Digital Health

2025

EXECUTIVE SUMMARY

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Introduction

Publishing a report on 'digital health' in 2025 might give an air of being four years late to the party. During and shortly after the covid pandemic there was an explosion in the use of (video and phone) teleconsultations by healthcare providers of all types. Two massive listed companies, Babylon and Teladoc, promised to revolutionise healthcare on a multinational scale, and reached several-billion-dollar valuations and hundreds of millions of dollars in revenue, most of which came from their deep penetration into the US market.

But a lot has changed since 2021. Teleconsultations have actually fallen in most countries, both in absolute terms and as a proportion of total consultations, after peaking during covid. Babylon has gone bankrupt; Teladoc has seen its valuation fall to a fraction of its $30+ billion peak in early 2021.

Some people in the sector are even avoiding using the term 'digital health' now, and instead prefer talking about 'health tech'. Guillaume Duparc, Partner at L.E.K. Consulting, a strategy consultancy, tells us that the cynical interpretation of this is that it's essentially a form of rebranding after Babylon collapsing.

'Health tech' is arguably a slightly different concept, however, with the focus being more on whizzy technology that has some applicability to some part of healthcare, and this includes more backend tech that sits far away from patients. 'Digital health' still feels like the more appropriate term when the aim is using digital tools and digital connectivity as a means to transform care delivery, care pathways, and/or the way people manage their health. This is why we are calling this a 'digital health' report, and not a 'health tech' report.

Duparc says there is also less cynical interpretation for why some people prefer using the term 'health tech' now: "Telehealth 1.0 was just remote consultations, which tended to be done with quite a rudimentary digital infrastructure, and hence were not very scalable, and quite costly. But new companies have emerged that have invested in a more robust digital tech stack that is more scalable and more configurable."

One of the major factors motivating this investment in more high tech stacks is that this is essential if you want to incorporate more functionalities into your platform such as asynchronous chat. Many of

TELECONSULTATIONS PEAKED IN 2021 ACROSS EUROPE

Source OECD

the digital health companies we profile in this report attest that asynchronous chat provides a lot more benefits in terms of convenience for the patient and efficiency for the provider and health system than teleconsultations.

"In many countries when providers wanted to go digital they started providing video consultations," Oskari Eskola, CEO of BeeHealthy, the digital health spin-out of Finnish healthcare group Mehiläinen, tells us. "But they missed the point as they were just trying to imitate a physical appointment in a video call. The only real benefit of this is that it means the patient doesn't have to travel to the physical unit. It does little to address the core issues in healthcare, which lie on the supply side.

"I've heard so many private healthcare providers say they don't want to focus on remote consultations because they're not profitable. But they're referring to video calls."

As well as increasing productivity by allowing clinicians to interact with multiple patients simultaneously, asynchronous chat is also a lot cheaper to deliver. "An in-person consultation with a GP or a consultant can cost €150–200 per session; an online one is more in the range of €40–50 if it's video; asynchronous chat, which is increasingly important with condition management and GLP-1 prescriptions, is in the realm of €10 per interaction," Duparc says.

Duparc adds that the next step beyond asynchronous chat is tools that can handle patient queries in a completely automated way, where the cost can be less than €1 per interaction. Helfie, an Australian start-up we have a case study on in this report, is building what its founder refers to as a "whole new operating system for human health", with an app that allows users to take a picture of a part of their body, or take an audio recording of their cough, and have it analysed by an AI system which then tells them how likely they are to have a range of common health conditions. And this costs just $0.10–0.20 per interaction.

Another important dimension to consider is the spectrum between purely digital models and digi-physical care."The vast majority of actual examples of digi-physical healthcare providers started out with brick and mortar and started to move towards adding a digital part to their offering; this is quite different from starting with a purely digital model," Duparc says.

Mehiläinen, which has a very well-developed digital platform, has a very different model and platform to HealthHero, which is a completely digital provider, for example. This report includes a case study of HealthHero, as an example of a purely digital player. It also includes a case study of Dutch primary care group Arts en Zorg, which is another example of a company that started off as a physical provider but then added a digital layer, although it is moving towards what it describes as a 'digital-first' model.

The digi-physical model is working well for those starting out as physical providers. But the risk with this is that they think digital is only for certain aspects, or is just about changing paper systems to digital systems, and not changing processes and pathways.

We also have a case study on Kry, which could also be described as 'digi-physical', but one that has come at it from the other direction, i.e. it began as a purely digital provider before deciding there was an advantage to having physical clinics. Its model is nonetheless a 'digital-first' model, where the priority is dealing with as many patient interactions as possible remotely. Kry tells us they can handle 60% of patient interactions remotely.

"The digi-physical model is working well for those starting out as physical providers. But the risk with this is that they think digital is only for certain aspects, or is just about changing paper systems to digital systems, and not changing processes and pathways. It's important to think holistically about the whole set of interactions," Duparc says.

Similarly Ben Horner, Managing Director and Partner

at strategy consulting firm Boston Consulting Group, describes the current playing field in digital health as one where there are some 'points of light', but they're not integrated. "Arguably where some players went wrong is they were setting up a parallel structure that wasn't integrated into the health system. In order to get it to work you need seamless integration, and this does require some back end enablement. It has to be designed as a pathway," he says.

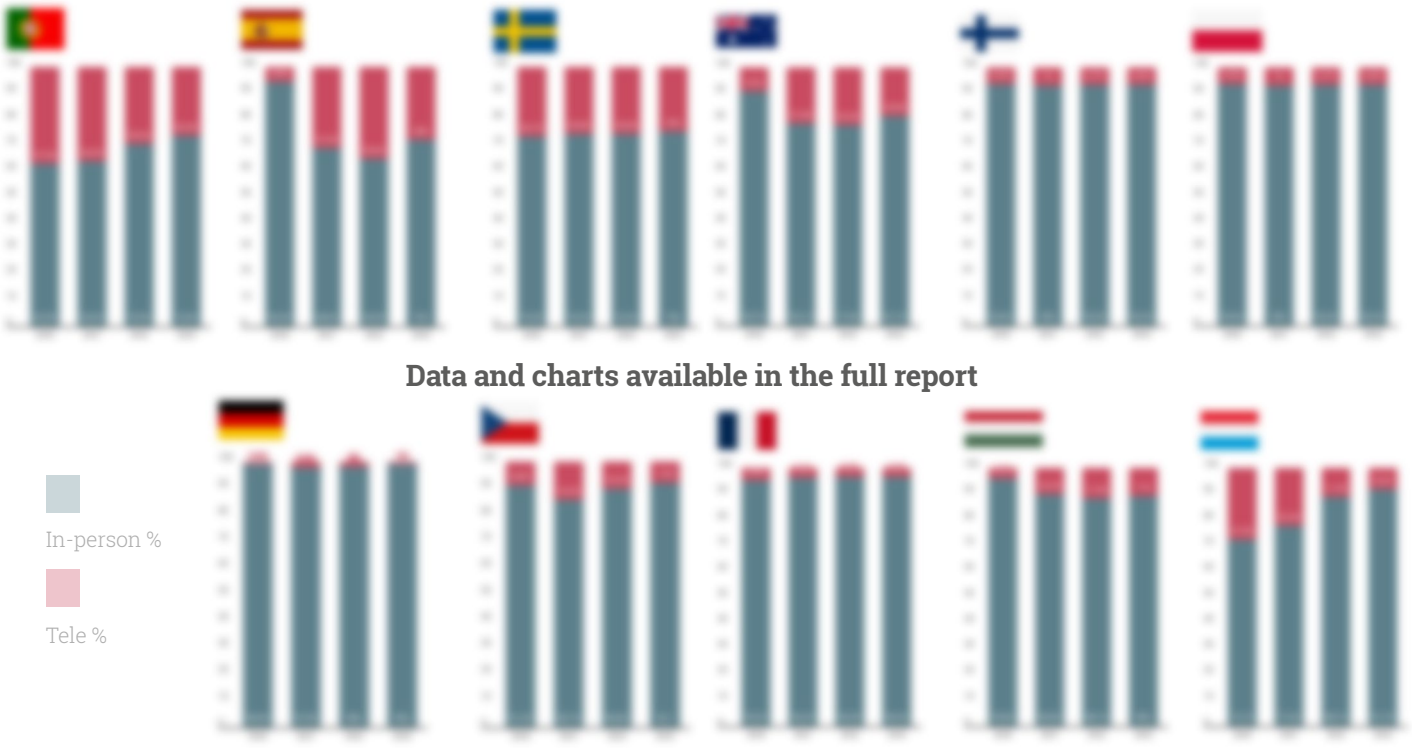
"Clearly where the health system should go is everything is interconnected," Klaus Boehncke, Global Digital Health Lead at L.E.K. Consulting, says. "The key thing will be linking the right parts of the ecosystem. It doesn't need to be a single company doing this; it could be 10 different companies that share data with each other, and white labeled products, so from the patient's perspective it all works seamlessly."

As an example of what this could look like: you might do a health check with Helfie, the app then guides you to get a diagnostic checkup at a brick and mortar provider, which might require a prescription from a telemedicine provider, which you then get fulfilled from an online pharmacy and sent to your home…but the data integration and appointment setup is done automatically/seamlessly from the patient's point of view.

Similarly, Michelle Tempest, Partner at healthcare consulting firm Candesic, tells us that the direction of travel is that healthcare is going to become much more consumerised and joined-up: "There's a different level of data you can collect with all the new devices that are available, which we didn't have before. But now there's a progression from that point digital solutions, e.g. trying to track somebody's blood sugar level, to a full stack service.

"That's the opportunity for investors: not just to invest in a glucose monitor, but a whole system for tracking people's health and doing preventive care, as well as digital therapeutics. The opportunity is to be more consolidated and joined up; people don't want to be dipping in and out of platforms."

TELECONSULTATIONS VS. IN-PERSON CONSULTATIONS (%)



Data and charts available in the full report

Source OECD

CASE STUDY

HealthHero

HealthHero is the largest telehealth provider in Europe. In the few years since being founded in 2019, it has managed to consistently grow its revenue at over 30% per annum and achieve a dominant position in four key European markets — the UK, France, Germany and Ireland, in a period when many other players trying to scale in this space have gone bust.

RANJAN SINGH
CEO AND FOUNDER

It now delivers over four million online consultations per year, most of which are GP consultations, making it Europe's largest private primary care provider as well its largest telehealth provider, and generates well over €100 million in annual revenue. It has also managed to become profitable, proving that standalone telehealth is a workable business model.

Ranjan Singh, HealthHero's CEO and Co-founder, explained in a conversation with HBI what the company does differently.

"We've always been quite bullish on the healthcare sector," Singh says. "Healthcare needs to evolve and adopt more efficient ways of doing things. The current system is unsustainable. There aren't enough doctors or money to meet the growing demand.

"There are two big hurdles that those wishing to innovate in healthcare face, however. The first is that there is resistance from patients and practitioners to adopting new ways of doing things. Any new tech that's introduced has to be simple enough that they can get their heads around it. The second big hurdle is that in Europe the healthcare user is generally not the one who is paying. You need to figure out a reimbursement mechanism."

Singh says that these two challenges are the reason HealthHero decided to begin with a focus on episodic primary care.

More recently the company has expanded beyond primary care, adding specialists across about 30 specialisms, including mental health, weight management and dermatology. "The foundational pillars of what we're doing are focused on providing superior experience for patients, whilst also supercharging efficiency for the system, in terms of clinical capacity, and using less doctors and money. These pillars apply in specialist healthcare, as well as in primary care."

The platform is being gradually built out into what Singh refers to as a 'digital clinic', covering a full digital pathway that includes online content for patients, the ability to fill prescriptions, and get diagnostics. They've also added a software symptom checker, which Singh says is "head and shoulders" above any other in the market, and digital health risk assessment tools.

"We're adding more features to improve the patient experience, and using more AI and more asynchronous pathways to make it more efficient. We've also introduced self-pay on the payment side," Singh says.

Ultimately the aim is to build an "AI-first digital health system". When asked what this involves exactly, Singh says:

"We're doing much more on the experience side, to make it preventive, and then predictive. We want to be able to offer the best payment option and the best pathway for the patient. We are strong believers in the idea that the next generation healthcare should be a balance between public and private partnerships. And we at HealthHero are perfectly positioned to work in partnership with health systems."

CASE STUDY

Whilst in the UK HealthHero's platform is only available to those paying privately, in France and Germany the company receives statutory insurance reimbursement. "Anyone in France can use HealthHero via statutory insurance, and we have an industrialised payment processing system (some of our competitors have to send invoices to the insurer)."

When asked whether being able to do preventive care will require access to patients' long term healthcare records, Singh says this will help, although it is not a prerequisite.

We are a healthcare provider, not just a tech platform. We use tech to deliver it, but we're responsible for the healthcare as well. There are many companies pushing the boundaries of digital but who aren't credible healthcare providers, and vice versa.

"We do have a lot of our own datasets for patients, but these are for episodic care. When you marry this data with the long-term patient records, and do analysis using AI on it upfront, this will make us well placed to provide that preventive/predictive healthcare." Singh says this is not something the company has begun actively working on, but it is an important part of the vision going forward.

HealthHero has made progress in getting access to patients' records: "In the UK we're now able to pull up patients' NHS records; in France we're a bit behind, but France is launching a centralised patient record system which we will be able to read and write into as well; the German system is more complex, but we are one of the only digital healthcare companies that is being integrated into the new Gematik system; in Ireland we're already fully integrated into the national record system."

Singh tells us that the company has no plans to expand into physical healthcare, as this would make it a "very different business model", and one which is much less scalable.

Part of the reason for this, Singh explains, is that HealthHero does not believe that digital healthcare services are only valuable when fully integrated with physical service provision, as some others do.

"Some people have the idea that to make digital health work you need to become a physi-digital provider. We've decided instead to go deeper into the purely digital side. We've gone more into condition management with a virtual clinic. Whilst there are some physical touch points, we don't need to own physical infrastructure. We can partner with pharmacies, or health kiosks in certain places. We believe an asset-light infrastructure can deliver the same benefit."

But another factor is that there is enough room to grow within the telehealth space.

"For primary care, we believe that 75–80% consultations can be delivered perfectly well remotely. Right now the penetration is only 5% across Europe. I think maximum penetration could maybe be 30%. Then there's a lot you can do with chronic care management, which provides another avenue for further growth."

Singh says HealthHero is uniquely positioned to take advantage of this opportunity, because it has managed to marry digital innovation with solid healthcare credentials in a way that many other digital healthcare companies have not.

"What really makes us unique is how we've managed to combine being a high quality healthcare provider with being a digital tech innovator. We are a healthcare provider, not just a tech platform. We use tech to deliver it, but we're responsible for the healthcare as well. There are many companies pushing the boundaries of digital but who aren't credible healthcare providers, and vice versa. We have that combination."

HEALTH HERO

CASE STUDY

Kry

Kry is a Swedish company that provides both digital and in-person primary care services to people in Sweden and Norway, as well as the UK and France via its subsidiary Livi. In Sweden, Norway and France it operates physical primary care clinics, and in Sweden, where it has the most clinics, it is the official primary care provider for several hundred thousand people. In the UK it provides digital primary care services in partnership with NHS-serving GP practices.

In all the countries it operates in it has what could be described as a 'digi-physical' model of care delivery, or a 'digital-first' model of care delivery, which seeks to fully integrate digital healthcare services with traditional clinic-based healthcare provision, and therefore the wider health system.

"The dividing line between Kry and telehealth providers which are purely digital is that we have many patients for whom we are their official primary care provider, and we cover all of their needs over many years. We believe the future is to be a provider that can cover the full care pathway for patients over time," Kalle Conneryd, Kry's CEO, tells us.

The reason for this belief is that there are many things which can't be done remotely, particularly for chronic patients, who account for about 80% of healthcare expenditure.

"If you're not providing a physical component you will just be a transactional healthcare provider for certain episodic conditions; you won't be able to cover the majority of what healthcare providers need to do. For patients with chronic diseases you need to be able to do physical consultations. Year after year the healthcare system has to sustain and maintain their condition. A lot of the touch points can be handled digitally: e.g. renewing prescriptions, or patient monitoring. But they'll also need diagnostic tests such as ECG, or ultrasound, or lab tests.

"We have physical infrastructure to serve these needs, and we use our digital service to free up capacity in the physical infrastructure, so many more patients can get use of the same physical unit. This is very cost effective for society. It means there is much better availability and accessibility on both the physical and the digital side. We are therefore seeing a growing number of patients listing with us."

Conneryd says there are two ways you can view digital healthcare: "Firstly, you can view it as a channel for increasing access and touchpoints, and a way to make interacting with the health system more convenient for patients as they don't have to travel as much, whilst also freeing up physical capacity for those things for which it is really needed.

"A second way you can view digital healthcare is in terms of how you can use tech to (continuously) collect and analyse data from patients, in a way that is impossible if you only have physical/manual means. Both of these aspects will be equally important for healthcare in the future."

The 'digi-physical' model of care delivery that Kry is building incorporates both these aspects of digital. But it is in the first area that the company has already built a fully functioning and scalable model of digital-first care delivery, and one that has a proven ability to significantly increase productivity and efficiency.

Conneryd says that they are able to deal with about 60% of all patient interactions digitally/remotely, without the patient needing to come into the clinic. This means the clinic can deal with the other 40% of cases, where a physical consultation is needed.

KALLE CONNERYD
CEO

CASE STUDY

For the 60% of interactions that are dealt with digitally, both synchronous and asynchronous methods of communication are used:

“Synchronous and asynchronous are simply different methods of interacting with patients remotely. Both have a place. For a continuous process, asynchronous can be optimal. If a patient is waiting for lab results we can just ping them a message when we have the results, for example, and they can message back with any questions. You can send asynchronous text messages and recorded videos if you want to show the patient something, and patients can record a video as well and we can reply back at a later time. But the majority of interactions are by text, sending data, clinical results etc. Synchronous is more necessary in more acute situations. Within our platform we have capability for both.”

Kry is also incorporating remote monitoring (the second aspect) into its platform, but Conneryd says this is “still in the very early days”, particularly in terms of what the devices can do:

“I think this is absolutely going to grow over time. It’s going to be difficult for incumbent providers to use their data, because they’re not up to date in their technology platforms. I think that’s an area where we can be much quicker off the ground. For example, there’s a device called AsmthaTuner, which a patient can use remotely at home, and it collects data on their breathing that the clinician can follow over time. There are devices that can do automatic dosing for patients every day, you can check what the right dose is today, and not risk over-dosing or under-dosing medication. You can monitor blood pressure continously, or a couple of times a day, you can monitor heart rates, you can remotely check pulmonary function.

“It’s all integrated into our tech stack that we’ve built from the ground up. It’s a native tech stack, and much more modern than a typical tech stack in Europe. Our clinicians decide what is medically relevant and efficient, and then it can be hooked up to our platform. You can hook up more or less all of the devices that you are interested in offering to patients: everything from blood pressure cups, to smart watches. The smart watches we have today might not always achieve a medically acceptable rate of accuracy for clinical use; they’re often more indicative of something. But that’s probably going to change over time.”

Ultimately digi-physical care providers should have so much data available to them that they will be able to provide much more preventive care. This is something Kry is actively working towards.

“Being the largest digital-first digi-physical healthcare provider, we have access to most patient data. The advantage of being the official healthcare provider for patients is that we already have authorisation to use their data and records for their needs. For all the patients who are listed with us we maintain records, and use them to look at risks and act on that. For example, if we notice that one patient with diabetes has continuously elevated blood pressure we will call them in and examine them, we would discuss it with them, maybe do extra diagnostic testing work, then would intervene preventively if necessary.

“We do as much preventive work as we can. We’re far from understanding biology well enough to be able to take all the preventive measures that could be taken. But this is probably going to improve rapidly with AI and better monitoring tools. I think preventive care will grow a lot. There’s a strong interest from patients. But there is a question over how much will be handled in the healthcare system, and how much will be patient financed rather than health system financed.”

Conneryd says he believes that in the future there won’t be a distinction between digital and physical care: “We believe you will have both digital and physical aspects throughout the care journey — you wouldn’t say you have physical banking vs digital banking: you typically just have one bank, which you mostly interact with digitally, but every now and then will have to go into a physical branch of the bank.”

Summary

Digital health has come a long way since 2021, when use of telehealth (video and phone) consultations peaked. The 'telehealth 1.0' paradigm has now been superseded by new business models backed by more advanced tech stacks that make use of a wider range of connectivity tools.

In particular, asynchronous messaging/chat has emerged as the more valuable digital means of communication, both in terms of convenience for the patient and in terms of productivity for the clinician and health system, compared to video calls.

Beyond asynchronous chat, many companies are developing digital tools which can completely automate patient queries. Helfie, an Australian start-up we have a case study on in this report, has built an app that allows users to take a picture of a part of their body, or take an audio recording of their cough, and have it analysed by an AI system which then tells them how likely they are to have a range of common health conditions.

The debate between those pushing purely digital and those pushing digi-physical models hasn't quite been resolved. This report includes case studies of companies achieving success on both sides of this divide: HealthHero, as a purely digital player; Kry as a digi-physical player that began as a purely digital player; and Arts en Zorg as digi-physical player that began as a 'brick and mortar' primary care provider.

The latter three companies are all primary care providers. But primary care doesn't have a monopoly on using patient data and remote consultations to address healthcare's demand-supply problem: Health Navigator (HN), the fourth company we profile in this report, is applying AI to hospital records to identify people who are at risk of having unplanned stays in hospital, and then approaches them and offers them a remotely-delivered coaching service aimed at keeping them out of hospital.

Ultimately healthcare's digital revolution should mean the sector becomes much more consumerised, and mean patients are empowered to take a more proactive approach in managing their health. Clue, a period tracking app that we profile in this report, allows users to record self-reported data alongside wearable data — data which they can then take to a clinician if they are concerned about endometriosis, for example.

Digital tools aren't only for tracking, connecting and informing; they can also be therapies. Digital therapeutics is an area that is in its nascency, but is showing a lot of promise, particularly for mental health conditions. In this report we profile Hellobetter, a German start-up that has developed digital CBT courses for various mental health conditions, and Flow Neuroscience, a Swedish company that pairs a brain stimulation headset with a digital platform. There is some promising early evidence that these purely digital means of treating mental health conditions are equal or even superior to the SSRIs and other chemicals which have dominated the sector for decades.

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