

# TELUS Talks Health

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## Should healthcare take a page from the FANG playbook?



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Jim Cramer, an American financial commentator and author, coined the acronym "FANG" to describe technology heavyweights Facebook, Amazon, Netflix and Google. Each of these companies has exploited the ubiquity of the Internet and powerful smartphones to upend industries, business models and make outsize profits.

I believe that innovators in healthcare can take a page from the FANG playbook to introduce new models of care and new business models that fully harness the Internet, the smartphone age and consumer mobile savvy to transform healthcare.

### What is the FANG model?

In his technology blog Stratechery, Ben Thompson describes the common path to success that the FANG companies have taken:

- 1 Each controls the customer entry point for the category in which they compete.** For example, Amazon controls the user experience and access to books and an increasing array of goods. With the majority of sales on Amazon.com actually from third-party merchants using Amazon as a discovery and fulfillment platform, it has become the first place many go to buy almost anything. Similarly, Netflix is the entry point for viewers looking to binge-watch entire seasons of TV shows, regardless of when they originally aired or on what television network.
- 2 Controlling the entry point for consumers means these companies have the power over the vendors that actually produce the products or services.** Since Facebook has emerged as the Internet's homepage for billions, media companies have little choice but to publish within Facebook. Content producers increasingly turn to selling their content to Netflix as its user base expands. Merchants, from small independent sellers to large conglomerates like The Gap, at least complement, if not replace, their own ecommerce sites with Amazon. Companies wanting to be discovered by potential companies have to optimize for Google search.

**The Internet...has shifted the power in the value chain away from companies who controlled the supply and distribution...to those who have focused on the consumer experience.**

③ None of the FANG companies created what are generally considered to be the most valuable pieces of their ecosystems; they simply made those pieces easier for consumers to access. And the fact that the Internet makes distribution free has put FANG companies well on their way to having more power and monetization potential than anyone realized.

The Internet has made the distribution and transaction of digital services free and, in doing so, has shifted the power in the value chain away from companies who controlled the supply and distribution of services toward those who have focussed on the consumer experience. Essentially, they have made it easier for end-users to get what they want, whether it is keeping in contact with friends and family, buying books, watching movies or looking up information.

## How FANG relates to healthcare

Accustomed to virtualized experiences in other aspects of their lives, consumers and patients increasingly expect healthcare "attention" anytime, anyplace and are accessing this attention via digital tools more than ever. For example, a 2016 Accenture study suggests that use of health apps by consumers has doubled, from 16% in 2014 to 33% in 2016, as has the use of health wearables (21% in 2016 vs. 9% in 2014).

As the emphasis on managing chronic conditions and improving health and wellness, not just "sick care", gains mainstream acceptance, it's reasonable to expect the use of digital tools and services to monitor and manage health to grow. However, the technology, and the type, scope and volume of data that it is generated, are improving and exploding much faster than consumers and healthcare professionals can handle. With the "Time to Drawer" of many health wearables and apps measured in months, if not weeks<sup>1</sup>, it's clear that technology and data alone are insufficient to drive the sustained changes in behaviour required to make real improvements in health.

What is required are productive interactions between healthcare professionals (or health coaches) and patients



What is required are productive interactions between healthcare professionals (or health coaches) and patients that are informed and improved by technology and data. This idea seems to be gaining greater traction – for example:

- the expansion of scopes of practices for pharmacists, nurses and other allied health providers
- shifts to outcomes-based remuneration or funding
- changes in fee codes to pay for telemedicine
- community pharmacies positioning themselves as "health and wellness" hubs to differentiate from competitors and retain customers

However, there is one big problem: the patient experience in healthcare is notoriously fragmented, inefficient and frustrating, and adding more healthcare providers, healthcare coaches, technologies and data for their own sake may be a recipe for disaster.

It is not easy for patients and consumers to get the productive interactions that they want, nor for healthcare "suppliers" to provide them.

## What a "FANG of Healthcare" might look like

The key observation of the FANG approach is that these companies harnessed the smartphone era to make it easier for consumers to get what they want, as opposed to creating the actual product or service. They recognized that controlling the customer entry point and experience is the key to success.

Applying FANG principles to healthcare does not require inventing new models of care – for example, the Chronic Care Model of productive interactions between providers and patients has been around for two decades – but rather, it means making it easier for consumers to have productive healthcare interactions.

"Making it easier" could mean focusing on a specific chronic condition, understanding the "health jobs" that are required to manage that condition, and then providing a self-navigated, superior, customized consumer experience. This could include providing the right supplier of attention for the right problem and the right vehicle for delivering attention for the right intervention – all in a bundled solution that "just works".

Innovative FANG-inspired start-ups may respond to and even anticipate consumer demand and create markets that serve specific patient populations. For example, Propeller Health and ginger.io provide personalized care for patients enrolled in their asthma/COPD and depression/anxiety programs, respectively. Both Propeller and ginger.io have taken the FANG approach of focusing on the consumer, and making it easier for people to access the right level of care that they need, whenever and wherever they need it – from text messaging from coaches; proactive automated alerts based on meta-data captured from smartphones; self-directed checklists and dashboards to anticipate and manage exacerbations; and, video consultations with doctors. Like the FANG companies, this has only been made possible with the rise of ubiquitous Internet access via smartphones.

To be clear, Propeller, ginger.io and other similar start-ups face extremely long odds to achieving the success of Facebook, Amazon, Netflix and Google. Navigating through healthcare regulations that often differ from province to province or state to state, gaining the trust and adoption by healthcare professionals, and achieving scaleable and sustainable business models are but a few of the real and difficult challenges that need to be met.

However, given the success of Facebook, Amazon, Netflix and Google, taking a page from their playbooks may not be a bad idea – a true healthcare disrupter is not likely to look or act like anything else that currently exists in the healthcare system.



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## References

- <sup>i</sup> Accenture, Patients want a Heavy Dose of Digital, 2016
- <sup>ii</sup> Tech Republic, Wearables have a dirty little secret: 50% of users lose interest, February 2014

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