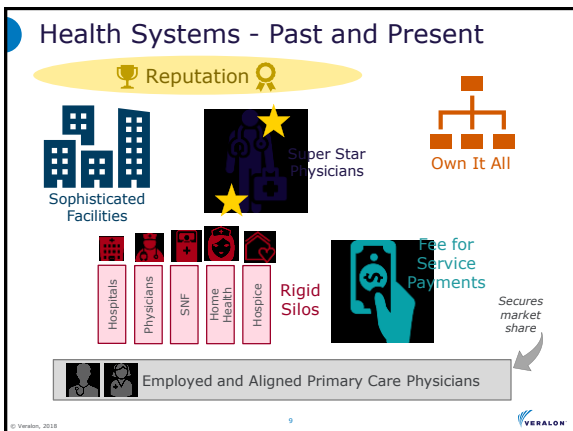


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Health Systems - Past and Present

Reputation



Sophisticated Facilities

Super Star Physicians

Own It All

Rigid Silos

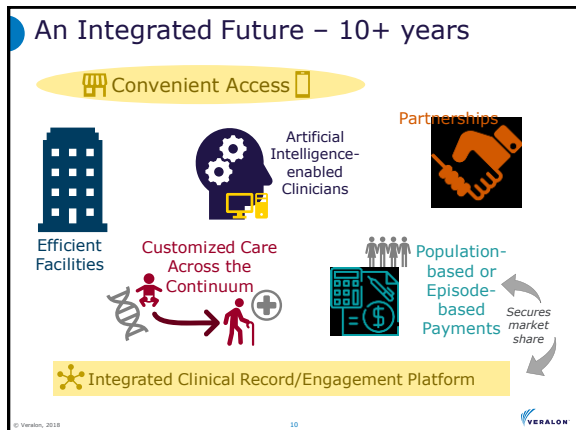
Fee for Service Payments

Secures market share

Employed and Aligned Primary Care Physicians

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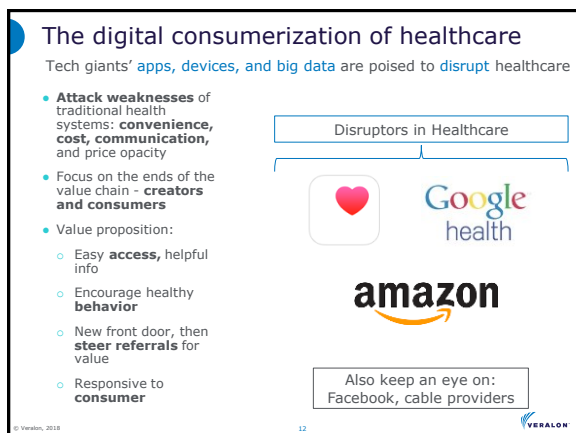
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12


Delivery System Disruptors

New care delivery models are **disrupting** healthcare

Disruptors in Healthcare

- **Hospital is the enemy**
- Focus on the ends of the value chain – **creators and consumers**
- Value proposition:
 - **Avoid higher cost provider types**
 - Optimize risk score
 - Manage complex patients
 - **Steer referrals** for value
 - Responsive to **consumer**

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13

Apple

Testing new products and services that redefine the care delivery model

- EHR Data
- Wellness
- Chronic Care Management
- Mobile Devices
- Clinics for Employees¹
- Medical Research





Sources: Rachel Z. Armit: "Apple is officially in the EHR business? Now what?" Modern Healthcare, January 26, 2018 and Cate Lawrence, "Apple's CareKit helps healthcare apps step up their game" Realize, May 5, 2016. 14 

14

Google

Strategy involves data generation/analytics, disease detection, and consumer empowerment/lifestyle management

Technology and Big Data



- Machine learning
- Artificial intelligence
- Analytics
- The healthcare cloud
- Predicting adverse events
- Integrating remote monitoring data


Products

- GoogleGlass
- Google Contact Lens
- Google Home
- Google Daydream View

Alphabet Subsidiaries

- Verily
- Deep Mind
- Calico
- Cityblock

Source: Juliet Van Wageningen "Google Focuses In On Healthcare Data, Emerging Technology" Health Tech Magazine, January 17, 2018. And <https://www.cbinsights.com/research/report/google-strategy-healthcare/> 15 

15

Amazon Echo Silver amazon




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Amazon amazon

Using scale, understanding of customer experience, and consumer loyalty to disintermediate the current delivery system

1. **Interactive Technology Platform**
 - Natural language interaction with AI
 - Potential for telemedicine and remote monitoring
 - Wellness coaching and chronic illness management
2. **Care Delivery by Humans**
 - Telemedicine and in-person clinics at Whole Foods and employers
3. **Pharmaceuticals**
 - Acquisition of PillPack
4. **Supply Chain Improvements**
5. **Cloud Services**
 - Storage solutions for payers and providers



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Innovators' Points of Engagement


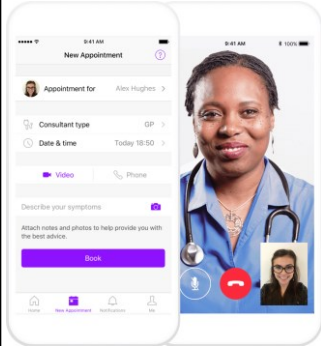
These points of engagement precede traditional primary care visits

	Wearable	Smart Phone	Smart Speaker
Apple	iWatch	iPhone	HomePod
Google	Google Assistant on Samsung watches	Android	Google Home
Amazon	N/A	Either	Echo

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18

Meet your New Digital Provider..



Babylon is the UK's leading digital health provider.

The app has been available on Google Play or App Store.



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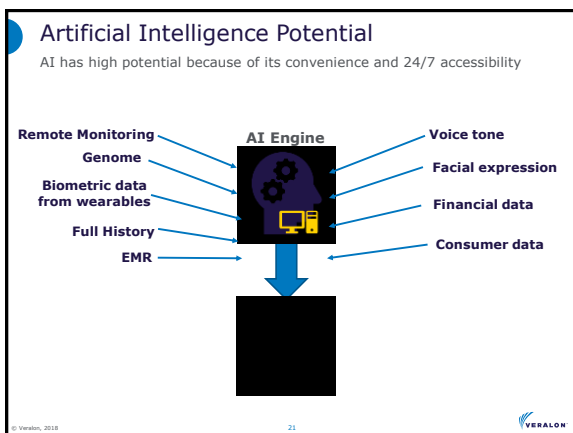
19

How Babylon Works

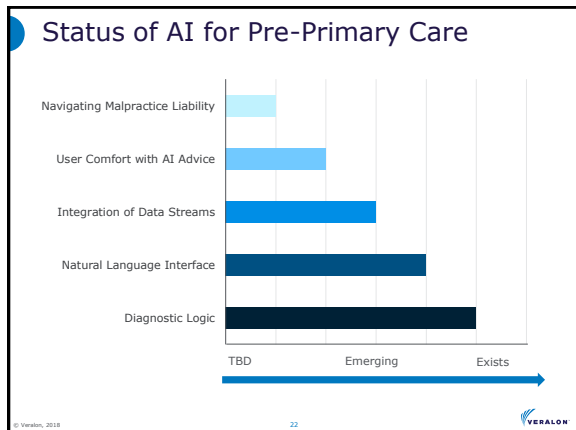


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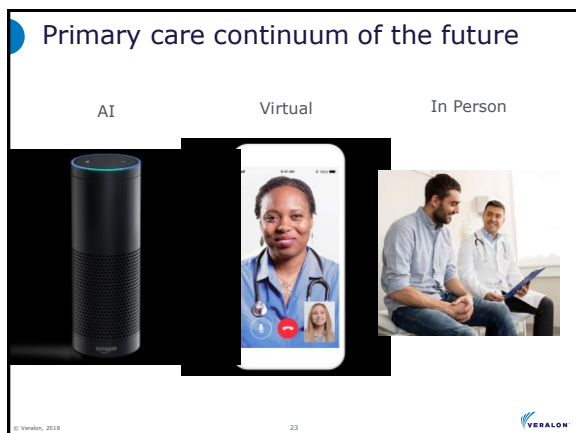
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21



22



23

- ### Implications
- Different competitive landscape, **new players**
 - Traditional providers losing direct **access to patients**, especially if can't prove **value**
 - **Large players have an advantage** –analytic insight, ability to invest in data analytics, distribution has high fixed and low marginal cost
 - **Consumer empowerment** may improve healthy living and chronic illness management
 - Remote monitoring and telehealth **shift care from hospital locations**
 - Traditional providers must choose the right **partnerships** to succeed
 - Broader **societal and technological changes** likely to affect healthcare innovation as much as (or more than) clinical innovations
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Preparing for Disruption

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Many are Moving Forward with "Partnerships"

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Preparing for Disruption

Providers and payers can position themselves for success within this competitive landscape

- Strategy must include innovation
 - Establish culture and process for rapid implementation
- Develop a digital health strategy
 - Incorporate into ambulatory care planning
- Pursue partnerships
 - Be proactive, selective, and willing to pilot
- Focus on value and consumer
 - Customize by segment

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27