

## **Title: Top Problems of Digital Health Start-Ups**

### **Introduction**

As of now, there are more than 320 thousand mobile health apps and 350 portable fitness gadgets on the market. By the end of 2018, the investment in the medical tech hit a whopping \$8.1 billion and span across more than 370 deals. You can say that it is a very saturated market already, yet digital health is on the rise. Therefore, if you would like to begin start-up in this field, you need to be prepared for the specific nature and realities of the market.

At IT WatchDog, we love to see ambitious start-ups flourish. This love is especially prominent when we are talking about start-ups of our clients. As a managed service provider, our goal is to supply our clients with the best vendors and set up the proper workflow to ensure that their projects are developed successfully. Our business model allows our customers to optimize and reduce the costs of development with fewer risks.

Talking about risks, you must remember that 90% of start-ups in the medical market go out of business or die within 5 years of inception. If you combine the grooming statistic with an abundance of apps and wearable gadgets on the market, the digital health sphere will look particularly risky. And make no mistake – it actually is risky and unforgiving.

Some of the services IT WatchDog offers are consultancy and useful advice to founders and senior executives who want to develop their product from scratch. This is why we would like you to know about the most prominent problems you can face before you jump into digital health.

Let's examine some of these problems from the inside out.

### **Identity in the oversaturated market**

As we mentioned before, there is an abundance of apps and gadgets in the digital media field and their number keeps growing. There are all kinds of wellness-oriented applications to manage health, as well as wearable accessories that track various types of medical data.

To have a successful start-up, the first thing you need to do is to find a niche. You should understand who will need your app or service, and why would they chose your product out of myriads of other options. This is why it is wrong to invent technology and then wait for consumer reaction. A strategy like this won't help you build and maintain a solid user base. The primary reason why most digital health start-ups fail after a few years is that their products don't meet the "need criteria."

To win over the competition in the oversaturated market, you must begin thorough research into already existing technologies. First, you need to identify the problems in healthcare. Then, you need to read through the medical literature, interview doctors, patients and stakeholders in the field. Only then, when you have found real problems in the system, you must design an application or technology that is suited to solve those problems.

### **Understanding the target audience**

More than 60% of digital health companies that start with the business-to-consumer model end up becoming business-to-business. The reason for this change is that most companies don't realize who will use and pay for their products. In digital health, you need to understand that your core audience is not patients or smartphone users, but medical institutions, large enterprises and insurance companies.

Most of the larger institutions are conservative and will take a long time to consider going digital. The doctors, medical staff and patients will also struggle with any new technology. Therefore, your products must be useful, easy to use and scientifically backed up by research so they can be accepted into the medical community. You must pitch your services to the enterprises, insurance companies and Medicare. And believe us, you want your product to resonate with them since they are the gatekeepers in this industry.

### **Integration into the existing healthcare systems and security concerns**

The medical data is complex and includes sensitive information, like lifestyle, physical activities, health status and geo-positioning. Therefore, all collected data requires high levels of protection due to HIPAA (Health Insurance Portability and Accountability Act) and other security concerns. You wouldn't want your app to accidentally leak private information about its users.

Most start-ups underestimate the complexity of health data. You must plan how your service will integrate into the framework of already existing systems, like electronic health records. Your device (or service) has to generate information that is easy to export. This data also should be useful in the end, so it must be easy for physicians to interpret and apply. If your start-up needs reimbursement from insurance companies, be sure that generated information will help to achieve clinical outcomes that matter to the insurers.

Many IT developers are newbies in the healthcare system, who lack experience or understanding of how the digital product will work on practice. At IT WatchDog, we can help you to find a proper team of vendors with skills and expertise, who will understand the facets of developing digital health applications and services. If you are already working with another in-house or external team of IT developers, but want to speed up or improve their workflow, IT WatchDog offers professional management. We can evaluate the productivity of other teams to achieve maximum cost-effectiveness of the development. If there is a way for improvement, we will quickly find plug-in vendors to add to your pre-existing team. Our company also guarantees minimal risks of delays or errors. We are 100% responsible for the timely and qualitative delivery of your project managing.

### **It's a marathon, not a sprint**

Since the introduction of exercise trackers, no digital health product has gone viral and attracted massive following quickly. And the market is already overflowed with those trackers by now. The reason why less than 1 out of 10 digital health start-ups survive the first few years is that the founders didn't calculate their expenses accordingly. No matter how excellent the product will be, in this field, it will take a long time to build a significant user base. This is why you must understand that your digital start-up in the medical field will require enough funding to last several years.

### **Conclusion**

Digital health continues to develop just as much as most start-ups keep failing and fading into obscurity. To make your start-up stay afloat and become successful, you need to remember four basic things.

- 1) Understand who your consumers are. Your core audience is not smartphone users and patients, but large enterprises, medical institutions and insurance companies.
- 2) Find a niche. Identify the problem or a gap in the system and create useful solutions that will improve existing processes.

3) Have realistic financial expectations. Don't think that your product will go viral, that's not how this industry works. Be ready to financially support your start-up for the next 5 or more years before you close some profitable deals and attract enough consumers.

4) Make sure that you have a team of IT vendors who understand the peculiarities and characteristics of development in this specific field.

Start-up in digital health is a risky and time-consuming business, not to mention how financially demanding it can be. However, the good news is that IT WatchDog can offer you consultancy or management of the development of your product from scratch. Our method will provide quality control of IT development with almost no risks for our clients.