

strategy&

Digital transformation of lifecare system

- PwC Strategy&

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China healthcare market is featured with high growth, top-down regulation, localization and unique digital ecosystem

1



Fast-growing China healthcare market

- Continuously growing China health expenditure is driving the rapid development of China healthcare

2



Dual focus of cost and quality in regulation

- China forms a top-down regulation scheme to govern registration, reimbursement and procurement
- Quality and innovation are the two main themes of China health reform and regulation while cost control remains the fundamental need

3



MNC localization and local substitution

- China government advocate the dual-circulation development pattern in which self-sufficiency is the priority
- MNC healthcare players are transforming to “localized MNCs” and local players are catching up with higher quality product and innovations

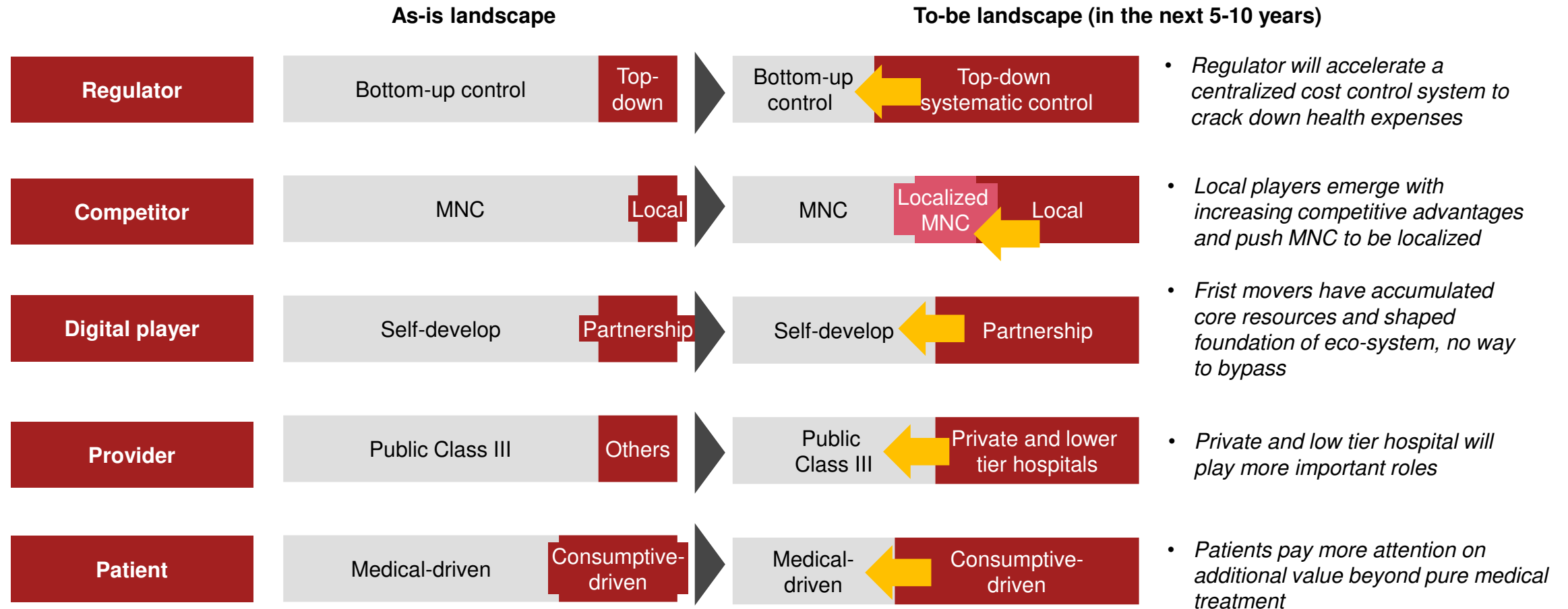
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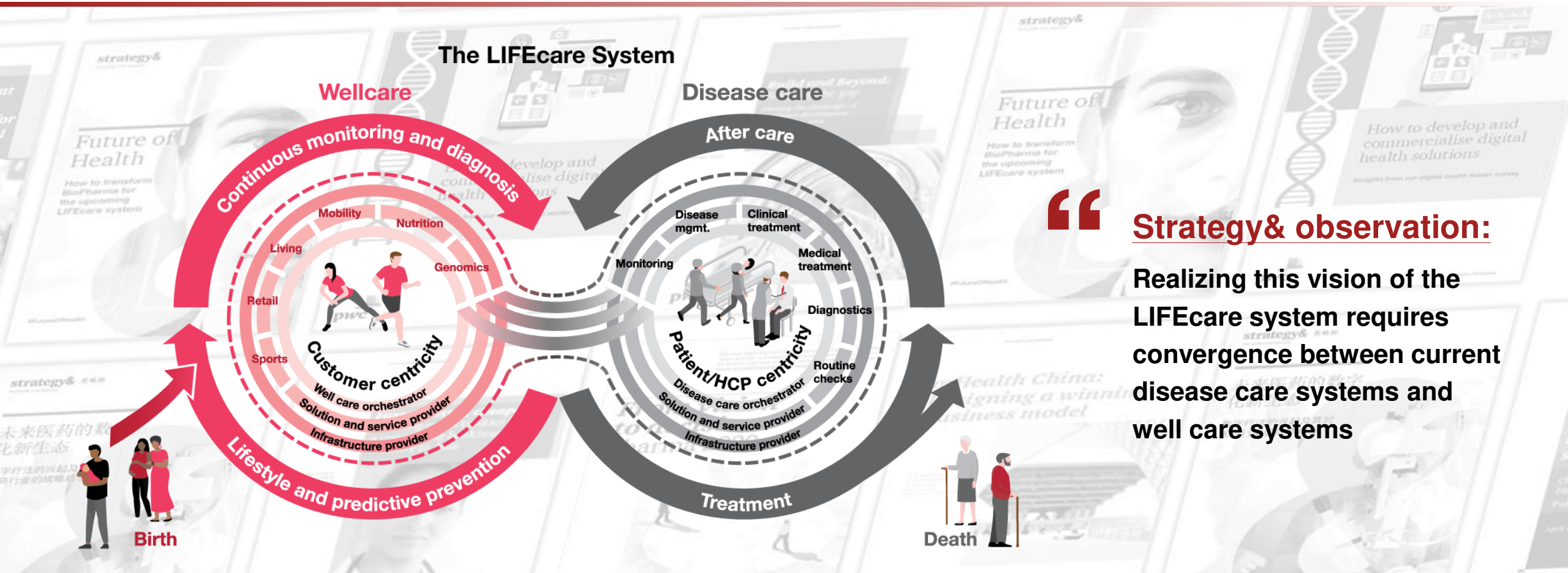
China specific digital health ecosystem

- China is a forerunner of business-oriented digitalization and leading the game in technology
- A China-specific digital health ecosystem is formed, enabling a more active patient journey

In five to ten years, China will form a unique healthcare system



The future LIFEcare system for healthcare

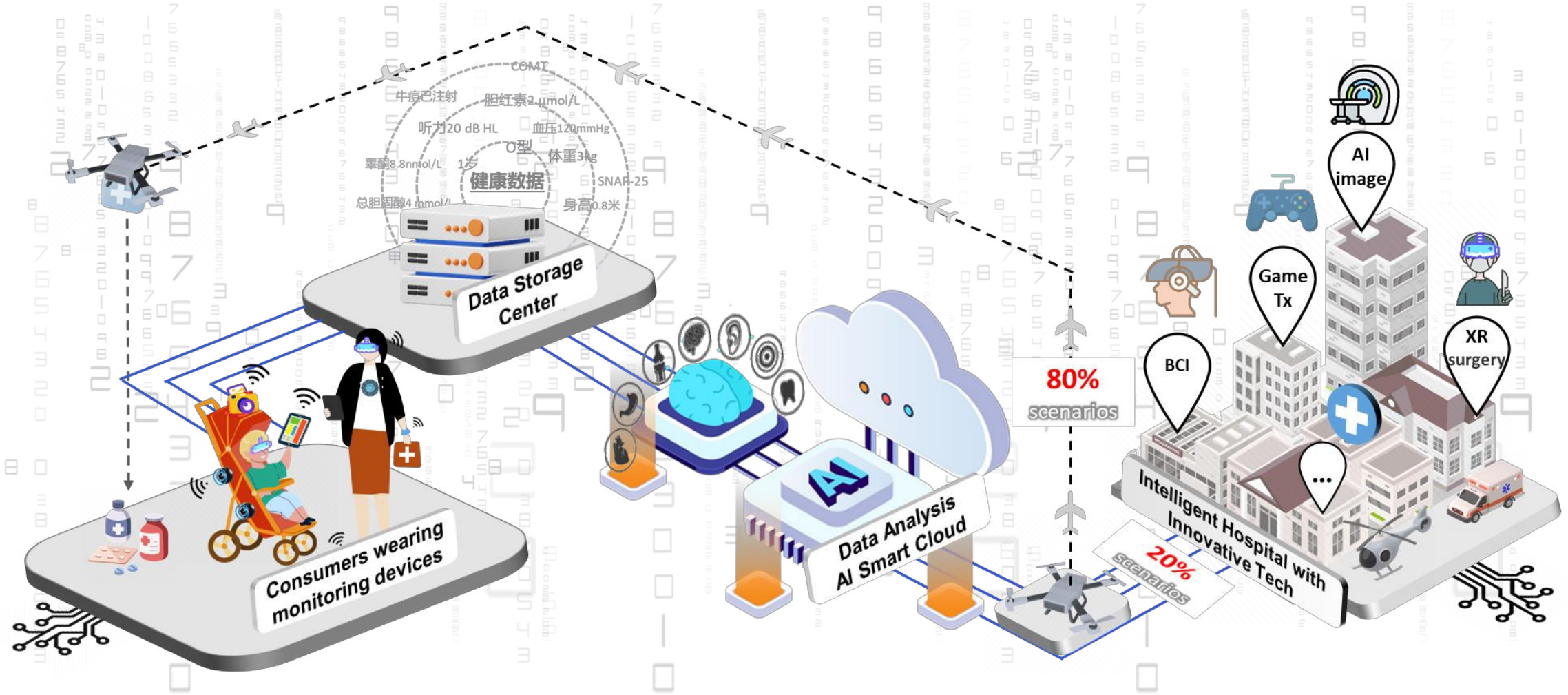


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Strategy& observation:

Realizing this vision of the LIFEcare system requires convergence between current disease care systems and well care systems

Utopia: LIFEcare system will transform healthcare service scenarios in the next 10 years



The new healthcare system calls for transformation of the business model for traditional pharmaceutical companies

Differences From Existing Systems

01 More comprehensive treatment

02 Rising patient decision making

03 Advanced data analytics



Implications



Explore solution play

(E.g. Drug/Medtech/software/service all-in-one solution)



Enhance patient centric

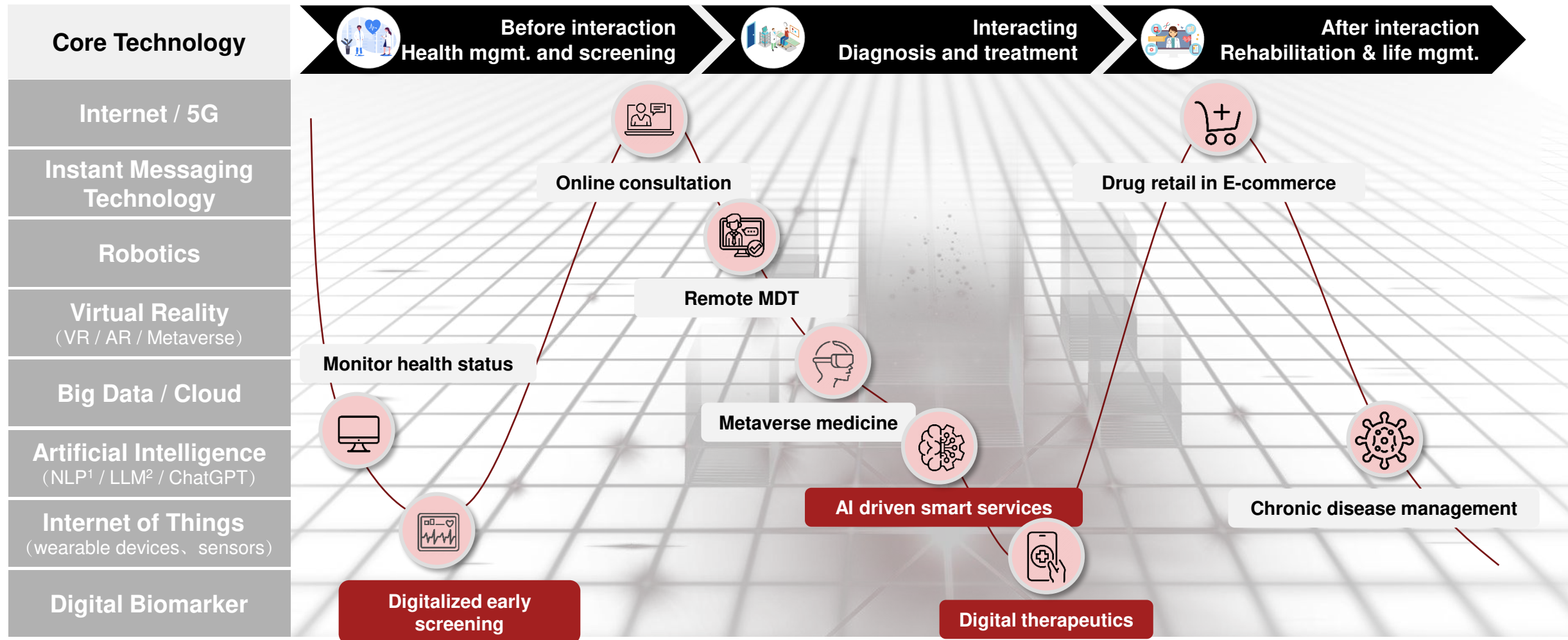
(E.g. Establishing more interactive platforms or channels with end consumers)



Leverage the value of data

(E.g. Providing personalized medication and dosage recommendations based on data)

Cutting-edge technology as a catalyst is boosting new healthcare applications to the next level



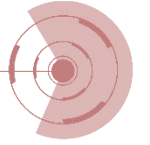
Digitalized Early Screening Case – Multiple Disease Screening based on Fundus Imaging



Airdoc utilizes fundus cameras and AI multi disease models to screen and assess the risk of up to 200 chronic diseases through eye imaging taken by examiners at a time



Tech De-coding



Retinal imaging AI + specialized disease knowledge graph to intelligently analyze images



Independently develop three high quality fundus cameras (certified as Class II devices)



Diversified terminals (community/pharmacies/examination center, etc.)

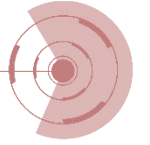
Digital Therapeutics Case – Game Therapy



AppliedVR is a DTx that combines VR tech and gaming to help alleviate pain in chronic backache patients aged 18+, which has collaborated with over 240 hospitals and 60,000 patients



Tech De-coding



Home VR kit consisting of head display, controller, and connected breathing amplifier



Gorgeous and rich game content, immersive experience distracts pain and attention



Cognitive behavior therapy: mindfulness escape and diaphragm breathing

AI driven smart devices – Vehicle-computer Interaction Healthcare System



Tesla, Toyota, etc. conduct health tracking for drivers based on the new vehicle computer interaction systems and a series of onboard sensors, ensuring driving safety and risk warning



Tech De-coding



Install sensors on the steering wheel to generate electro-myography based on muscle and palm sweat

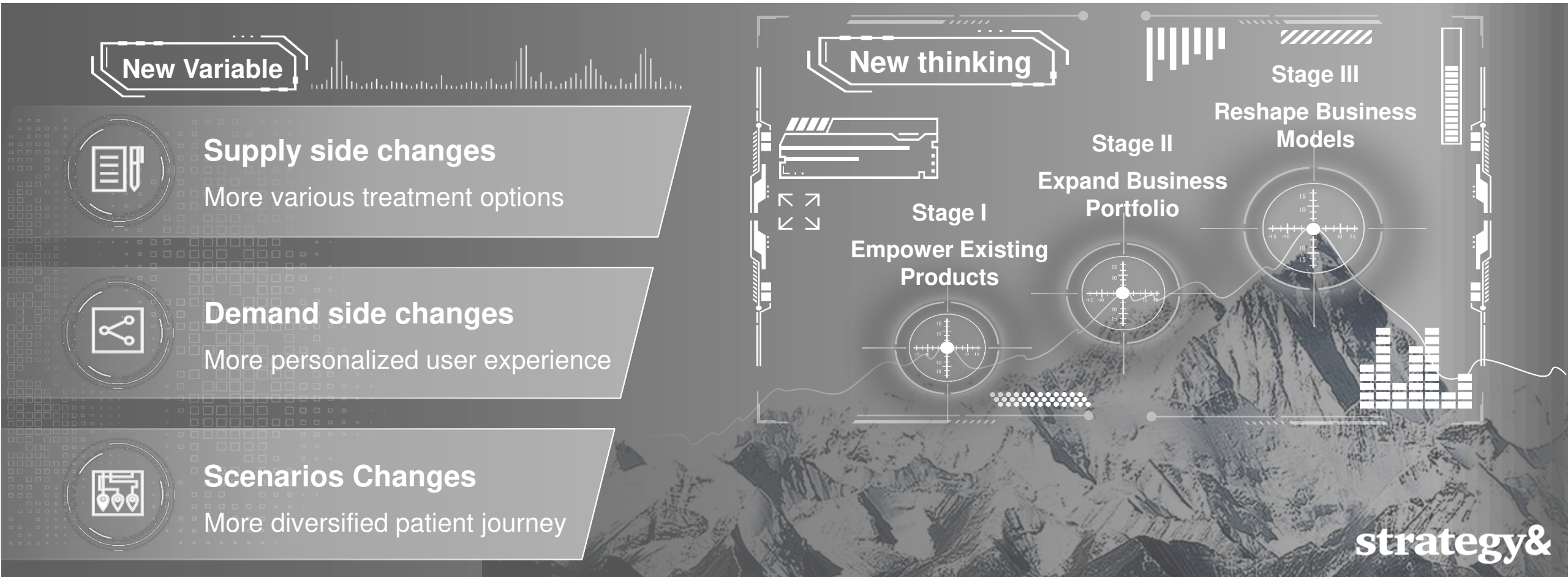


Equip front windshield with infrared imaging system to monitor drivers' faces to prevent fatigue or drowsiness



Embed ECG sensor in the seat to detect heart rate and alert abnormal heart activity

Healthcare service scenarios will undergo significant changes in the next 10 years



Life science companies should actively take actions, build partnerships to win, and enhance organizational capabilities

1



Take action now and build business plan for digital health

Seize the opportunity, plan digital health products suitable for current business to empower the commercial value chain

2



Collaborate with external partners for quick execution

Build a digital health cooperation ecosystem to achieve faster commercialization and effective promotion of products

3



Refine organizational capabilities for business transformation

Create digital DNA for organizations, optimize talent and management models to enable organizations to form unique competitiveness in the new digital health era

CONTACT

William Zhang

PwC Strategy& Healthcare and Life science leader

Tel: +86 21 2323 8321

Mob: +86 13917634911

Add: 42/F New Bund Center 588 Dongyu Road, Pudong
New Area, Shanghai, China

william.rh.zhang@strategyand.hk.pwc.com

<http://www.strategyand.pwc.com/>



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