

Subhro: Hi, welcome to the show of Perspectives - our thought leadership series. I am Subhro Mallik. I am the global head of Life Sciences. Today, if you look around, a massive digital disruption is happening all around us, which is impacting all industries. The medical devices industry is no longer immune to such a disruption. We are seeing an increase in adoption of technologies to enable, devices to connect and at the same time we are seeing a massive consumerization of this industry. To talk about this and more, I have the pleasure of welcoming Saurabh Gupta to our show. He is the Chief Research Officer at HFS and brings a wealth of experience in providing strategic insights and directions to medical devices companies and service providers like Infosys. Saurabh, welcome to the show.

Saurabh: Thank you for having me here.

Subhro: We are seeing this heavy emergence of data, new technologies that can be adopted by the medical devices organisations to provide amazing patient experiences and healthcare outcomes. But, there are also challenges on how to adopt regulations, redefine processes and make sure you remain compliant with the needs of industry. We also see new players like Apple, Google, etc. It's an interesting time and paradigm for the legacy med devices companies. Based on your experiences, what are the challenges and opportunities for medical devices industry?

Saurabh: It's a very interesting time. We are starting a new decade in 2020, and the last decade was all about being digital. I think what we learnt over the last year, is everyone understands the 'why' -why we need to transform and why digital transformation is ubiquitous. You need to be consumer-centric, patient-centric and you can't just focus on cost reduction and have to focus on growth. Along with the why, the what is also clear. There is hardly any debate on the impact of these emerging technologies, be it AI, robotics, IoT, block chain. Where we are struggling as industry is on the how. How do we get to that promised land, nobody has figured that and this decade will be about this 'how'? The path is there, the promised land is there, and we need to figure out how to get there. It's not just about technology, business and IT doesn't talk to each other, lack of organizational alignment on common goals, cultural, figuring the talent mix. Biggest challenge is how to get the roadmap to get to the promised land. 2020 is the decade of the how, and once we figure out how to get there, we will be successful.

Subhro: That's a great part Saurabh. The technology is out there and the promise land is out there and we need to figure out how to get there. We were working with one of the large medical devices company on their insulin pump, and helping them take the data from the insulin pump to improve patient outcomes as well as empower providers and physicians to take the right decisions. All insulin devices are connected to lot for real-time data. The promise world for these companies is to move from being only a device provider to becoming a service-based organisation, say value-based care or outcome based organisation. This is a massive shift. Can you become a service-driven organisation and be perceived as that? What are your views on that?

Saurabh: The aspirations and ambitions are already there. I think the outcomes will be very positive, Data is at the centre of the economy. We talk about data lakes but we live in data swamps. We don't have quality data. Despite awesome algorithms, if you don't have quality data in place.

The no. one challenges is how do you get quality and reliable data. The other challenges for me is creating a value based care. To be able to drive value based care is not just the front office functions or people dealing with patients or consumers. It needs the complete end-to-end front, middle and back alignment. We call it the 'One Office' that matters and caters to customers. All this front, middle, back that we've dealt with for past couple of decades doesn't make sense. If you want a data-oriented economy, then you need to connect to the front, middle and back office. The third biggest challenge is creating the ecosystem. The Healthcare and Life Sciences is a complicated industry with so many stakeholders - medical devices, life sciences, healthcare, providers and government – and pretty much no one likes each other. How to get these guys together? Even in the example that you said, the initiative will not be successful if you can't bring the providers onboard, etc. That's not a technology problem. It's about creating a shared vision or a shared goal to bring these people together. The aspiration is great but we have to solve some of these fundamental issues - data quality, organizational alignment and creating the ecosystem.

Subhro: I think that's a great point. The whole change that is happening is less to do with tech. We will get to tech, I'm sure. Even the example that I had taken - working with insulin. How do you get physicians onboard, will payers buy into this and can organisations provide value-based care? You rightly said - no one likes each other. But, there are some classic examples - Amazon, Microsoft, etc. We at Infosys believe that most of these dynamic changes will come not from the legacy players but from startups or say an Apple or Google who are investing heavily in healthcare. They will force these people to talk. Otherwise you will have an Amazon together with someone else, completely take over the industry. Take J&J as an example. They are working with Apple, to figure out how they can work with public devices to measure ECG, etc. We are also looking at some of the emerging companies to see how we can leverage their channels, amplify their reach. We also believe that some of the startups could be leveraged by legacy companies. Legacy companies know the industry and the players, and have the channels. What are your views on how medical devices industry can leverage startups?

Saurabh: The industry that we know today won't be the same in the next 10 or even 5 years. We did a cross-industry survey where we asked a simple question - have your top 2 competitors changed over the last three years and will they have change in the next three years? 30% said that in the past three years their top competitors have changed, and the 50 - 60% said they will change in the next 3 years. At one level it's scary but also means a lot of opportunity out there. Who are these players - they are born in the cloud, digital natives, startups. Our industry is definitely changing - our definition of legacy, pharma industries may not be relevant. The point is - how do we build the ecosystem. In today's world, no one can be everything for everyone. This means you need to create partnerships. You can't keep

acquiring. I'm also scared of a monopolistic or holistic. Till we start building ecosystems, there will be struggle. A lot of medical device companies that are successful today may not survive if they don't change their mind-set. I don't have the crystal ball, but I do know that this industry will not look the same.

Subhro: You put it very nicely – the how will be the most exciting thing, the next decade will be most exciting for med devices, the companies you see today may not be seen by the end of the decade. Appreciate you coming, and thank you very much for joining us.

Saurabh: Thank you for having me. I think it was awesome conversation, and hope we continue this dialogue.

Subhro: Thank you for listening in and till we meet again; you have a great day.