

Telcos in Health: Questions and Answers

This document outlines the questions and answers received from the STL Partners webinar: Telcos in Health – 10 case studies show how to crack the healthcare opportunity, which was hosted on Tuesday 26th November 2019. You can watch the recording of the session, and also access the slides, from the site [here](#).

If you have any questions not addressed in the webinar or this Q&A document, or want to hear more about our work in the Healthcare space, please contact:

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Healthcare is a key practice area for us, across both research and consulting, and we would be keen to work together with those exploring and pursuing the opportunities within the sector.

1. If Telus hadn't acquired a company in 2008, do you think they would've been successful? Is acquiring companies in the Health space a key learning for operators who want to exemplify Telus? (eg. Cox investing as well)

- I believe that TELUS' acquisitions – both the first one in 2008 and the multiple EMRs and pharmacy IT systems since 2012 – have been crucial building blocks to its success. But the real reason TELUS is where it is today is its long term commitment to healthcare. Rather than abandoning the market when it became clear that it would take longer than expected to scale revenues, TELUS has iterated and experimented to figure out how to overcome this challenge, and remained committed to healthcare as a key long term growth strategy.
- More broadly, if a telco wants to have a significant presence in the healthcare sector, then I think M&A is a necessity, because it enables telcos to bring in expertise from within health, a better understanding of market dynamics and challenges, and credibility with healthcare providers and IT buyers. However telcos should take a gradual approach, feel their way around the market and develop a clear strategy and entry point and target acquisitions that can help them work towards a specific goal. Otherwise they risk buying into a part of the healthcare market where they cannot scale.

2. From your presentation, it seems like operators (in general) have issues launching new products generally but even more so in new verticals, what are your recommendations for these operators to launch more innovative products?

- From the examples I have looked at, success comes from long term commitment to a goal combined with flexibility on how to get there. That said, telcos need to be realistic in terms of their goals – what can they realistically win at? Developing consumer/patient facing health apps does not play to telcos' strengths, since the dynamics in that space are more akin to traditional B2C solutions of high risk/high reward. The exception here might be emerging markets where it is

possible to take a B2C approach for real healthcare – as opposed to wellbeing/lifestyle – because most people have virtually no access to any healthcare today. Therefore in the healthcare space I think telcos need to take a B2B(2C) approach to product development, and have a very clear view of how their target customer (hospital, GP, etc.) will justify the cost of their solution, while delivering a consumer-level quality of user experience.

3. You say Telus is generated CAD800million. What do you estimate they have invested in acquisitions and in other investment?

- My estimate is that since 2008 TELUS has spent between CAD2-3bn on acquisitions, and a similar amount on in-house development to enhance and build on the companies they have acquired.

4. Is M&A the only way to enter this market? can you do it without acquiring customers and skills?

- Depending on the structure of the healthcare market, telcos can capture some opportunities solely through partnering, but I believe that this approach will not “move the needle” on revenues in a significant way. For example, Telia in Sweden won a contract with the government to deploy a remote monitoring solution, but lacked the technical expertise to deploy this at scale and therefore partnered with a company called Tactio. But if Telia wanted to make healthcare a key vertical where it moves further up the value chain, then it would have to build more expertise. Potentially if it had strong enough relationships with the government to secure contracts, then it could hire / build this type of expertise. But I don’t know the Swedish market well enough to say whether this hypothetical circumstance could be feasible in practice.