



Staying ahead of tomorrow's risks

Heidi [00:00:00] In the life sciences and health care industry, disruption from all angles is pushing the boundaries of what's possible today and what the industry could look like tomorrow. These trends bring new risks with them from a digital, ecosystem and organizational standpoint. What steps can companies start taking today to embrace innovation and succeed in this new future. Welcome back to tales of transformation.

Today Amry Junaideen and Simon Gisby both principals in the advisory practice are joining me to kick off season 4 as we explore the risks and opportunities tied to the future of health. Welcome gentlemen.

Amry, let's start with you. What are some key drivers of change happening in the life sciences and health care industry today.

Amry [00:00:55] First of all thank you for having Simon and me on this program. I'm really excited to be a part of it and talk about the incredible amounts of change in the industry that we both love, the industry that impacts so many people across this country and globally.

There are so many drivers of change that we see.

Amry [00:01:17] The first one is really around the advances that are being made in the adoption of emerging technologies and medical innovation.

Amry [00:01:26] And this happens both domestically here in the United States and overseas as well with access to expanded sets of data. And this really makes it possible for enhanced offerings to patients or what we call consumers now and ultimately an improved level of experience. In the United States for example where we spend about 18 percent of our gross domestic product on health care and related items.

Amry [00:01:52] And there's clearly a recognition that the level of the quality and the efficacy of health care delivery clearly does not equate to the amount of money that we spend and therefore we need to really do something very different to improve the quality of health care. So when I talk about emerging technologies, virtual healthcare related technologies is just one example how advanced technologies can really change the face of health care. The second one I want to talk about is around demographic change.

Amry [00:02:24] We clearly are facing an issue with an aging population, increase in chronic diseases, evolving needs of the various generations that we are dealing with. And last but not least, the changing expectations of what we call an empowered set of consumers who have access to digital platforms and information that empowers them to actually make decisions about their own health care. And the final driver that is really around the changes in the industry dynamics themselves such as the emergence of what we call the orthogonal into the marketplace. These are non-traditional players that have entered or entering the health care marketplace to disrupt it because there's clearly a notion that health care delivery needs to be disrupted.

Amry [00:03:15] And also you know we talk about rising costs and the pressure that we have on our own government and private sector entities to reduce costs would really result in kind of a broad based industry dynamic that is calling for this change as well.

Heidi [00:03:28] Simon, have we left anything out or I should say has Amry left anything out.

Heidi [00:03:35] Are there other drivers that life sciences and healthcare companies should be monitoring during this transformative time.

Simon [00:03:42] Amry mentioned that today in the U.S. we spend 18 percent of GDP on health care. Health economists have predicted that could go as high as 25 percent. And one of the factors to consider is the political will to think about a quarter of the GDP being consumed by health care and a question around value because by some objective measures mortality rates have stabilized, if not actually declined so as a political factor to consider how the government is their health care policies and whether they're going to be willing to spend this increased amount with question marks about outcomes. Another one is regulatory. Amry mention that a big key driver of this is around data. Access to data, analyzing data, using data to effect improving healthcare outcomes. Very interesting regulatory question: Who owns the data. Who has access to it. How is it secure. How is it made private. And how that data can be used to guide regulations to make sure the qualities maintained and/or improved. So, a couple of those big macro factors that I think the life science and health care ecosystem need to consider around this transformative change.

Heidi Amry, emerging risks, what are the other things that companies are to be looking out for.

Amry [00:5:04] The first one I'll talk about is digital right. Along with it comes some risks.

[00:5:10] how do we figure out how this delegates handled and protected who accesses it. Does this data basically comply with various privacy regulations et cetera and then we also have in the digital world algorithms that are created that basically might even be the business of making decisions.

[00:5:57] So how do we ensure that those algorithms that have been created for good basically are doing the right kinds of things so that the right kinds of decisions get made.

Amry [00:5:38] And then finally on the topic of digital, the complexity of cyber. We know that healthcare, the healthcare ecosystem carry one of the highest risks from a cyber perspective.

[00:5:49] Number one due to the intrinsic value of the data that we have in the healthcare environment and also because of the relative maturity of I.T. environments in health care and therefore we want to make sure that from a digital perspective, all of these complex cyber protection issues are taken care of.

Simon [00:6:07] Yeah I just follow with that. I totally agree. And then the concern is the classic garbage in garbage out when it comes to data and data analytics. But the opportunity is if we can find the right data and find the right algorithm, we can get ahead of disease. We can get ahead of a health care condition. We can anticipate an event.

Simon [00:6:32] So the opportunity is to look for those correlations to move from health to wellness and get ahead of the curve and start standardizing treatment protocols.

The risk obviously is, Is it the appropriate data. Is it being analyzed appropriately and is it being properly secured.

Amry [00:6:53] The second thing I'll talk about is around the ecosystem risk.

Amry [00:6:59] As we talked about these additional cascades at the same time the Health care Environments related to supply chain or the various different players that you work with or the regulatory environment that Simon talked about all of these have kind of created on the one hand incredible opportunity.

Amry [00:7:14] But at the same time a lot of risk as well. So if you look at the extended network that a health care company operates in and deals with and the handoff that takes place between the various players in the supply chain, the accountability for risk management activities needs to be properly coordinated so that the integrity of the process and the systems and the supply chain is maintained. Earlier Simon referenced the regulatory framework. In an evolving health care model, the regulatory framework will need to kind of shift to keep up with these changes. So for example security requirements for virtual care or the payment models that will be used will be very different so the regulators need to really catch up with this. Right so there are a myriad of things from an ecosystem perspective that organizations need to be aware of and be highly cognizant of as they enter the new world of health care.

Heidi [00:8:13] You know with all of these simultaneous shifts taking place in the industry there is a tremendous amount of opportunity for organizations, how do they manage the risk that's involved with these simultaneous shifts.

Amry [00:8:25] That's a great question because oftentimes when there is an abundance of opportunity there is a race for the solution so to speak right without necessarily considering a specific approach to managing risk.

Amry [00:8:40] So in light of this we propose a three pronged strategy that calls for a risk management framework to be integrated, intelligent, and innovative.

Amry [00:8:59] So let me start with what I mean by being integrated. It's really about increasing agility and reducing costs by adopting a risk management framework or an approach that is integrated because as we've talked about there are so many players in this ecosystem that we're talking about. So it's extraordinarily important that we have a risk management approach that is integrated.

Simon [00:9:14] I think you're spot on because as we think about the future we can no longer exist in an environment where one organization treats health, provides care, another organization pays for it. A third organization sells a product. A fourth organization sells a drug. By using data and thinking about its integrated approach, we've now got it all collaboratively worked together to say is the drug appropriate. Is there a better solution. How can we provide care in a different setting. How can we tie the payment to an outcome and using data properly. So I think organizations have to look at it and say, how do we think about that new integrated ecosystem. What are the risks that could bring to my own business model and how do I manage those risks to flip it around and say, How can I take advantage of the opportunities by bringing a integrated holistic approach to health care.

Amry [00:10:16] Wonderful. Then the second prong that I referenced was intelligent. What I mean by that is to enhance quality improve efficiency and increase accuracy by leveraging the myriad of digital technologies and data to identify and manage risks that are tools and techniques that are abundant out there to make sure that you're using the platforms available to synthesize data, analyze it and then make the best risk management decisions.

Simon [00:10:48] Yeah I was thinking that the headline, We can treat cancer before you've got it. How do we use data and digital technologies to manage and get ahead of those risks and how do we then make throughout the system so it's an open source so every participant can have access to the best data, the best outcomes which would have just a transformational and fundamentally very profound impact on all our lives.

Simon [00:11:16] If we could if we could do that effectively, it would just have a wonderful impact on outcomes.

Amry [00:11:22] And this really nicely leads into the third prong which is being innovative right again. We talked about having an integrated risk management approach but it also means transforming the traditional organizational approach to risk management by really adding a lot more value. Seeing the problem differently. By using novel and value generating approaches quite frankly to make the organization a lot more risk intelligent by being innovative.

Simon [00:11:51] Yeah. I agree and I think of innovation and in two ways one is innovation in terms of thinking about how to treat health care but integrating environmental factors, social factors, emotional, mental issues and so on so forth but also innovative to life sciences and health care companies when they recognize they can't do it all by themselves. They need to by definition think about innovative new business models, innovative partnerships, that migration from patient to customer. Innovative ways to engage with each other and with the ecosystem and with the regulators.

Simon [00:12:31] So I think there's an innovation around the delivery of care and the migration from care to well-being. There's also innovation around the different business models and how they engage with other participants.

Heidi [00:12:43] So we've talked a lot about what this means for traditional industry players but what's the role with new entrants. Where do you see that in terms of playing in the future of health.

Simon [00:12:53] One is that challenging some of the existing orthodoxies which honestly I believe is very healthy because again going back to that idea of data and wellness and getting ahead of conditions we're starting to in my opinion finally appreciate that mental physical emotional well-being is very important to health to my ability to recover from a health condition. And I think these are the players they're looking at the industry are bringing that mindset of not being rigid in their definition of health or how to treat a condition but a forcing life sciences health care companies to think more broadly.

Simon [00:13:40] Is there a social aspect that needs to be addressed. A home issue that needs to be addressed. An environmental energy needs to be addressed.

Simon [00:13:49] What data can we look at to create a more holistic picture of how we can drive to better outcomes.

Simon [00:13:56] So I think they're are appropriately challenging the industry with the ultimate goal which I think is the holy grail is to get better value for money, reduce costs, improve outcomes.

Heidi [00:14:09] Whether you're an established incumbent or an emerging player. Opportunities abound in the rapidly transforming health care industry but making the most of them will require new mechanisms for identifying and managing risk. Simon, Amry, thanks so much for joining me today on tales of transformation. Stay tuned as we continue our series exploring the Journey To The Future of Health.

Heidi [00:14:34] In our next episode we'll be diving into some of the biggest digital trends in the industry.

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