



Where is Healthcare Tech Headed?

Indications from 2021

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2021 was a watershed year for Healthtech companies

In the [Ecosystem Predicts: The Top 5 Healthcare Trends in 2022](#) we have said that 2022 will be the year when we start seeing the second-order impacts of the pandemic and we will see healthcare providers address these impacts. This means an increase in tech adoption and a greater (and in some cases, renewed) interest in tech providers to focus on the Healthcare industry.

Last month, we saw announcements of Francisco Partners acquiring the healthcare data and analytics assets from the [IBM Watson Health](#) business unit. This was neither unexpected nor an isolated news – it follows a series of significant Healthcare tech news from last year.

Here are some announcements from 2021 that I feel give us an indication of where the Healthcare tech market is headed.



#1

Oracle Acquisition of Cerner

Late last year, [Oracle announced its acquisition of Cerner](#) for close to USD 30 billion, making it the company's biggest acquisition to date. Cerner is expected to be a dedicated Industry Business Unit within Oracle.

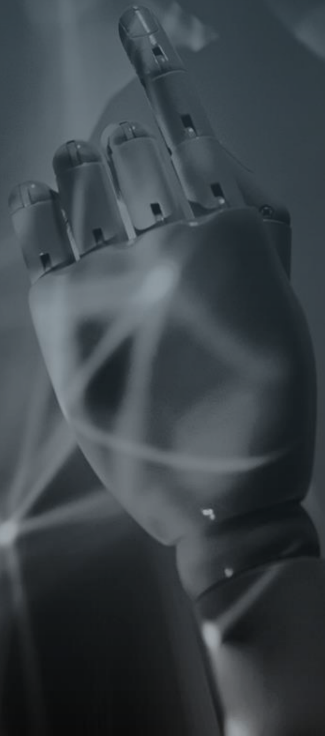
Larger tech providers have been building their Healthcare industry expertise over the last 2 years (some even before that – but it has finally paid off). Their core strength and go-to-market messaging will be in their ability to integrate with EMR and other provider systems. And this is where Oracle is looking to benefit from the Cerner acquisition. Cerner's clients, on the other hand, will benefit from Oracle's expertise in cloud infrastructure modernisation.

We will see a surge in M&A activities in Healthcare, especially focused on expanding the industry cloud portfolios of the major tech providers.



#2

Microsoft Deepens Healthcare Focus Through Nuance Acquisition



Microsoft has launched a series of Vertical Cloud offerings in the last couple of years; and Healthcare was the first industry they focused on when they launched [Microsoft Cloud for Healthcare](#) in October 2020. I have already spoken earlier of how healthcare providers will benefit from the tech provider's 'modular' solution approach, given how diverse they can be in their technology maturity and investments.

But that was not the end of Microsoft's Healthcare focus. That offering was followed up by [the Nuance acquisition](#) in the first half of 2021. Nuance brings to the table established relationships with EHR vendors, which will be useful for Microsoft globally; as well as strong capabilities in Conversational AI and speech solutions.

Microsoft has clearly learnt from its mistakes with HealthVault and is focusing on building in integration capabilities within its Healthcare solutions.



#3

Healthcare Catching the Attention of Private Equity Firms

The [acquisition of athenahealth by Bain Capital and Hellman & Friedman](#) for USD 17 billion, might have been missed by many outside of the US market. athenahealth is a significant player in the market supporting more than 140,000 ambulatory care providers across USA; with its EHR-integrated telehealth solution gaining significant traction after the pandemic.

The fact that private equity firms are now showing greater interest in the market is a firm indication that Healthcare tech has finally come of age.

For long the Healthcare tech industry has been over-reliant on siloed EMR leaders, smaller telehealth providers, innovative device manufacturers and local systems integrators in emerging markets. This is a great example of how traditional players in the Healthcare tech space can benefit from the renewed interest and investments to grow their market share and develop newer, innovative products.



#4

Well-being Apps Becoming Mainstream

This is a smaller announcement than the others that have been discussed so far – but equally significant in my opinion. When the pandemic hit us in 2020, I had predicted a second wave of health and wellness apps, especially **a surge in the number of mental health apps**. The merger Headspace, that specializes in meditation and mindfulness and on-demand mental healthcare app Ginger is a good indication that this is an emerging focus for tech providers. The new entity **Headspace Health**, integrates Headspace's direct-to-consumer mindfulness and meditation software with Ginger's on-demand digital mental health coaching and video therapy platform.

We will continue to see interest and investments in this space – by consumers, by employers, by clinicians, and even by healthcare payers.



#5 Consumer Tech Firms Looking to Leverage Healthcare Tech Boom

As social distancing and work-from-home became buzzwords, Peloton grew in popularity. The company took a step forward when it introduced a [corporate wellness programme](#) for businesses. The programme gives employees subsidised access to Peloton's digital fitness membership and high-end exercise equipment. The true benefit will come from features such as team tagging and group exercises that promote wellness as well as team spirit at a time when workplaces have become increasingly dispersed.

Whether Peloton manages to capture a large share of the employee wellness market is yet to be seen. But initiatives such as these put wellness as an integral part of employee experience.



Ecosystem Opinion

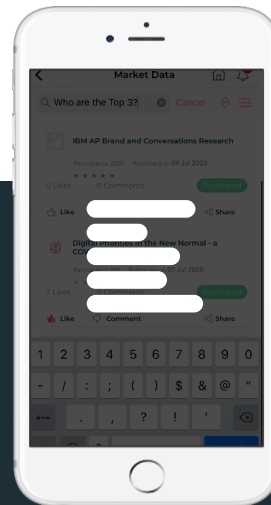


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“Look around you – you will be spoiled for choice!”

Whether you are a provider organisation, a clinician or a consumer of wellness apps, the last two years has opened up new possibilities for you. There is a strong focus on process optimisation and efficiency for healthcare providers and clinicians. But more importantly, clinicians have a greater opportunity to improve clinical outcomes – and consumers to take ownership of their health and wellness. As we face the second-order impacts of the pandemic, we will look around us and will be able to find the option that suits us best.



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