



Future of Health: The Moment is Now

Executive Summary – Nebraska Hospital Association

October 27, 2023

Knowledge Check 1

Do you believe sharing data can lead to better outcomes and lower costs?

Please select your answer and click Submit.

- a. Yes
- b. No
- c. Not sure



The waves of industry innovation

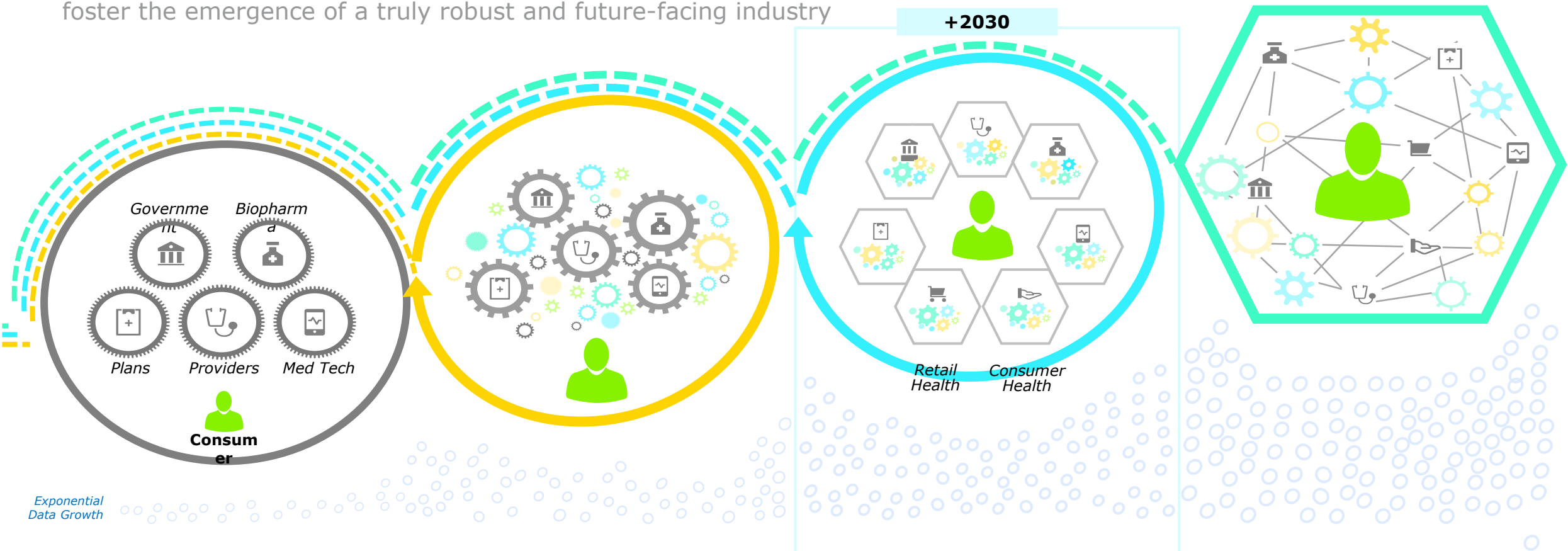
Health is in the throes of creative destruction, morphing industry and competitive structure to foster the emergence of a truly robust and future-facing industry

Key

Industry Incumbents

New Entrants

e.g. Technology, Telecom, Consumer - Focused businesses, Financial Services, and Native LSHC players



Exponential
Data Growth

Wave 0 Legacy Health Ecosystem

- Separate entities / assets serve a given need
- Siloed orgs, with misaligned macro-level incentives that maximize profit individually

Wave 1 Industry Fragmentation

- Explosion of data & analytics and consumerism fracture this rigid system
- Other macro dynamics (e.g., COVID-19) accelerated this fragmentation

Wave 2 Industry Re-Assembly

- Reconstruction around the empowered consumer, leveraging data & innovation
- Business models change, data is connected, and key players converge

Wave 3 Age of Biology & Beyond

- Networks and ecosystems become increasingly sophisticated
- Value from the system comes from wellness rather than sick care

The impact of macro market dynamics on the Future of Health™

Recent external pressures have accelerated the time horizon towards Future of Health and activated key drivers

MACRO MARKET DYNAMICS

COVID-19 PANDEMIC

Shaped the new reality of the industry, including critical dimensions across capabilities, patients, and workforce

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

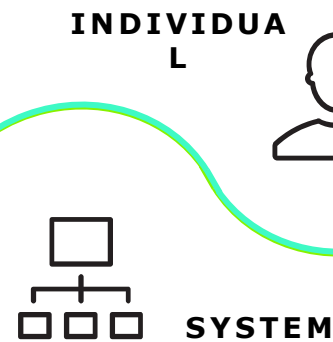
Climate Change - The complex relationship between climate change and health has become increasingly pronounced

Health Equity - Increased focus on helping individuals achieve their full health & wellbeing regardless of race, income, gender, etc.

Stakeholder Alignment - Growing alignment between C-Suite, consumers, and employees around ESG elements

INFLATION

Although certain inflationary pressures may abate, others will not - implying ongoing need for action across the ecosystem



FUTURE OF HEALTH DRIVERS

Consumerism

Demand for convenience and transparency

Data Sharing

Participation in and control of data sharing

Institutional Trust / Social Contract

Trust in the care systems and obligation to care wellness of all

Behavior change / nudging

Moving individuals to make different choices consistently

Continued Innovation

Pace of technological change and innovation is accelerating

Data Interoperability

Radical transformation of data architecture and analysis

Platforms & Hypercompetition

Value-creating interactions between producers and consumers

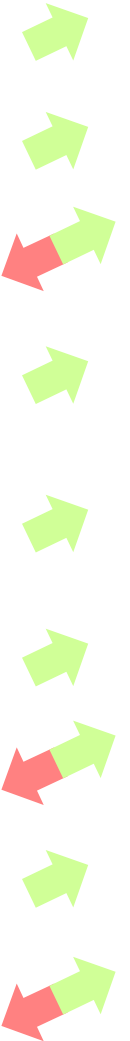
Networks & Ecosystems

Novel connections resulting from sector & industry convergence

Sick-Care to Well-Care

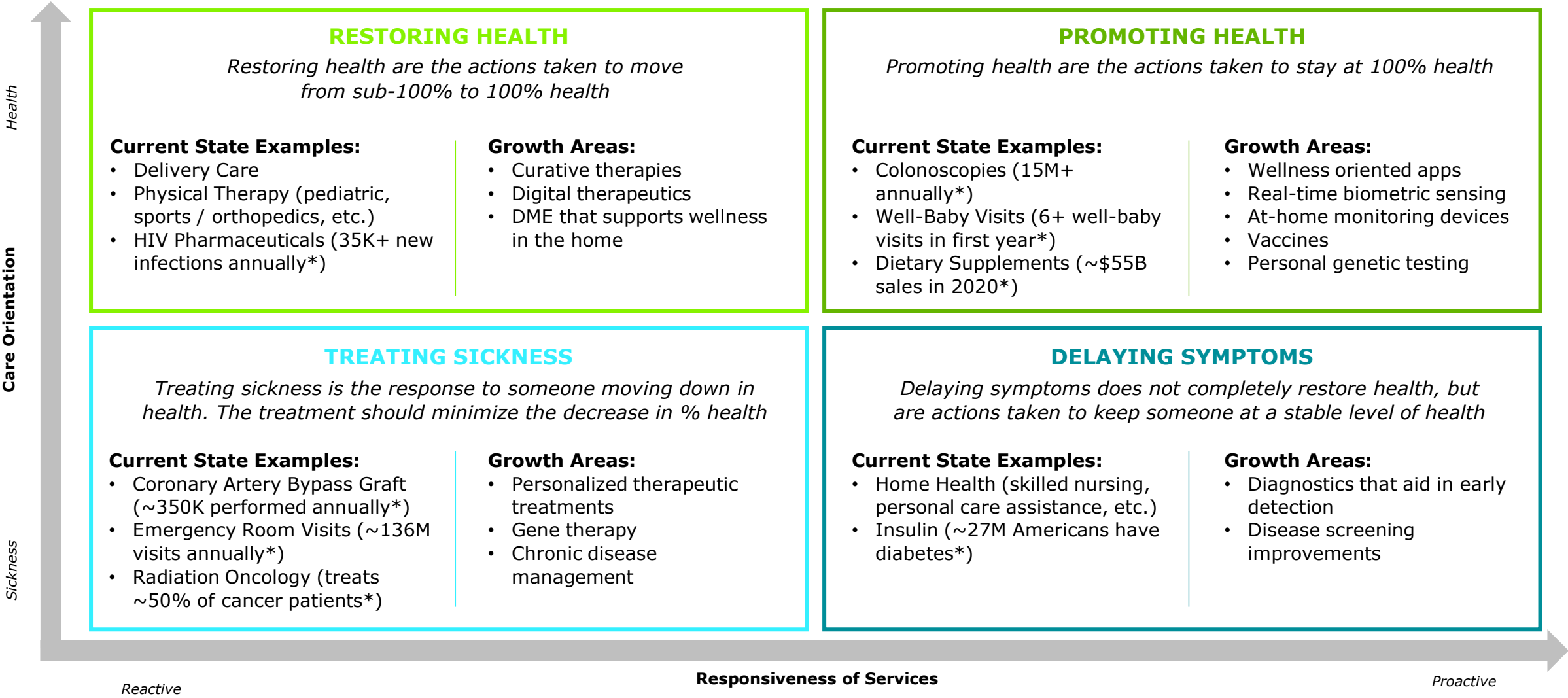
Shifting from a break-fix model via data dimensionality

RATE OF CHANGE¹



Health spend takes place across four broad categories

The health ecosystem historically focuses primarily on sickness, but there is meaningful health activity that goes beyond reactive sick care



The Future of Health will be driven by **digital transformation** enabled by radically interoperable data as well as open secure platforms



Knowledge Check 2

How quickly do you believe the health care industry will utilize interoperable data sets?

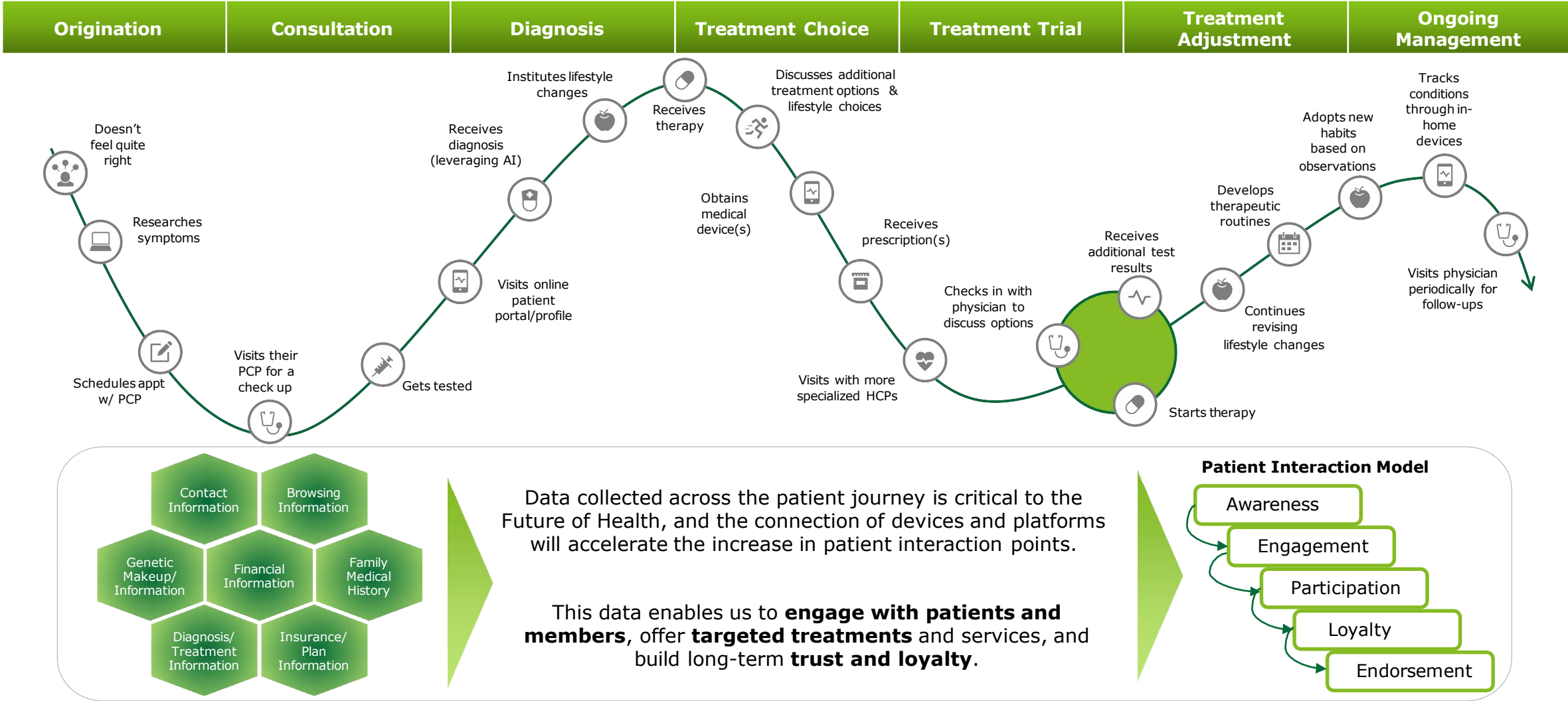
Please select your answer and click Submit.

- a. Within 5 years
- b. 5-10 years
- c. 10-20 years
- d. Never
- e. Not sure



Patients interact with data across their health care journey

Data is being created at an incredible rate across the patient journey, which will enable new business models in the Future of Health

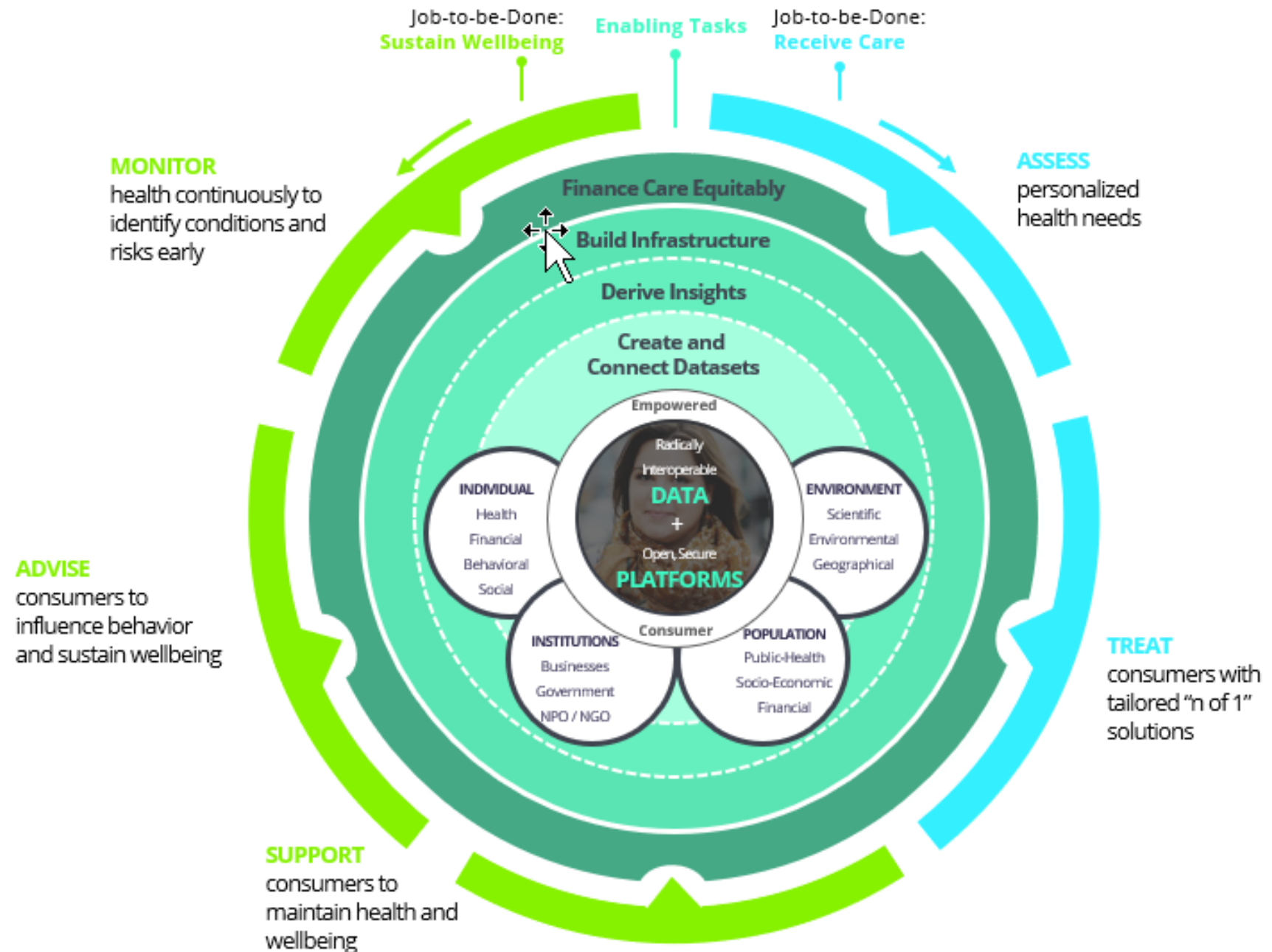


The Future of Health

Primarily aimed to *sustain wellbeing, providing care only in the rare instances when wellbeing fails*

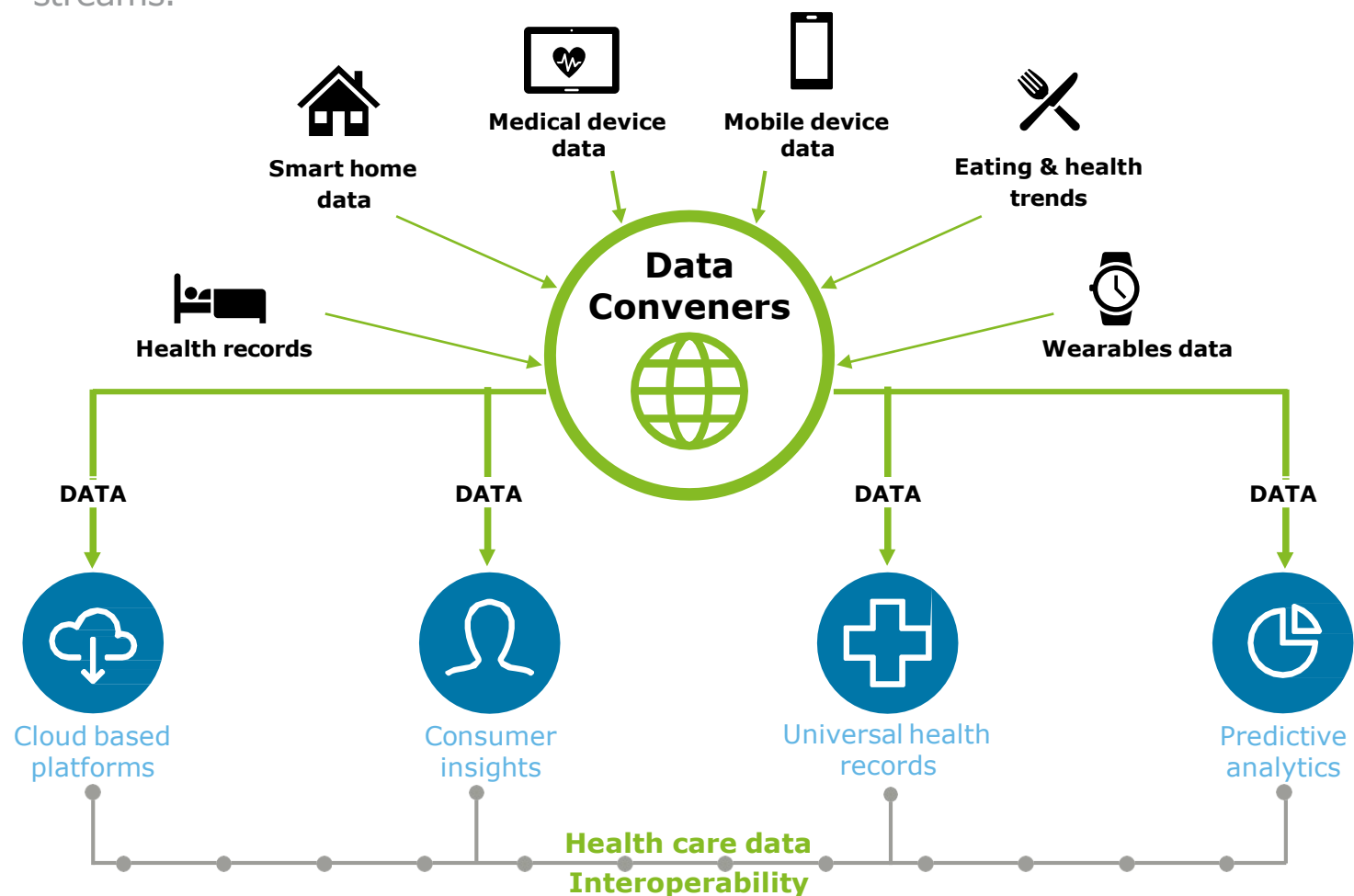
Radically interoperable *data* and open, secure *platforms*

Power new ways to *complete enabling tasks and address jobs-to-be-done in the future*



Data will converge to feed new revenue streams

A data convener organization will aggregate and store a wealth of individual, population, institutional, and environmental data, driving a new economic model that will be centered on collecting, connecting, and monetizing data to create new revenue streams.



Monetization of Data

Data proliferation

Individual, population, institutional, and environmental data will be aggregated and shared to drive new revenue streams for data conveners.

Data/Platform builders

Health plans, medical device companies, and other data conveners will monetize their data through agreements with data and platform infrastructure builders.

Science and insight engines

Data will be further monetized via agreements with science and insights engines that need reliable and accurate data to make derived insights actionable.

Knowledge Check 3

Who do you think will control personal health information (PHI) data?

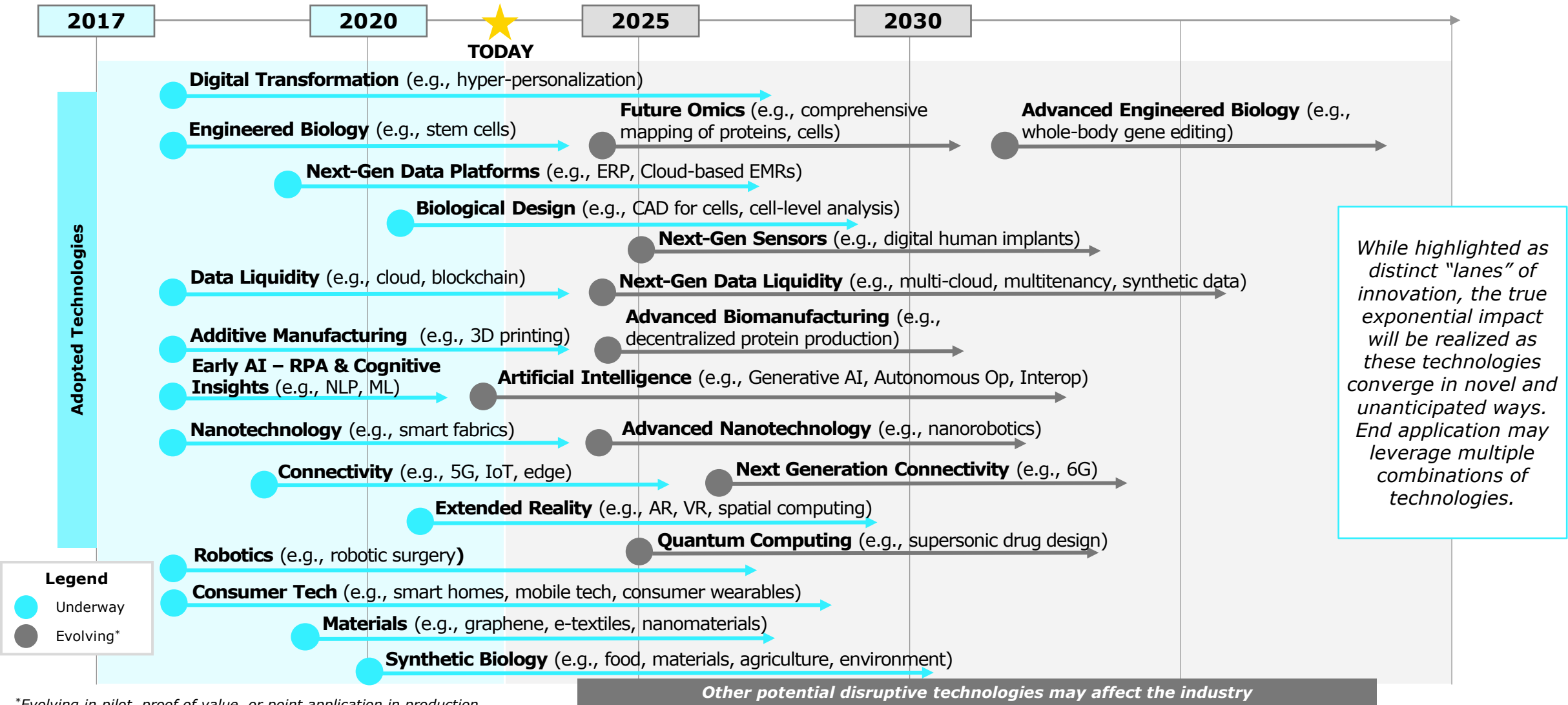
Please select your answer and click Submit.

- a. Consumers
- b. Physicians/hospitals
- c. Health insurers
- d. Technology companies



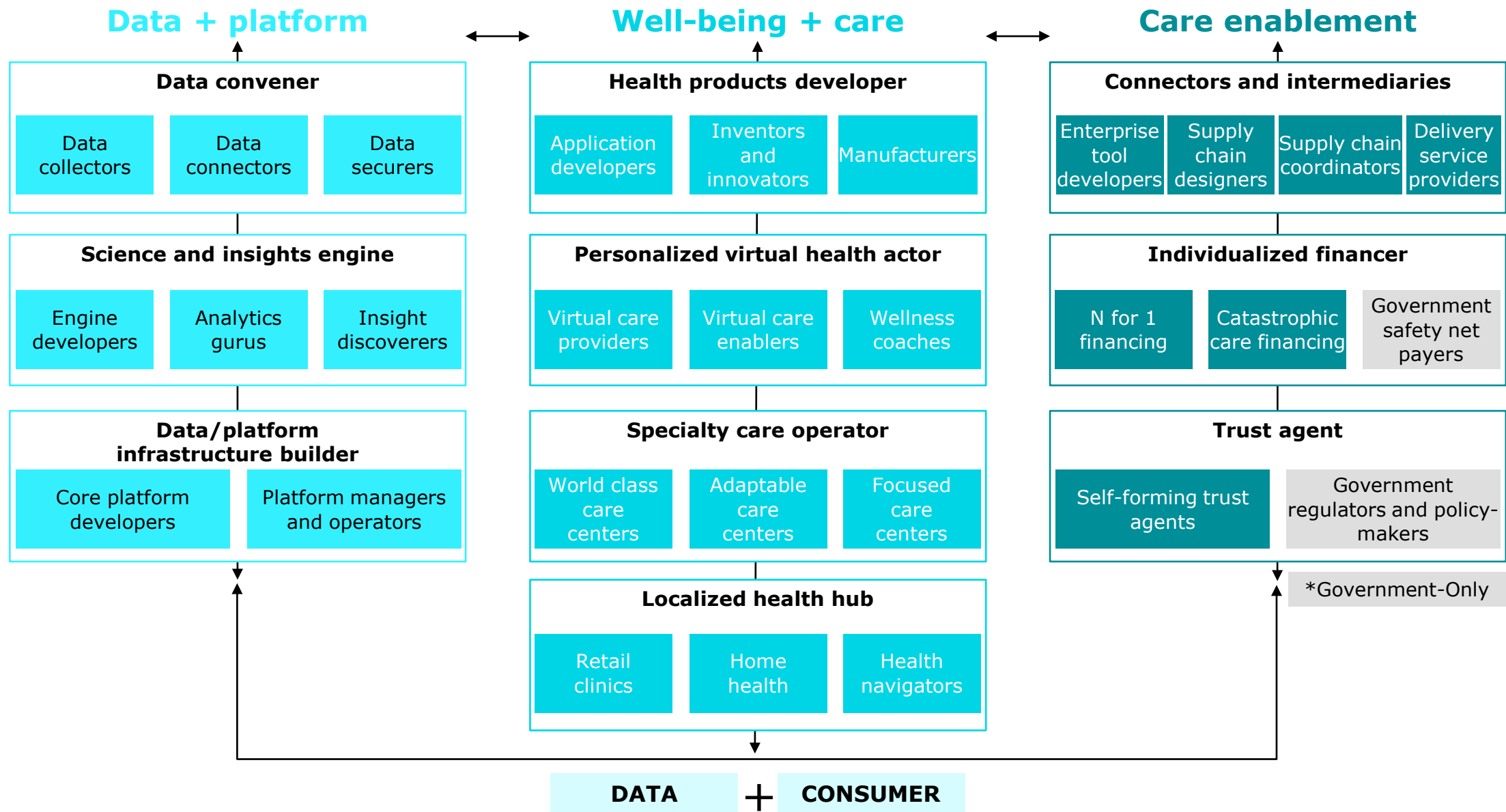
The Future of Health™ technology journey transformation

We are seeing life sciences and health organizations rapidly adopt new technologies and expect the sophistication and depth of technical solutions to rapidly expand as we near 2030 and beyond



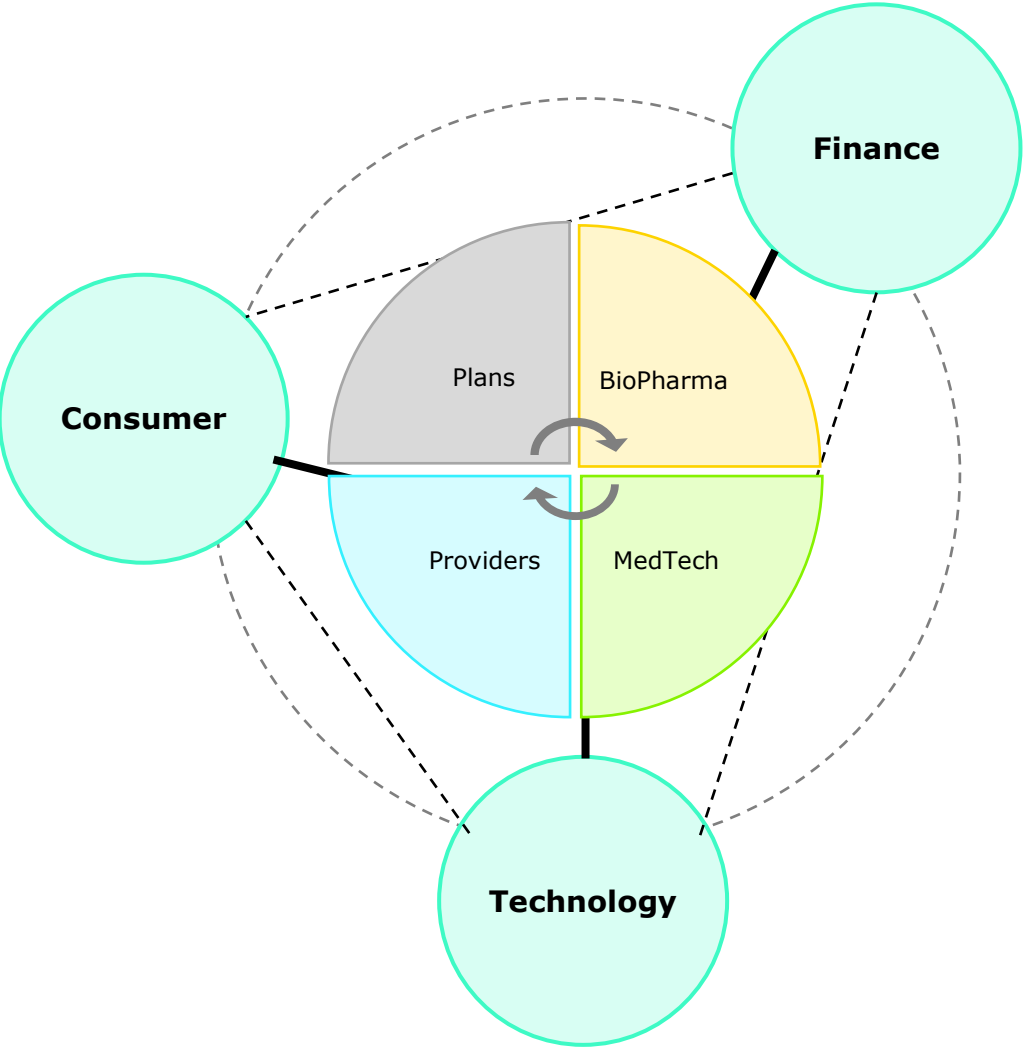
*Evolving in pilot, proof of value, or point application in production
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10 winning business archetypes in the Future of Health™



Cross-Sector and Cross-Industry Convergence in 2030

Industry silos are breaking down, creating convergence within the LSHC industry. This is complemented by the influence of (or partnership with) outside industry players and capabilities



Convergence Tailwinds:

- Gaps & Inefficiencies Of The Status Quo
- Rise of the Empowered Health Consumer
- Technology Innovation & Data Proliferation
- Shift from Sick-Care to Well-Care

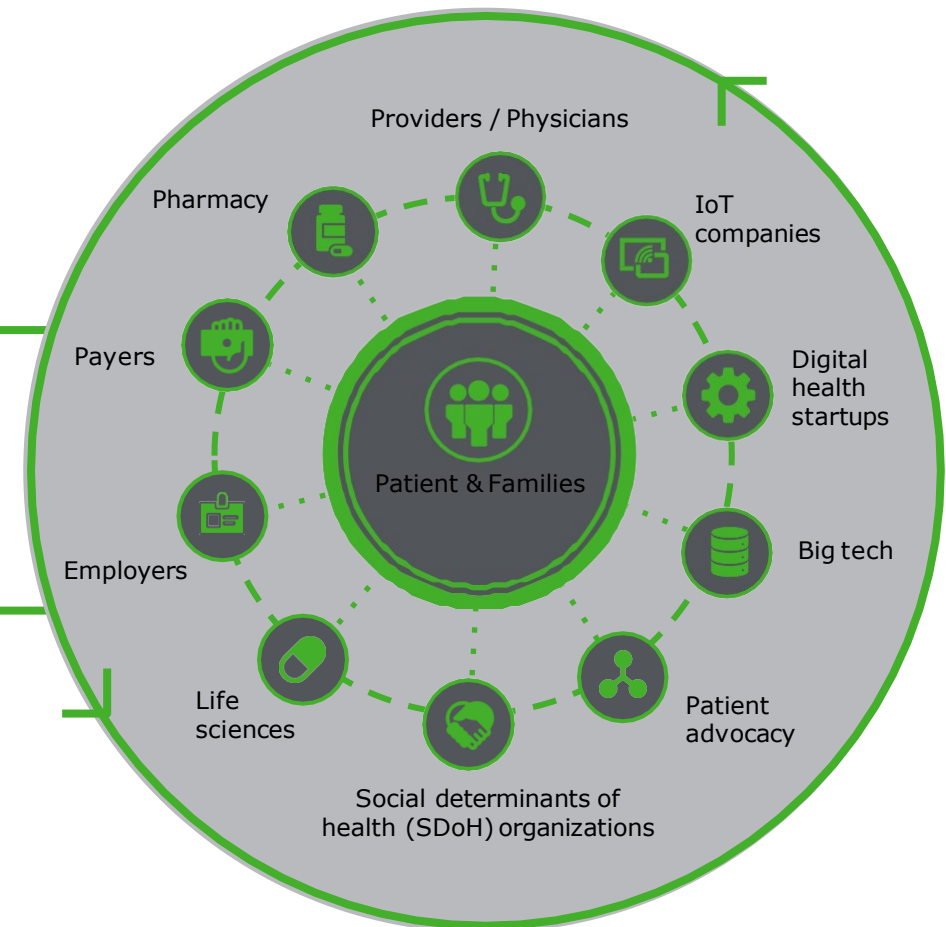
Convergence Implications:

- Cross-sector and non-LSHC stakeholders have an incentive to address existing system challenges and frictions
- Consumer centricity is a core competency of non-native entrants (e.g., retail, consumer) and growing capability of emergent players (e.g., health tech)
- Emergent players and non-native entrants have superior analytic capabilities to harness the explosion of health data
- The nature of Well-Care (e.g., hyper personalization, consumer-centricity) better positions emergent & non-native players

Purpose-driven health care ecosystems

As lines blur between technology, consumer, retail, and health care industries, participants are developing purpose-driven, digitally-enabled ecosystems that enable the provision of services beyond their core business

Ecosystems incorporate a web of mutually beneficial relationships brokered by a digital platform that enhances the value for all participants using the platform

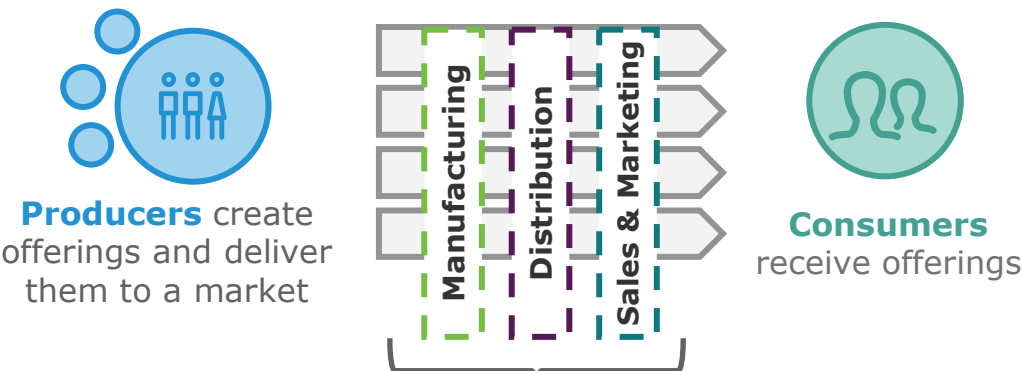


Source: "Platform Revolution" by G. Parker, M. Van Alstyne, S. Choudary (2016), ² Summit Health Market Report (2020)

Platform business models are rewiring the value chain

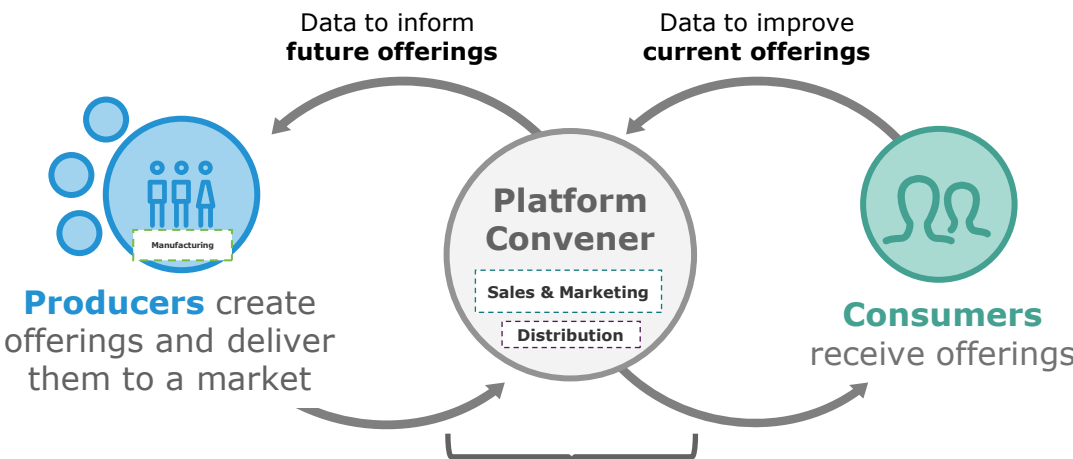
Platform businesses create more economic value by facilitating meaningful connections through an ecosystem

PIPELINE BUSINESSES



Pipeline businesses capture **ownership of a part of the value chain** that delivers information, services, or goods to consumers

PLATFORM BUSINESSES



Platform businesses **facilitate the exchange of information, services or goods** between producers and consumers in an ecosystem



By 2040, Deloitte analysis suggests that platform businesses will capture
~**50%** of all healthcare spending

Knowledge Check 4

Which ecosystem participants do you think will likely develop the underlying technology applications and requirements?

Please select your answer and click Submit.

- a. Health systems
- b. Health insurers
- c. Technology companies
- d. Others



Future of Health is an accelerator and catalyst of change for incumbents

What specific actions should incumbents take to succeed in 2030?



INDUSTRY INCUMBENTS

Classic industry players
(e.g., Providers, Plans, Biopharma, Med Tech)

PLANS



Virtual SDH / Proactive Care Spot Solutions



Health / Wellness Analytics & Offerings



Consumer-centric Talent Access & Dev.



NextGen Financing Models

BIOPHARMA



Mature Data Interoperability & AI Capabilities



Novel Open Research Ecosystems



Unconventional Talent Access & Development



New Non-API Business Models



NextGen Commercial Ecosystems

PROVIDERS



Care Delivery Transformation Programs



Predictive & Consumer-Centric Technology



Frictionless Consumer Experience



Localized, Value-Based Hubs

MEDTECH



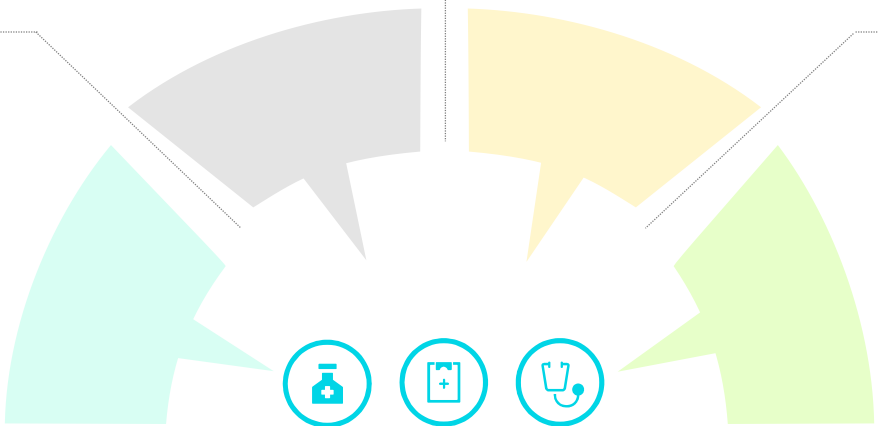
D2C Channels for At-home & Wellness



Core Business Data Insights Engine



Medical + Consumer Data Capabilities



Incumbent Table Stakes

Digital Transformation	Transformation Programs
Lean Digital Core	Innovation Op Model & Processes
Enterprise Data & Insights Platforms	Partnerships, Alliances, & Ecosystems

Structural Advantages for Industry Players in Future of Health

Winning advantages for incumbents, emergent entrants, and non-native entrants



INDUSTRY INCUMBENTS

Classic industry players (e.g., Providers, Plans, Biopharma, Med Tech)

Established Brand

Consumer familiarity with incumbents' health services and solutions

Access to Customers

Deep market penetration and established consumer relationships

Robust Balance Sheets

Access to significant dollars to enable broad & meaningful investment

Regulatory Fluency

Experience navigating, managing, and collaborating with regulators



EMERGENT ENTRANTS

Emergent players within the industry (e.g., health tech, consumer health)

Digital Natives

Business models are inherently digitally-driven and technology enabled

Deeply Consumer Centric

Offerings, services, and solutions are hyper consumer-centric

Agile & Hyper-Responsive

Efficient operations allow orgs to quickly pivot and adjust based market changes

Elite Talent Destination

Attractive org brand and culture that draws top-tier tech & data science talent



NON-NATIVE INDUSTRY ENTRANTS

Established players entering health (i.e., tech hyperscalers, retail)

No Industry Commitments

Free from the weight of existing industry commitments

Fresh Perspective

External experience facilitates novel approaches to classic industry problems

Robust Balance Sheets

Access to significant dollars to enable broad & meaningful investment

History of Success & Known Brand

Existing trust and proven track-record with consumers outside of health

What's next?

Organizations need to have a clear idea of what they are today and must be bold and brave in defining what they want to be in 2030 and beyond



Determine Your Winning 2030 Vision

- *What are the revenue opportunities?*
- *What are your aspirations? How do you want to make an impact?*
- *What combination of future archetypes (and sub-archetypes) will be distinct, high-impact, and differentiating?*



Build Your Transformation Roadmap

- *Where will you invest? What will you build organically?*
- *Where will you partner? And with who?*
- *Where do you buy and integrate when building or partnering is too challenging?*
- *How/when will you transform your talent? Your technology?*



Action No-Regret Moves Immediately

- *What are the key actions you need to take in the first quarter, six months, year?*

A holistic approach is ideal – and can be done on a smaller scale with focus on specific markets / geographies. The tradeoff of this approach are the inefficiencies of running multiple business models simultaneously.



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PROFESSIONAL EXPERIENCE:

Mr. Gisby is a senior Corporate Strategy and M&A professional with over twenty years of experience serving the Life Science and Healthcare industries. As well as founding and leading the Life Science and Healthcare practice at Deloitte Corporate Finance LLC he leads The Future of Health for Deloitte Risk and Financial Advisory

Mr Gisby has advised on numerous strategies, affiliations, partnerships, and M&A engagements. He is currently focusing on facilitating partnerships across the entire life science and healthcare ecosystem. His clients include global pharmaceutical and medical device companies, health insurance companies, health systems, healthcare information technology companies and other healthcare providers

He is a frequent contributor to and author on articles and publications on healthcare strategy and M&A and has been quoted in numerous national media outlets. Mr. Gisby is a member of the New York Security Analysts Society, and The Association for Investment Management Research.

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MA, BA, Oxford University
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