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Healthcare's digital future

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Insights from our international survey can help healthcare organizations plan their next moves in the journey toward full digitization.

The adoption of IT in healthcare systems has, in general, followed the same pattern as other industries. In the 1950s, when institutions began using new technology to automate highly standardized and repetitive tasks such as accounting and payroll, healthcare payors and other industry stakeholders also began using IT to process vast amounts of statistical data. Twenty years later, the second wave of IT adoption arrived. It did two things: it helped integrate different parts of core processes (manufacturing and HR, for example) within individual organizations, and it supported B2B processes such as supply-chain management for different institutions within and outside individual industries. As for its effects on the healthcare sector, this second wave of IT adoption helped bring about, for example, the electronic health card in Germany. It was also a catalyst for the Health Information Technology for Economic and Clinical Health Act in the United States—an effort to promote the adoption of health-information technology—and the National Programme for IT in the National Health Service in the United Kingdom. Regardless of their immediate impact, these programs helped create an important and powerful infrastructure that certainly will be useful in the future.

Many institutions in the private and public sector have already moved to the third wave of IT adoption—full digitization of their entire enterprise, including digital products, channels, and processes, as well as advanced analytics that enable entirely new operating models. No longer limited to helping organizations do a certain task better or more efficiently, digital technology has the potential to affect every aspect of

business and private life, enabling smarter choices, allowing people to spend more time on tasks they deem valuable, and often fundamentally transforming the way value is created. What will this third wave of IT adoption look like for healthcare?

Players in the healthcare industry were relatively successful at—and benefited from—the first and second waves of IT adoption. But they struggled to successfully manage the myriad stakeholders, regulations, and privacy concerns required to build a fully integrated healthcare IT system. This is partly because the first and second wave of IT adoption focused more on processes and less on patient needs. Still, programs like the N3 communication network in the United Kingdom and the secure telematics platform in Germany have created powerful infrastructures that have the potential to support the third wave of digital services in healthcare—but only if stakeholders take the appropriate next steps.

Now that patients around the world have grown more comfortable using digital networks and services, even for complex and sensitive issues such as healthcare (successful websites DrEd, PatientsLikeMe, and ZocDoc are just three examples of this trend), we believe the time has come for healthcare systems, payors, and providers to go "all in" on their digital strategies. The question is, where should they start?

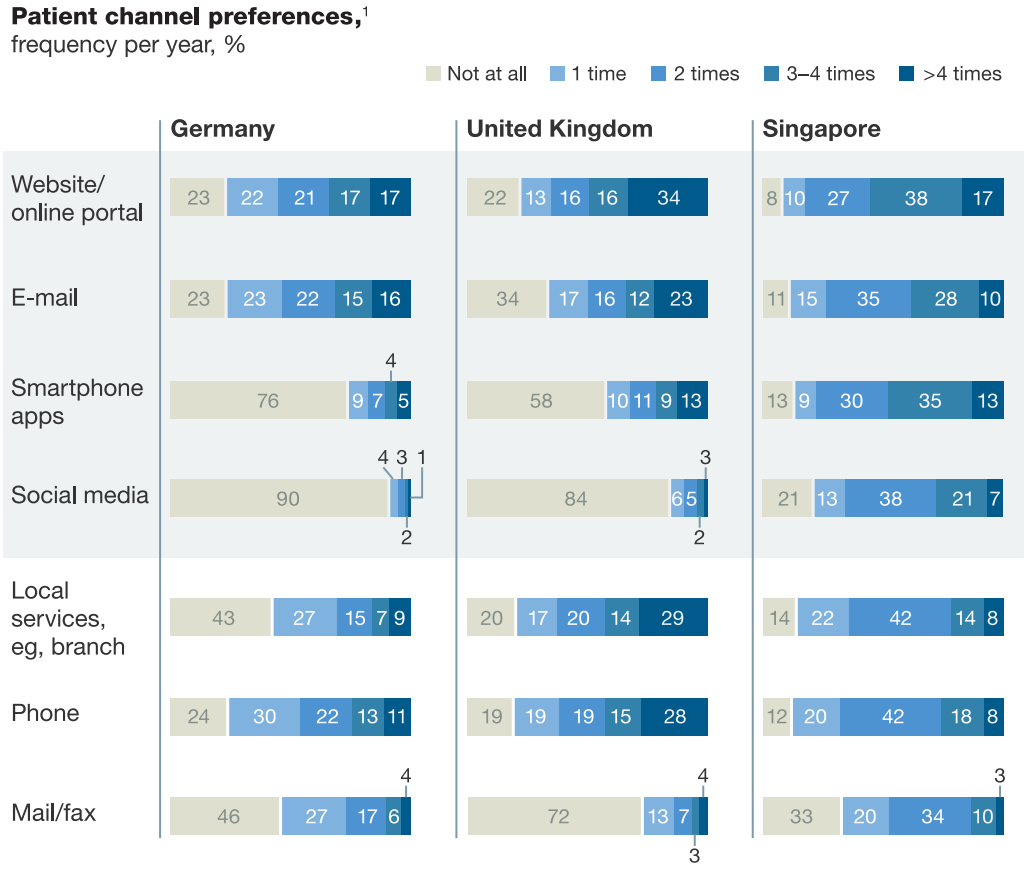
Nonhealthcare organizations that pioneered the third wave of digitization began by trying to understand what their customers really wanted; they then built their initial digital products and services based on that information and methodically expanded their offerings and customer base from there. We believe this model would work for healthcare as well. Success in the third wave of digital depends very much on first understanding patients' digital preferences in both channel and service. But many digital healthcare strategies are still driven by myths or information that is no longer true. We interviewed thousands of patients from different age groups, countries, genders, and incomes; respondents had varying levels of digital savvy. Our research revealed surprising and actionable insights about what patients really want, which can in turn inform how healthcare organizations begin their digital patient-enablement journey. Here, we present five of those insights.

Myth 1: People don't want to use digital services for healthcare

Many healthcare executives believe that, due to the sensitive nature of medical care, patients don't want to use digital services except in a few specific situations; decision makers often cite data that point to relatively low usage of digital healthcare services. In fact, the results of our survey reveal something quite different. The reason patients are slow to adopt digital healthcare is primarily because existing services don't meet their needs or because they are of poor quality. Across all the countries in our survey,[1] more than 75 percent of respondents would like to use digital healthcare services, as long as those services meet their needs and provide the level of quality they expect (Exhibit 1). Of course, nondigital channels will continue to be relevant and important, so digital channels will have to be embedded in a well-thought-through multichannel concept.

Exhibit 1

More than 75% of all patients expect to use digital services in the future.



[1] Figures may not sum to 100%, because of rounding. Respondents were asked the following: *Thinking of all your interactions with your health system (doctors, hospitals, pharmacies, healthy-living websites, etc.) and social care in the last 12 months, please indicate the approximate number of times your interaction related to one of the following types.*

Source: McKinsey Digital Patient Survey, 2014

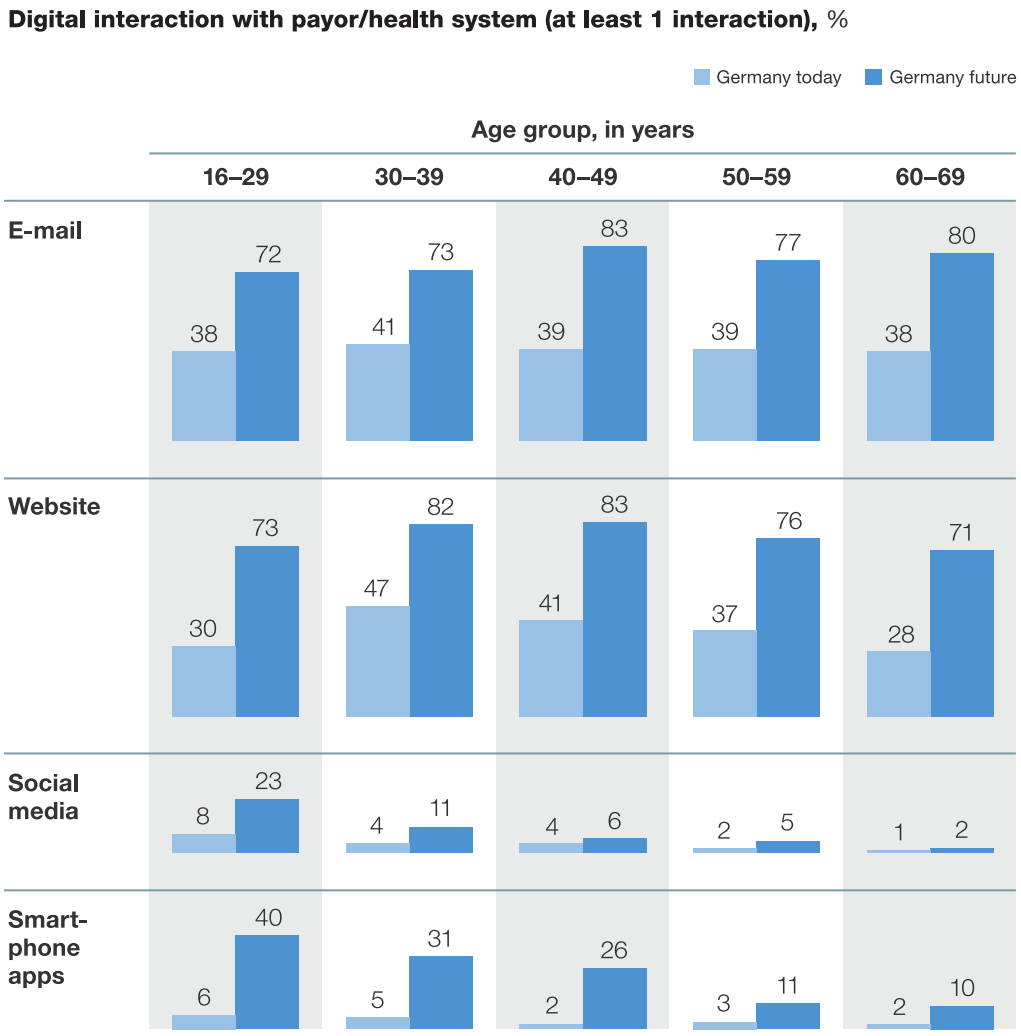
Myth 2: Only young people want to use digital services

One of the more prevalent myths about healthcare is that only younger generations want to use digital services, and therefore digitized healthcare would not reach many of the system's core stakeholders. Our survey shows, however, that patients from all age groups are more than willing to use digital services for healthcare (Exhibit 2). In fact, older patients (those over 50) want digital healthcare services nearly as much as

their younger counterparts. More than 70 percent of all older patients in the United Kingdom and Germany want to use digital healthcare services; in Singapore, that number is even higher. There is a difference between the kinds of digital channels older and younger patients want to use, though. Older patients prefer traditional digital channels such as websites and e-mail, while younger patients are, unsurprisingly, more open to newer channels such as social media. A recent report from the European Union[2] suggests that service type—not just channel—should be segmented by age; younger patients, of course, want access to health-promotion and prevention services, whereas older patients need information about services for acute and chronic conditions. But both groups seek information at the same rates.

Exhibit 2

Digital-service use is expected to increase across all age groups.



Source: McKinsey Digital Patient Survey, 2014

Myth 3: Mobile health is the game changer

Mobile health—the practice of healthcare supported by mobile devices—is often hailed as the future of digital services in healthcare. Still, our survey shows that demand for mobile healthcare is not universal. It is therefore not the single critical factor in the future of healthcare digitization.

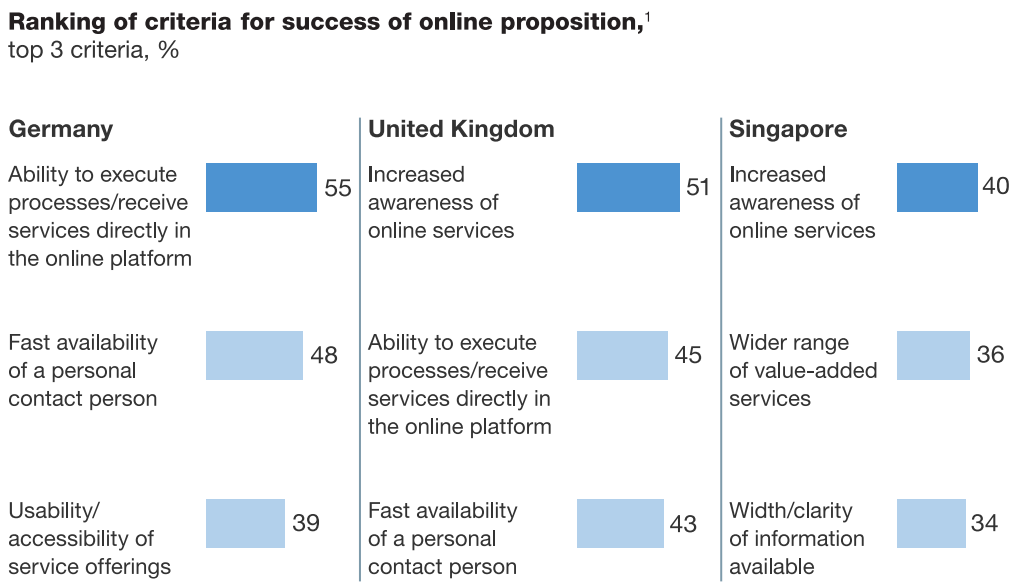
Of course, there is certainly demand for mobile healthcare applications, and it is strongest among younger people. Health systems should therefore create mobile solutions that target this audience—for example, apps that focus on prenatal health or those that could be classified as lifestyle apps. Beware of solutions that could have a lot of impact but are not of interest to the segment in question—digital applications to manage chronic conditions typically found in older people, for example.

Myth 4: Patients want innovative features and apps

Health systems, payors, and providers often think they need to be innovative when designing their digital-service offerings. But the core features patients expect from their health system are surprisingly mundane: efficiency, better access to information, integration with other channels, and the availability of a real person if the digital service doesn't give them what they need. Highly innovative services, better apps, and more social media are far less important to most patients (Exhibit 3).

Exhibit 3

Awareness and process execution are the core drivers of digital-service adoption for patients.



[1] Respondents were asked the following: *From your perspective, what needs to happen for you to use certain services online/on your mobile phone more frequently than in the past? Please select the three most important criteria for you.*

Source: McKinsey Digital Patient Survey, 2014

Myth 5: A comprehensive platform of service offerings is a prerequisite for creating value

When going digital, many institutions—not only those in healthcare—think it is necessary to "go big" before they can achieve anything; they believe they must build a comprehensive platform with offerings along the entire spectrum of customer services. But our survey finds that it can be smarter to start small and act fast (Exhibit 4).

Exhibit 4

The services that Singaporean patients request most show it's not always necessary to start big.

Surprisingly, across the globe, most people want the same thing: assistance with routine tasks and navigating the often-complex healthcare system. In Germany, Singapore, and the United Kingdom, for example—three very different countries with three very different health systems—patients most often cite "finding and scheduling physician appointments" as the service with which they need assistance. Other commonly cited needs include help selecting the right specialist and support for repetitive administrative tasks such as prescription refills. What most of these services have in common is that they do not require massive IT investments to get started.

The third wave of digitization in healthcare: Getting started

Understanding the myths and realities about what patients want from digital healthcare is vital to capturing its value—but where should healthcare organizations go from there? Three steps can help healthcare companies begin their journey toward the third wave of digitization.

The first step is to understand what it is that patients really want and the best way to give it to them. Surveys and focus groups can help here, as can an assessment of what competitors are offering. Healthcare organizations can combine this information by taking stock of what kinds of services they already have in place or could easily offer—many organizations are surprised to see how much they can do with their existing technological capabilities.

Next, organizations should segment their services according to basic criteria such as the amount of investment required, estimated patient demand, and value created through the service. Companies should also consider the "change need"—does the service fundamentally improve some aspect of healthcare delivery? ZocDoc created a simple application for scheduling appointments and won millions of users in only a few years; clearly, this organization discovered a profound unmet need within the healthcare community. Once an organization has analyzed the basic criteria—as well as the more complex question of change need—it can implement one or two "quick wins" that, ideally, generate patient momentum and build a significant user base.

And finally, just like organizations in other industries, healthcare companies should continually add new services to keep patient attention and build value. Once patients are familiar with the general idea of digital-service provision, organizations can begin offering more complex, high-value services, such as integrated-care companion apps or mobile health records. This follows the model of digital champions such as Google[3] and Facebook, which succeeded by using their core service to build a significant user base and then offered more services, thus continuously increasing the familiarity of their users with their services—and in turn the intensity with which they use them.

We believe the healthcare industry is on the cusp of a third wave of IT adoption, and that now is the time for it to go all in on digital strategies. Understanding what patients want—and what is purely myth—can help pave the way.

1. The McKinsey Digital Patient Survey was conducted in 2014, in Germany, Singapore, and the United Kingdom, with a sample size greater than 1,000.
2. Fabienne Abadie, Francisco Lupiañez, and Ioannis Maghiros, *Citizens and ICT for Health in 14 European Countries: Results from an Online Panel*, European Commission Joint Research Centre, 2013, jrc.ec.europa.eu.
3. Jeff Jarvis. *What Would Google Do?*, first edition, New York, NY: HarperCollins, 2009.
