

Responding to Disruptive Innovators, Part II

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The forces that transformed taxi service and video distribution are now transforming health care. In the manner of Uber and Netflix, *disruptive innovators* are revolutionizing how healthcare consumers access services, as well as how providers organize and deliver care. The impact can be swift and profound.

[In December](#) we examined two types of disruptors in health care: revolutionized primary care and empowered physician networks. This time we examine app-enabled services and visionary health systems, and offer a framework for providers to prepare and respond to these forces.

APP-ENABLED SERVICES

The healthcare marketplace is already experiencing digital disruption, and is ripe for more. Technology is being widely deployed to make it easier to set appointments, communicate with providers, and access price and quality information. The growth of consumer-related health IT firms is exponential—such firms raised \$1.6 billion in venture capital in the third quarter of 2015 alone.^a



Two categories of “apps” are redefining care delivery:

- Patient engagement apps help consumers find physicians, book appointments, complete paperwork, review providers, access personalized health resources, and manage chronic conditions. Examples include ZocDoc and Sharecare/AskMD.
- Direct care delivery apps facilitate “office” visits using telehealth technologies, including video consults via smartphones. Examples include Teladoc, Doctors on Demand, and apps sponsored by hospitals and health systems.

Traditional physician offices and hospitals that lack digital platforms risk losing their patients to more convenient—and often more affordable—telehealth options.

VISIONARY HEALTH SYSTEMS

Visionary health systems can be defined as market movers that accelerate changes from within the industry. They invest in new technology, new partnerships, and new payment models to drive value in care delivery. Their goal is to leapfrog competitors, to block other innovators from disrupting their market position, and to create a sustainable competitive advantage.

These organizations foster a culture of innovation, supported by a substantial investment in infrastructure and incentives. The results can take many forms, including new products and services, care models, scientific discoveries, and relationships. Mayo Clinic, for example, has partnered with Best Buy on a technology lab that develops new services and technologies to advance aging-in-place initiatives for seniors. Other visionary health systems include Jefferson Health, Cleveland Clinic, and MD Anderson.

EFFECTIVE RESPONSES

Disruptive innovators—whether apps, physicians, or visionary health systems—can cut off your flow of patients unless you match those innovators in terms of cost, convenience, and service standards.

The following steps can help you stay competitive.

Recognize the new competitive dynamic. Disrupted industries can change quickly and dramatically; be sure your board, administrators, and physicians recognize the threat.

Watch for disruptors that can divert patients, and be cognizant of their potential impact on your organization. Monitor the emergence and growth of new competitors.

Understand what you have (or potentially have) to offer in the new market.

Remember that consumers are increasingly driven by price and convenience; they assume quality will be there. Innovate around these market drivers.

Partner with effective disruptors. Join forces with nimble and focused organizations that have complementary assets. Some disruptors can be effective partners, grasping direct-to-consumer market opportunities and bringing new synergies to both organizations.

Engage stakeholders in a bold new vision. Attract and nurture innovators. ●

Footnote:

a. Mercom Capital Group, "Healthcare IT Venture Capital Funding up 32 Percent with \$1.6 Billion in Q3 2015," press release, Oct. 14, 2015.

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