The Outlook For Telehealth And CSP Early Movers

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The healthcare sector is being forced to change, leading to new opportunities underpinned by telehealth applications

**Changes:**
- Governments and healthcare stakeholders are introducing value-based models: Evidence/Performance-based; New way to reimburse healthcare providers.

**Goals:**
- Manage the rising cost of healthcare provision
- Address the increasing prevalence of chronic disease
- Provide better-quality services to patients.
The four application groups are slowly converging to provide health monitoring and disease prevention to solve the issues

Telehealth solutions will play an important role to address the challenges:

- **Assisted living** solutions can address some of the needs of an ageing population.

- **Remote patient monitoring (RPM)** and **telemedicine** facilitate remote monitoring or provide non-urgent medical advice to relieve the burden on traditional resources.

- **Wellness** platforms (health apps, wearables) monitor consumer health.
Survey results: Good penetration levels of apps + ~60% of people pay for their own healthcare insurance → Strong potential

Figure: Respondents who use healthcare or fitness apps, by country [Source: Analysys Mason, 2015]

- Fitness (steps, heart rate)
- Wellness (sleep, posture)
- Medical condition management
- Use some fitness/health app

Q: “If you use health or fitness apps on your mobile phone, what do those apps track? (select all that apply)”; n = 3000

Figure: Respondents with medical insurance, and insurance payment bearers [Source: Analysys Mason, 2015]

- Yes, I pay
- Yes, family pays
- No, I pay when needed
- Yes, employer pays
- Yes, someone else pays
- No, healthcare is free
- No, for another reason
- Unsure

Q: “Do you have private healthcare cover/insurance?”; n = 3000
Forecast: The telehealth market will grow significantly from a very small base, but the overall opportunity will be small.

Telehealth connections and revenue will grow during the forecast period but will not be a large market in 2020.

- Assisted living, Remote patient monitoring (RPM) and telemedicine often require different technologies and adopt different business models.
- RPM and assisted living may generate connectivity revenue but most of the value is found higher up the value chain.
- Standalone telemedicine services generate revenue through subscription and ‘visit’ fees.
- Few holistic services are available.

Note: We do not provide forecasts for the size of the wellness market. We will track the market and progress in corporate wellness plans, and may size the market in the future.
Digital Economy Readiness Index (DERI): Mobile healthcare is one of the key focuses of the CSP initiatives in Asia-Pacific.
CSPs entering the telehealth market must be prepared to make significant investment and take a long-term view.

Telehealth represents an interesting long-term opportunity for CSPs willing to commit resources over the long term.

- CSPs need to address national market requirements with regard to policy and demand.
- Telehealth services are complex:
  - Address disparate stakeholders
  - Require different technologies
  - Synergies are not always clear.
- The role of the CSP in the value chain is unclear.
- Moving up the value chain will be challenging.
- Telehealth will remain a small opportunity for CSPs during the next 5 years.

Figure: CSP roles in the telehealth market value chain
The telehealth market has persistent barriers to entry, which will only be resolved in the long term.

CSPs may identify some near-term opportunities in connectivity provision…but these will be low value and subject to intense competition. These issues will only be resolved in the long term.

Figure: Barriers to adoption and growth in the telehealth market

Regulation
- Long lead times for medical device certification
- Stringent data protection laws
- Lack of clarity on new delivery models

Funding and reimbursement
- Funding mechanisms for new delivery models not always in place
- Insufficient proof points in the market

Lack of scale
- Fragmented demand-side dynamics in healthcare
- Lack of interoperability and standards between health IT solutions

Source: Analysys Mason
Case study 1: The M2M end-to-end patient monitoring solution of a leading CSP in Malaysia

- Bluetooth enabled patient device
- Server and 3G gateway hardware
- Mobile M2M service for connectivity
- Connectivity Management Platform
- Patient monitoring application

‘Off the shelf’ end-to-end patient monitoring solution
Case study 2: The mobile healthcare service of a India leading CSP addresses the unserved need and brings differentiation

- **mHealth SMS alert packs** → **Low income**: Make health information readily available to the large segments of the population in India which do not have access to the Internet.

- **Mediphone** → **Mid-high income**: Exclusive to Airtel mobile subscribers. The service is powered by a clinical decision support solution from Medibank Health Solutions, and is staffed by accredited nurses and doctors.
Key Takeaways

Health industry is being forced to change:
Ageing populations and the prevalence of chronic diseases are putting increasing pressure on healthcare resources.

Mobile health has good potential in Asia Pacific:
Consumer survey shows high app penetration and high incentive for health monitoring and management.

Telehealth is estimated to have strong growth globally:
But it’s complexed and it will remain a small opportunity for CSPs during the next 5 years.

Healthcare is the #3 market that APAC CSPs invest in:
Challenges: No significant returns in the near term; Positioning; Difficulty to move up the value chain; high investment and risk…
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