

NONTRADITIONAL COLLABORATIONS ARE AT THE CORE OF FUTURE HEALTHCARE SYSTEMS

By Jason Greenwald

In the same way that Netflix used collaborations with traditional content developers to build its subscriber network, healthcare organizations have used mergers and acquisitions (M&A) to grow market share. For Netflix, these collaborations created a growth engine for a new business model, allowing the business to shift away from movie rentals to become a full-fledged entertainment company. Likewise, healthcare organizations should pursue nontraditional collaborations while continuing traditional M&A activity.

It is critical for organizations to choose collaborators strategically.

Through nontraditional collaborations, healthcare organizations can invest in and collaborate with businesses that are creating tools vital for success in a value-driven marketplace. For example, healthcare systems can work with companies that are creating wearables. These devices send real-time information to physicians so they can monitor patients and make treatment recommendations remotely. Collaborations like these will allow healthcare systems to:

- Create new care delivery models that reduce the cost of patient care by using real-time data to monitor patients outside traditional

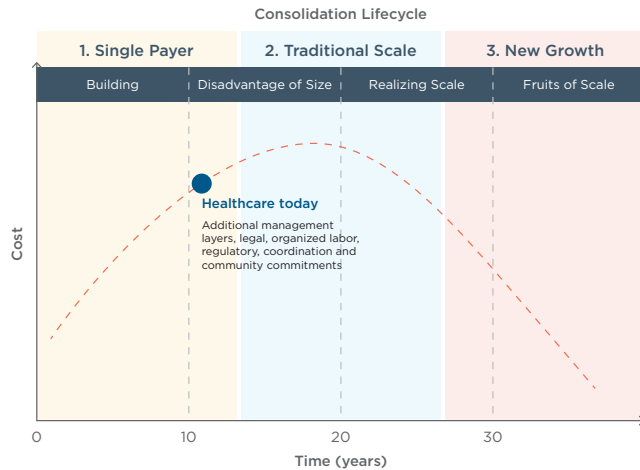
healthcare settings. Interventions based on this data have the potential to prevent an illness or hospitalization. Using data to monitor patients outside the hospital will also allow them to leave the hospital sooner.

- Implement new technologies and solutions without always investing in the infrastructure needed to create the technology.
- Receive dividends from the growth of the collaborating organization as it sells or licenses products and services to other healthcare entities.

Stanford Health Care, Ascension and Fairview Health Services have created venture capital branches of their organizations to identify opportunities for nontraditional collaborations. Ascension and Fairview invested in Zipnosis, a telemedicine company that is automating the initial steps of patient triage. With Zipnosis, patients answer questions about their condition before seeing a physician. These responses provide preliminary information so physicians can determine the next steps for treatment. As Zipnosis advances to the marketplace, Fairview and Ascension can use it at their systems while creating a new revenue stream from product sales to other health systems.

How to Pick a Nontraditional Collaborator

With countless new innovations offering to improve care outcomes and experience, creating a collaboration with every new technology device, analytics application and genomics company is impractical. It is critical for organizations to choose collaborators strategically.



Consolidation typically includes three distinct lifecycle stages: a single player in a single market that competitors quickly emulate, building traditional scale (M&A) and new ventures (forming nontraditional collaborations).

Leaders should take the following steps to help their organizations pick the right collaborators:

1. Make a deliberate decision to explore and invest in nontraditional collaborations. Communicate this decision as a strategic priority across the organization.
2. Create a picture of their future healthcare market and delivery system. Evaluate what collaborations their organization needs for success in the new marketplace.
3. Dedicate full-time staff to identify investments that are a strategic priority for the organization. Allocate capital and other resources for these investments.
4. Develop a governance structure for nontraditional collaborations that is more flexible and fluid than the structure for the rest of the organization. Allow investments to be made in real time rather than waiting for approval during the next budget cycle - which may be too late.
5. Create an incentive structure for those working on innovation. Establish criteria to ensure that collaborations are high quality and appropriate rather than focusing solely on quantity.

By identifying opportunities for growth through both traditional and nontraditional collaborations, healthcare systems can sustain today's business while investing in their future. Organizations

focused only on improving existing operating models will soon be left behind as those who create new operating models build the healthcare systems of tomorrow.

EXAMPLES OF POTENTIAL NONTRADITIONAL COLLABORATORS INCLUDE:

- Wearable devices, like the ones created by [BioVision](#), that continually monitor vital signs of patients in their homes rather than requiring them to stay in the hospital. This kind of interventional approach will improve patient monitoring and reduce the need for acute care.
- Imaging device technologies that use smart phones for diagnostic imaging, making these services easier to access and available at a lower cost. Royal Philips has launched [Lumify](#), a portable ultrasound device that transmits high-quality images to an app from virtually any location.
- Tools to monitor and diagnose health conditions using wireless devices, which will give customers more choice in when, where and how they access care. [DynoSense](#) recently announced FDA approval for its cloud-based vital signs measurement system.
- Human genome sequencing technology that will identify and characterize infectious agents through sequencing. This service will be available for \$100 per person with technology from [Illumina](#).



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