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Secrets of innovation success

International transfer of successful lessons and strategies is essential for improving quality, accessibility and affordability of healthcare services.



Nicolaus Henke

Senior Partner
McKinsey & Company
London, UK

Nicolaus_henke@mckinsey.com



Richard Bartlett

Associate Partner
McKinsey & Company
London, UK

Richard_bartlett@mckinsey.com



Innovators in both developed and developing nations have found ways to deliver healthcare at a significantly lower cost while increasing access and quality, but we need more established channels for transferring these valuable lessons and strategies to other markets. At McKinsey & Company, in collaboration with the World Economic Forum, we have studied successful models to not only find out what makes them successful but also to establish ways they can be spread to add value nationwide, or even internationally. In this article, we hone in on significant findings and discuss areas where progress is still needed.

Challenging healthcare delivery

Despite their differences, every country is trying to address a similar set of challenges around the triple aim in healthcare—improving the quality, accessibility

and affordability of healthcare services—whilst facing pressure on both the demand side (driven by an ageing population, increasingly unhealthy lifestyle, and patient expectations) and supply side. And, of course, they are trying to achieve all of this to the highest quality.

The World Economic Forum identified the triple aim issue framed above, but also challenged the world by expressing that examples must exist where this has already been addressed—that is to say, healthcare models must exist that simultaneously improve (or at least hold constant) quality, accessibility and affordability and do this in a step change manner.

The World Economic Forum, supported by McKinsey & Company, initiated a multi-year effort to identify and learn from these types of models, culminating in a research paper, "Unlocking productivity

through healthcare delivery innovations: Lessons from entrepreneurs around the world" (McKinsey & Company and World Economic Forum 2010). In this project, we analysed some of the most effective, novel innovations in healthcare delivery throughout the world—from emerging nations to developed countries. The innovations we studied spanned across the field, and we went on to analyse the business models behind 30 of them, thus uncovering a variety of strategies that successful ones used. We were able to discern what drove their success and what types of challenges or issues they solved. Finally, the work looked at some of the barriers to scaling or replicating successful healthcare delivery models.

“ THE LACK OF ENTRENCHED
WAYS OF DOING THINGS OPENS
THE DOOR TO NEW IDEAS AND
APPROACHES ”

Necessity breeds innovation

Ways to achieve the triple aim of healthcare can differ significantly between emerging markets and developed countries. The elements that make emerging and developed countries different include demographic dynamics (developed countries tend to have a large, older population) and starting point (developed systems tend to be more advanced with greater funding in absolute and relative terms). The flip-side of this last point is the resistance from legacy systems and ways of doing things—emerging markets tend to find it easier to innovate and adapt, and they face less resistance to change from legacy systems and ways of working.

Our study found that many of the most compelling innovations come from emerging markets. As such, an important finding is that necessity breeds innovation. The challenge in developing countries is three-fold: firstly, they have a lower GDP per capita and therefore overall budget to spend on healthcare; secondly, a lower proportion of GDP per capita tends to be spent on healthcare; and finally, population growth. All of this is what makes emerging markets ripe for innovation, and the need is growing exponentially, meaning there is almost no other choice but to innovate and transform the way that healthcare is being delivered. In addition, the lack of entrenched ways of doing things opens the door to new ideas and approaches to tackling healthcare challenges. This

finding challenges markets to extend their boundaries in their search for ideas and models.

Six secrets of success

Our findings were chiefly around two major themes. Firstly, we looked at different types of models that span different categories of care (eg long term conditions, acute care, planned care, etc) and stages of the care delivery value chain from prevention through to recovering and monitoring. Broadly, we found four different archetypes or “clusters of innovation” that address different needs in healthcare delivery. These models ranged from franchised approaches (akin to approaches in retail like Subway, Starbucks, etc), production specialisation models (more commonly known as focused factories, like hospitals that focus on a certain set of procedures, at scale, in a very lean manner), technology enabled models, and integrated care.

In addition, we looked at these models to identify a common set of success factors. Overall, we found six “secrets of success.” Successful healthcare entrepreneurs pull as many of these levers as they can—although some innovations more naturally leverage some elements more than others. Awareness of the six success factors that we have identified can enhance existing delivery models, inspire new innovations, and test the validity of early ideas. These “secrets of success” are: get close to the patient and follow their established behaviour patterns, reinvent the delivery model by using proven technologies disruptively, confront professional assumptions and right skill the workforce, standardise operating procedures wherever possible, borrow someone else’s assets (eg networks and infrastructure), and open up new revenue streams across sectors.

Transfer ideas across markets

We believe that each of the archetypes is relevant to some degree in emerging markets as well as in developed markets, and we can see applications for them. The franchise model lends itself to low-complexity, high-scale care models such as primary care, to drive consistency and efficiency; technology enabled networks lend themselves to enabling care across the continuum—from prevention to treatment; and production specialisation models could play a role in transforming acute care via focused, high volume approaches. In the round, we would say that the technology enabled solutions have the greatest potential to move the needle at scale. We are seeing that in

many developed countries already, and expect this to continue into the future.

Apply tech to new geographies

Our perspective is that the technology enabled network solutions offer the most valuable lessons. Many of these solutions are still successful today and tend to be the solutions which translate best across international borders. In fact, recent research by McKinsey Global Institute on Global Trade Flows demonstrates the fact that 70-80% of tech entrepreneurs tend to operate in more than one other country. These models are asset-light and scalable, often B2C solutions, which are easier to implement in new geographies.

“EVEN AT NATIONAL LEVELS, MORE COULD BE DONE TO ACCELERATE THE EXCHANGE OF PROVEN IDEAS TO DRIVE SCALE OF IMPACT”

Secure an opportunity with funding and vision

Identifying an opportunity is the first step towards seizing it through innovation and strategy, but an important element is that the prospect is adequately supported on various levels. The innovations that we found to be most successful solved real problems and met real need, and they did this by using solutions that were simple yet effective. Just as importantly, they all had a funding model that under-pinned them. Too often, innovation can solve issues but if it can't be absorbed by the existing payer and provider landscape, it can be challenging for it to get past a pilot – which is where many innovations struggle.

Accelerate the translation of ideas

With available funding, ideas can be transferred across markets and opportunities need to be increasingly recognised. Healthcare can be an isolated and local activity, with innovations not widely known across different systems or beyond sector boundaries. These innovations can—and should—be shared across these boundaries to help deliver higher value healthcare. Lessons and insights from innovations in developing markets are often transferred to more developed markets; for example, SalaUno in Mexico is based on Aravind Eye Care System in India. Many

countries have adopted other approaches and models from emerging markets, which we uncovered in our research. Although this does happen, the challenge, which some organisations are addressing, is that there aren't well established market places for exchanging and translating ideas, or funding pools to enable this.

Innovations in Healthcare, founded in 2011 by Duke University, the World Economic Forum and McKinsey & Company, is one organisation that has created a network of innovators who are exchanging ideas, translating best practice etc. Others do exist but, even at national levels, more could be done to accelerate the exchange of proven ideas to drive scale of impact.

Substantive research exists on the topic of understanding whether, and how, the lessons of innovators can be replicated in another market. For example, via forums like World Innovation Summit for Health (hosted by the Qatar Foundation), as well as via networks like Innovations in Healthcare. We will continue to endorse a free flowing transfer of ideas that will enrich healthcare on an international scale. Meanwhile, we continue to scan the world for ideas, both ourselves and via our partnership with Innovations in Healthcare (founded by Duke University, the World Economic Forum and McKinsey). The organisation has established a network of ~100 innovators globally and has a highly competitive process for identifying and selecting new innovators for the network. ■

KEY POINTS



- ✓ Examples that encompass the triple aim issue of improved quality, accessibility and affordability in healthcare delivery already exist in the global landscape, and we must learn from them
- ✓ Emerging markets face less resistance to change from legacy systems and ways of working, so they tend to find it easier to innovate, adapt and respond to necessity
- ✓ We found four different models to exist, incorporating six secrets to innovation success in healthcare delivery. These are relevant to developed and emerging markets
- ✓ We need more established market places for exchanging and translating ideas, and funding pools to enable this



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