

ANDREESSEN HOROWITZ

# The New Tech Stack for Virtual-First Care

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# Digital Health—Now a Large and Growing Market

Many mature digital health companies now operate at the same level of scale as well-established provider groups

 Carbon Health

 CITYBLOCK

 DevotedHealth

lyra

 omada

1,000+

Full-stack digital health  
companies have been started in  
last ~3 yrs

 PlushCare

oscar



Teladoc  
HEALTH

98point6

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# The Old Tech Systems Don't Work

Off-the-shelf solutions fall short



**Primarily designed for  
fee-for-service  
revenue models**



**Lack interoperability  
at the core  
(i.e. no or few APIs)**



**Don't treat the  
patient as a  
primary end user**

Majority of digital health companies have built their core tech stack from scratch; the rest are using off-the-shelf systems (EHR, CRM, etc) but spending tons of time customizing them.

**These platforms eventually break when they get to a certain level of scale.**

# The End Game

True promise of digital healthcare



## High-quality care

At a fraction of the cost

At dramatically higher scale than incumbents



## How?

Using tech and AI to do what historically has been done through human labor or overpriced and poorly functioning IT products



## Risk

Each digital health company invests all of its cost savings into building the same operating system components over and over again from scratch across separate walled gardens

# Selling to Digital Health Companies is the New GTM Motion

## Enable digital health companies

*Sell tech to next-generation virtual-first providers and payors*

## Compete with legacy players

*Go full-stack and deliver care +/- sell insurance coverage directly to patients*

## Enable legacy players

*Sell tech / managed services to traditional providers and payors*

2008

2015

2020

## GTM Motions for Healthtech Companies

Selling to virtual-first digital health companies is the new GTM motion for healthtech startups.

# The New Tech Stack for Virtual-First Care

There is now an emerging ecosystem of healthtech startups providing world-class tech-enabled services to the digital health market across front office, back office, and clinical operations.

## Back Office

Financial Systems  
ERP (Workforce,  
Supply Chain)  
Privacy, Security,  
Compliance

## Clinical Operations

Patient Data  
Interoperability,  
Care Coordination  
Pharmacy, Labs,  
Home Monitoring/Services  
Virtual Provider Networks

## Front Office

Communications,  
Triage, CRM  
Scheduling & Payments  
Digital Marketing/Patient  
Acquisition

Overtime we expect these categories to consolidate, and that the best-in-class platform players will take on more workflow surface area across all three areas.

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# Characteristics for Success

## Stickiness & ROI

Product breadth,  
developer experience,  
focus on high volume  
areas of transactions

## Network effects

Connects stakeholders  
where integrations are  
non-trivially challenging

## Transferability

Has a path to selling to  
traditional payors/  
providers over time

# Upping the Game on Healthcare Product Quality

We all lament about the tragedy that is healthcare IT products. Digital health founders are setting a new bar for its tech solutions that will raise the bar for the whole market over time.

## Traditional Providers' Requirements for "Healthcare IT" Systems

Compliance / security

Internal system integration capability

Workflow compatibility

Cost & ROI

## Digital Health Company Requirements (Inclusive of Prior List)

High-scale performance and reliability

Quality of technology

User experience

Availability of API / trade partner

Interoperability



**Thank you.**

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