

# HEALTH TECH'S POST-PANDEMIC PIVOT

IMPLICATIONS FOR MARKETERS AND  
COMMUNICATIONS PROFESSIONALS



# EXECUTIVE SUMMARY

During the pandemic, there was a record-breaking infusion of capital into the digital health space, as well as rapid adoption of technology across the healthcare ecosystem by even the most previously hesitant players. The Allison+Partners Health team wanted to understand the impact of this boost in investment and tech adoption for both emerging and established health tech brands—as well as the barriers and opportunities they present for the marketing and communications professionals charged with telling their stories.

## 2021: A RECORD-SETTING YEAR FOR HEALTH TECH:



**42**

HEALTH TECH UNICORNS



**157%**

MORE DOLLARS INVESTED THAN 2020



**\$29.1B**

INVESTED INTO HEALTH TECH IN 2021



**729 Deals**

FUNDED WITH AN AVERAGE DEAL SIZE OF \$39.9M



**88 Deals**

FUNDED (100M+ ROUNDS)



**23 Exits**

3X MORE IPOs (8 IPOs, 15 SPACS)

After conducting a meta-analysis of existing trend reports, interviewing health tech founders and executives and surveying hundreds of senior and C-suite leaders about the seismic shifts taking shape across the sector, we concluded that in addition to the investment bubble bursting, health tech is primed for a pendulum swing. While consumer-facing solutions took center stage in 2021, in 2022 and beyond we believe that more attention will shift to B2B tech and infrastructure solutions. In the pages that follow, we'll discuss each of the four key findings in detail.

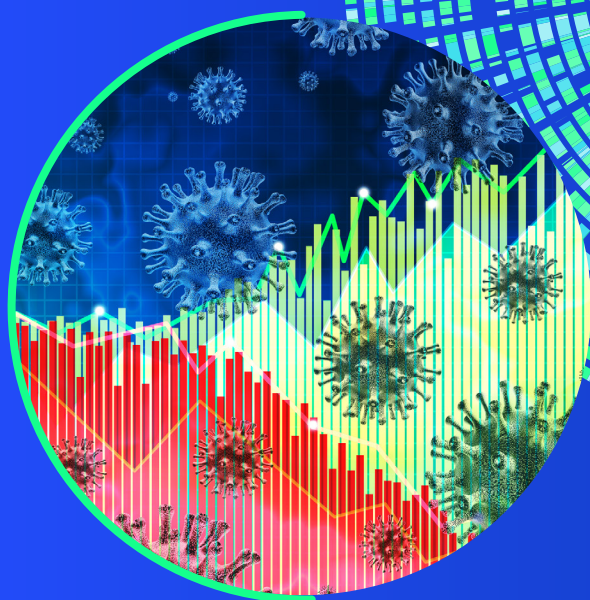
## KEY FINDINGS-AT-A-GLANCE

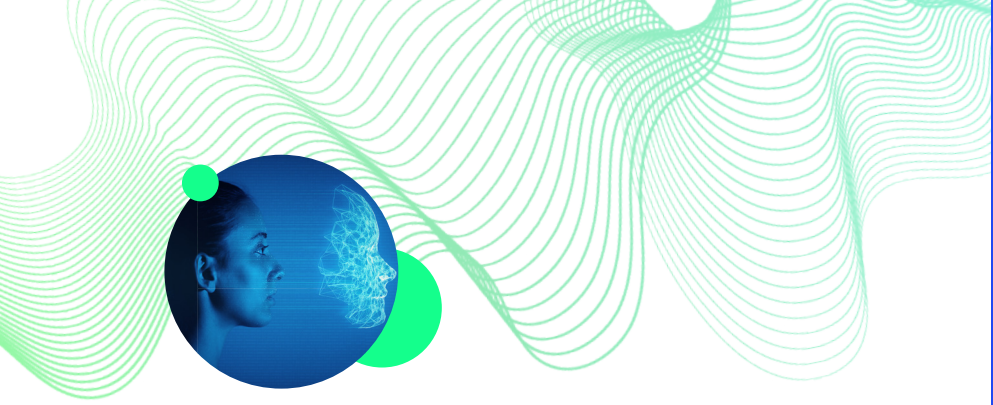
1. There's a high level of confidence in the healthcare experience as a result of accelerated technology adoption over the past two years.
2. To keep up the momentum gained during the pandemic, it's imperative that health tech leaders are aware of the key barriers to achieving Health 4.0—and how to address them.
3. The opportunities outweigh the challenges; infrastructure-focused solutions can make the healthcare experience as seamless as retail, banking or e-commerce and help achieve Health 4.0 sooner.
4. Backend technologies are the next frontier for investors and health tech founders—meaning the B2B sector will be more crowded than ever before.

What do these insights mean for marketing and PR? We believe that the industry's storytellers have a leading role to play in ensuring that health tech adoption doesn't revert to pre-pandemic levels. The ability to clearly communicate real world impact and humanize complex products and services will be critical for success as we enter the next era of digital health. People don't remember facts, they remember stories, and the final section of this paper is dedicated to exploring what makes healthcare stories resonate across audiences and the areas that marketers are investing in.

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# KEY RESEARCH FINDINGS





## FINDING #1: THERE'S A HIGH LEVEL OF CONFIDENCE IN THE HEALTHCARE EXPERIENCE AS A RESULT OF ACCELERATED TECHNOLOGY ADOPTION OVER THE PAST TWO YEARS.

### Current State

Two-thirds of respondents (66%) rated the healthcare consumer experience as “above average” compared to other industries. Individuals with longer tenure were even more confident, with 71% of respondents with more than 10 years of industry experience rating the experience as above average or one of the best. Having witnessed a decade of healthcare failing to fully leverage advances in technology, we posit that these respondents had the deepest appreciation of the “COVID-19 technology acceptance curve” and the role it has played in advancing the industry. Similar enthusiasm was reflected in our qualitative interviews with health tech leaders, many of whom pointed to system-wide improvements made possible by the accelerated acceptance and use of technologies such as automation and telemedicine in 2021.

### Future State

We were equally curious about respondents’ visions for the future of healthcare. We presented our questions through the lens of Health 4.0, an ideal future state in which technology connects our currently fragmented system and clears the path for a seamless patient experience. Surprisingly, 57% of respondents indicated that it would be possible to achieve Health 4.0 in just three to five years. Another 22% believe it’s possible in the next six to eight years. In fact, an overwhelming majority of respondents (79%) put their companies in the categories of “innovator,” “early adopter” or “early majority” relative to Health 4.0, indicating that while healthcare as a whole tends to lag behind other industries, the health tech sector is full of first-movers.

#### DEFINITION OF HEALTH 4.0

The aim to develop technologies that support information flow and coordination among the various stakeholders involved in the patient journey. The concept includes two critical components (1) ‘smartness,’ or the use of AI techniques to improve diagnosis, treatment, coordination and communication between patients, clinicians and other stakeholders, to achieve individualized and patient-centered smart health care management and (2) ‘interconnection,’ or integrating all aspects of health care [sic] to construct an effective information network.\*

\*Definition source: Li J, Carayon P. Health Care 4.0: A Vision for Smart and Connected Health Care. *IJSE Trans Healthc Syst Eng.* 2021;11(3):171-180. doi:10.1080/24725579.2021.1884627



“

*...If you looked at our lives 20 years ago, the way we interact with the healthcare system right now would seem as fantastical as [a] healthcare metaverse 10 years from now, right? But I don't think it's that far into the future, and I think that's what consumers want.”*

– MEGHAN GAFFNEY, CEO AND FOUNDER, VEDA



## FINDING #2: TO KEEP UP THE MOMENTUM GAINED DURING THE PANDEMIC, IT'S IMPERATIVE THAT HEALTH TECH LEADERS ARE AWARE OF THE KEY BARRIERS TO ACHIEVING HEALTH 4.0—AND HOW TO ADDRESS THEM.

We asked our survey respondents to share the biggest barriers to achieving Health 4.0. Below are the top three identified, along with our commentary about what they mean for today's health tech innovators:

**60%** pointed to **legislative/regulatory policies**, which are more stringent than other industries; many of these restrictions were relaxed at the height of the pandemic, but health tech leaders need to stay apprised of current regulations as we exit a state of emergency and ensure their solutions remain compliant. B2B customers in particular will be especially appreciative of these efforts.

**52%** pointed to **lack of healthcare-specific tech talent**, a slow-burning issue that ignited during the pandemic as talent shortages impacted industries across the board; like other sectors, to keep growing, health tech will have to offer flexibility to meet employees where they are, as well as get creative around how and where they recruit.

**39%** highlighted **lack of understanding of advanced health technologies**, which feeds into delayed adoption; there's a clear need for more human and relatable healthcare storytelling to educate decision-makers about the benefits of these advancements and continue the current pace of adoption.

With lives on the line, there will always be a higher potential price to pay for failure in this industry than in others—that's why most healthcare stakeholders weren't willing to take on the risk that comes with investing in new technologies until their hands were essentially forced by the pandemic. The good news is that, based on their experiences over the past couple of years, today's health tech leaders see more opportunities than barriers to advancement.



### FINDING #3: THE OPPORTUNITIES OUTWEIGH THE CHALLENGES; INFRASTRUCTURE-FOCUSED SOLUTIONS CAN MAKE THE HEALTHCARE EXPERIENCE AS SEAMLESS AS RETAIL, BANKING OR E-COMMERCE AND HELP ACHIEVE HEALTH 4.0 SOONER.

When we asked which types of technology would be most important in shaping the future of healthcare in the long term, more survey respondents pointed to backend technology (42%) or a combination of backend and frontend (35%) technology than to consumer solutions (23%).

#### Winning Solutions in 2022 and Beyond

With the industry primed for a pendulum swing from B2C to B2B, the main question is which backend and B2B2C technologies will play the biggest role in continuing to advance the industry? According to our survey respondents, the following areas will flourish:

**63%** identified automation as playing a significant role in Health 4.0 maturity, aligning with responses from the majority of our qualitative interviews.

**55%** pointed to IoT as critical, which comes as no surprise given that the industry is working on so many different systems, and there is not yet a universal interoperability solution.

**54%** identified telemedicine/telehealth as key to advancement; telehealth is also a core use case for hybrid care models that leverage both B2B and B2C tech.

**49%** selected remote patient monitoring/diagnostics, further supporting the thesis that technologies that bring the power of B2B to bear on the consumer experience will be winners.



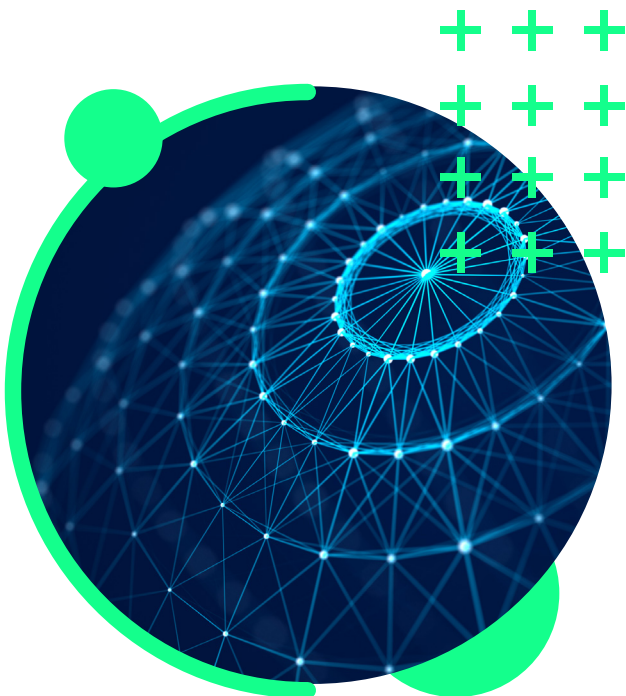
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*Do I think there will be one front door that solves everybody's problems? No. I think the best-case scenario for healthcare is that we have a handful of infrastructure companies that make peoples' lives easier and we don't even see it.”*

– VIG CHANDRAMOULI,  
PARTNER, OAK HC/FT

## Telehealth: Building the Case for the Backend

As the most cited and broadly applicable example of technology that COVID-19 was a driving force in accelerating the adoption of, telehealth merits its own brief discussion. The rise of virtual care is especially significant because it exposed the deep need for further investment and development in the backend technologies that make a more seamless patient experience and improved outcomes possible. The success of telehealth and other more patient-centered care modalities has also instilled confidence in provider organizations that were previously hesitant to diversify their care delivery models and adopt new technologies to power the patient experience. Having cracked the door open via telehealth, they are now more likely to trial automation and other infrastructure solutions identified as key to progress by our survey respondents and interviewees.



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*I think being able to see preliminary success [with telehealth] has reduced a little bit of anxiety for organizations that maybe weren't quite sure where to start, or how to take that first step into a truly digital-enabled healthcare ecosystem.”*

– KEVIN ERDAL,  
NORDIC CONSULTING



#### **FINDING #4: BACKEND TECHNOLOGIES ARE THE NEXT FRONTIER FOR INVESTORS AND HEALTH TECH FOUNDERS—MEANING THE B2B SECTOR WILL BE MORE CROWDED THAN EVER BEFORE.**

During the pandemic, more healthcare outsiders founded healthcare companies than ever before and retailers ranging from Walmart and Amazon to Dollar General also stepped up their healthcare activities. Even venture capitalists with no prior experience in healthcare flooded the space. Across this broad set of players, solutions and new entrants, consumer-facing technology solutions were overwhelmingly the focus. In fact, just \$2.2B out of the \$29B invested in 2021 went to backend or B2B infrastructure technologies. On the heels of 2021's health tech "goldrush," many experts are pointing to a health tech investment bubble that's about to burst, or at least calibrate, especially as this next phase of pandemic-driven attention to health begins. A recent report from Rock Health confirms that with just \$10.3B raised in H1, overall funding for 2022 is tracking to land at roughly \$21B, a significant drop from last year.

Based on the high perceived value and prioritization of B2B tech among participants in both our quantitative and qualitative research, we believe that the more limited investment dollars that remain available will migrate to backend solutions capable of modernizing healthcare's infrastructure. We can expect health tech entrepreneurs—many of whom come from other industries and bring fresh perspectives—to follow those dollars and launch a new class of competitive B2B disruptor brands. This will create more noise than we've previously seen in the B2B space and challenge both emerging and established brands to more clearly articulate and prove their value.

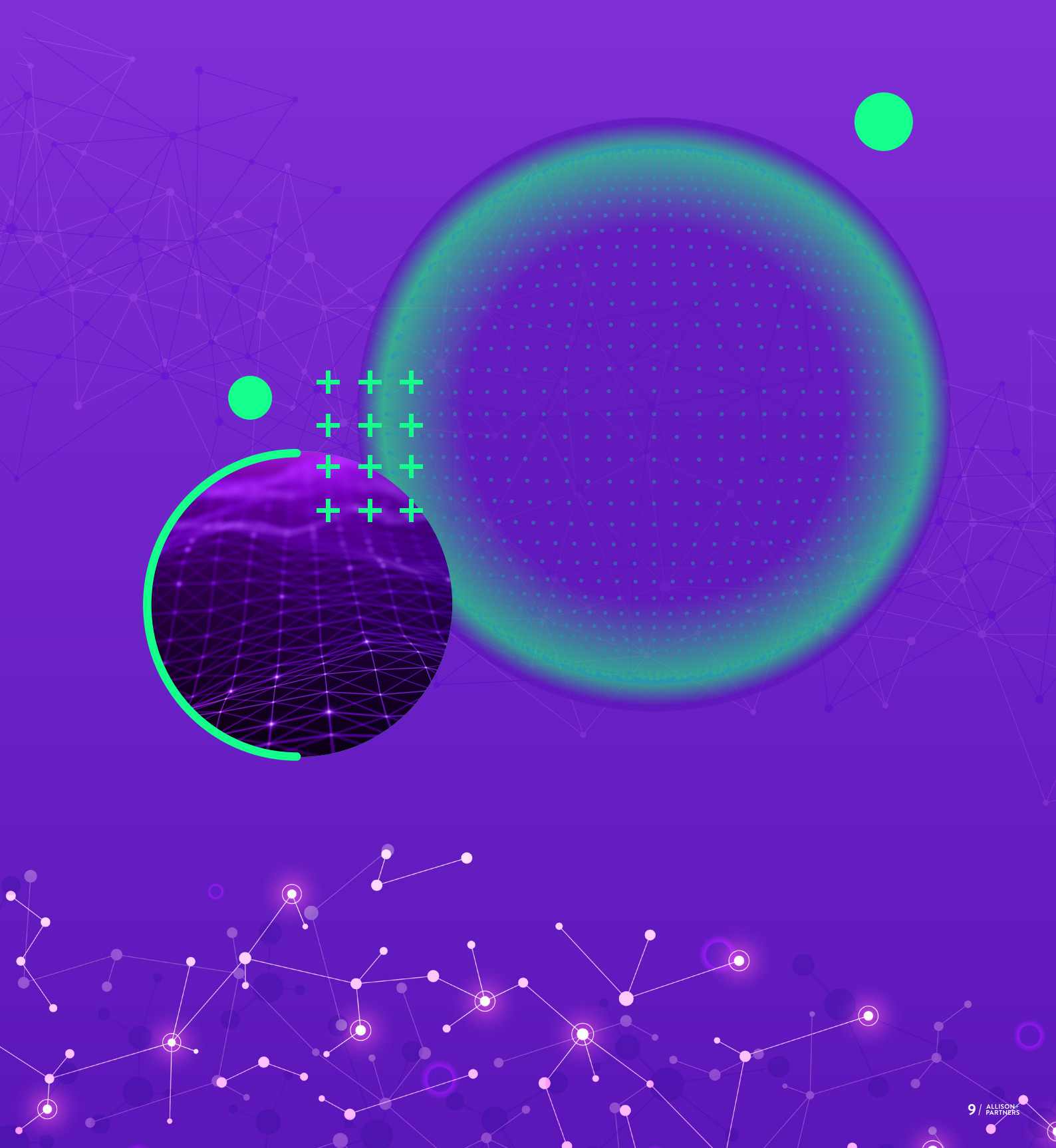


*Consumer is a much more challenging investment thesis too, right? Because you have to fight the advertising war. If you're a B2B company in healthcare, the amount of buyers is pretty concentrated. So you don't have to have huge capital investments in order to get to real revenue numbers. In the B2C space, the amount of upfront investment to just break through the noise is so massive, it becomes a much riskier bet."*

– MEGHAN GAFFNEY,  
CEO AND  
FOUNDER, VEDA

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# KEY TAKEAWAYS FOR MARKETERS + COMMUNICATIONS PROFESSIONALS



When we look at the research through the lens of implications for marketing and communications, the overarching takeaway is that health tech storytellers must take advantage of the momentum of the past two years and clearly communicate how their company's technology solutions will continue to accelerate advancement in the industry as we enter this new, post-pandemic chapter. The job that communications must do in 2022 and beyond is a big one—not just ensuring that health tech doesn't lose any of the hard-earned gains of the past two years, but also building on the powerful advances made possible by this unique moment in time.

Marketing and PR have never been more difficult, or necessary. The news cycles are more intense and harder to break through. There's also more content, spread across more channels, creating more competition for attention among all industry audiences. Healthcare marketers and PR professionals have long relied on facts to communicate the value of their brands—whether that's clinical outcomes, product features or the impact on population health—but people don't remember facts on their own. They remember stories that shape those facts into meaningful narratives.

The health tech leaders we surveyed understand the importance of storytelling for their business—80% rated storytelling as extremely or very important. And a majority (69%) of respondents predicted their organization is going to be placing more focus on storytelling initiatives in the next one to two years.

Keeping in mind both the job that health tech storytellers are tasked with and the constraints and pressures of the current environment, we've compiled these four tips to guide marketing and communications storytelling.



## FOUR TIPS FOR HEALTHCARE MARKETERS AND PR PROFESSIONALS:

### **Tip #1: Tell stories that highlight your real-world impact, and that have a true arc to the narrative.**

To be compelling today, health tech company stories must clearly communicate why the problem their technology is tackling is important and what makes the brand's specific approach to solving it unique—all in a relatable way. The pandemic is a universal health experience that people around the globe can relate to. Health tech storytellers need to start by explaining how their technology solutions contributed to sustaining and improving health, as well as opening access to new pathways of care, during this unprecedented period. And then they need to convince key audiences that their current solutions and services are also capable of extending and building on the advancements of the past two years. In tandem with proof points and data on outcomes, articulating the value a brand provides today is an essential element of an engaging story arc.

But health tech stories shouldn't end with the present day—they must also include an aspirational element and communicate an exciting, long-term vision that is tied to a scalable, real-world impact. The prediction that B2B solutions have the greatest potential for achieving Health 4.0 is just that—a prediction. To make it a reality, health tech communicators at B2B companies must tell compelling stories that demonstrate the value of their offerings over time, addressing past, present and future impact. The same is true for B2C storytellers, who are under pressure to prove continued relevancy in an increasingly infrastructure-driven environment.



## Tip #2: Start with your audience's pain points, not your products or services.

This may sound and feel counterintuitive to some, but a health tech company's story doesn't start with its solutions, its founders or even its point of view on the industry and the health of the population. It begins with the pain points and preferences of the audiences it serves—and for most companies, there's more than one priority audience segment. Once each audience's key issues have been identified, and they likely won't be the same across segments, it's the job of healthcare marketers to identify which of the pain points its solutions solve—and then make that connection explicit by crafting personalized messages.

Our research shows that the biggest hurdles to overcome in achieving Health 4.0 are legislative/regulatory policies, lack of healthcare-specific talent and lack of understanding of advanced health technologies. Brands that succeed in 2022 and beyond will be the ones that effectively articulate how they solve each of these issues.

**Compliance:** Storytelling in an industry that's as highly regulated as healthcare must address compliance. For B2B solutions, a key question that needs to be answered is whether the technology enables customers to improve healthcare's infrastructure while remaining in compliance with the laws and regulations that govern them. For B2C solutions, a parallel question is whether the technology adequately protects patient privacy.

**Talent:** Many of the solutions that our survey identified as likely frontrunners in 2022—automation, IoT, telehealth and diagnostics—have the potential to address talent issues in the industry. But these are tricky stories to tell because of the many misperceptions that exist about these newer technologies. It's incredibly important, for example, that B2B brands explain how technology elevates the work that humans do, rather than replacing or making the current workforce redundant.

**Lack of understanding:** Storytelling is critical to improving understanding of advanced health technologies; and communicators shouldn't assume their audiences have insider-level knowledge. They need to tell stories that resonate with every audience, especially given all the new entrants in the space.



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*Healthcare is the only place where when you enter [our] ecosystem...we require you to speak our language. We require you to suspend what you've learned and come to expect in the other 99% of your time as a consumer and come into our world and understand our lingo.”*

– KEN GOODNIGHT,  
NAVITUS



### **Tip #3: Humanize your brand by making a clear connection between your technology and improvements in the patient experience.**

We cannot overstate the importance of this tip, particularly for B2B companies that have more complex stories to tell. As noted earlier, lack of understanding of tech is a key barrier to adoption, as well as a source of frustration. Reporters on healthcare beats are tired of health tech founders who use so much jargon to describe their products and services that their narratives lose meaning. Too many health tech websites—even the ones that break away from the healthcare industry’s stereotypical blue and white or blue and yellow color palettes—still leave readers asking the question, “What, exactly, does this company do?” Clear, concise language is key. And, wherever and whenever possible, explain how your technology connects to consumers—whether it has a direct or indirect impact.

This isn’t just important for investors, potential customers or the media. It’s also critical for recruiting and retention efforts. Today’s professionals—perhaps even more so in healthcare than in other industries where human lives aren’t impacted—want to feel tied to a higher purpose. Millennials and Gen Z share a common desire for purpose-driven work. In the face of current economic circumstances, retention is as challenging as recruiting, and if employees can’t relate to their employer’s mission, they move on to other opportunities. One strategy for dealing with the talent shortage in healthcare, a pain point mentioned earlier in this paper, is for companies to prioritize both internal and external communications about the personal impact of their tech solutions. There should be no question about how their technology enables improved health outcomes.





#### **Tip #4: Extend storytelling to all available channels for maximum reach and impact.**

While we confirmed that PR remains a priority in storytelling efforts, our quantitative survey showed that investments in storytelling in 2022 and beyond will leverage the full power of the PESO (paid, earned, shared, owned) model:

**50%** of respondents are focused on expanding content production (e.g., blogs, ebooks, organic social), demonstrating an awareness of the value of having a discoverable body of content available to help investors, media and prospective partners vet a brand.

**48%** are doubling down on paid digital (e.g., search, display and paid social), showing recognition of how difficult it is to break through to key audiences organically.

**48%** are prioritizing HCP communications, highlighting the role that providers play in driving the adoption of new technologies and third-party validation.

Whether you represent a B2B brand looking to take advantage of the post-pandemic pivot or a B2C brand trying to remain relevant as industry priorities change, the task is the same: prove progress, show real-world impact and elevate the people behind the technology.



Need help  
dimensionalizing  
your brand story,  
developing a media  
and communications  
strategy or building a  
storytelling approach  
that accounts for the  
post-pandemic pivot?

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## SUMMARY OF RESEARCH METHODOLOGY:

**Meta-analysis of core industry reports:** The Allison+Partners Health practice reviewed a range of reports focused on health tech predictions, including those published by thought leaders at Rock Health, Fast Company, Silicon Valley Bank and Andreessen Horowitz.

**Qualitative interviews:** The Allison+Partners Health practice also conducted lengthy stakeholder interviews with venture capitalists, founders and C-suite executives in the health tech space, including leaders at Oak HC/FT, Perspectum, Nordic Consulting, Veda, and Navitus.

**Quantitative survey:** The Allison+Partners' Research + Insights group surveyed 500 U.S. senior employees and leaders at healthcare and health tech companies, across both B2B and consumer with an annual revenue of \$10 million or more in 2021. Respondent roles were manager level and above, with more than 20% Vice President, Senior Vice President or Executive Vice President and 20% in the C-suite. The survey was fielded using the Qualtrics Insight Platform and the panel was sourced from Rep Data. Fielding was executed in April and May 2022.

*\*Reports referenced include: [Hindsight is 2021: looking back and forward at key themes shaping digital health](#) (Rock Health); [The Telehealth Bubble Has Burst. Time to Figure out What's Next.](#) (Fast Company); [2022 forecast: Investors will double down on these hot digital health markets](#) (Fierce Healthcare); [From Costs to Consolidation, Execs Predict Digital Health Trends in 2022](#) (MobiHealthNews); [Healthcare trends reveal venture funding set new record](#) (Silicon Valley Bank); [New Year, New Fund, New Opportunities in Bio and Health](#) (Andreessen Horowitz); [2022 Healthcare Predictions: Bessemer Venture Partners](#) (Bessemer Venture Partners)*

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