

## Amazon to make huge strides in healthcare

22 August 2018 | News

**Amazon has been warming up to enter into the crowded healthcare space with a series of ventures, acquisitions and product developments**



With a business model that facilitates easier connectivity between providers and patients, a powerful online platform and artificial intelligence (AI) interface, Alexa, Amazon is predicted to make huge strides in healthcare, says leading data and analytics company Global Data.

In 2016, the US spent \$3.3 trillion or \$10,348 per person for healthcare. Even though healthcare spending in the US accounted for 17.9%, the largest portion of GDP for healthcare spending for a country in the world, patient outcomes are not as positive as they ought to be.

Pavan Kottamasu, Senior Pharma Analyst at Global Data, says: "In a country like the US, where the economic foundation lies in capitalism, difficulties arise in unifying healthcare delivery practices across the country. With a wide variety of private insurance companies and federal medical spending programs, the US has an extremely complicated network of connecting patients with providers.

"A solution could be to move toward universal healthcare in countries such as Australia, Canada, Japan, Sweden, Switzerland and the UK, so that all patients would have adequate healthcare coverage and access to medical attention. However, that would mean dissolving multibillion dollar private insurance companies, an idea that would not go well with the companies themselves, and the pharmaceutical, healthcare and business companies in which they are deeply vested."

The currently acceptable solution is for companies to figure out ways to navigate the complex US healthcare system so that it is easier to connect providers with patients. In addition, outcomes could be significantly better if patients had more frequent access to healthcare providers and were better educated on healthier lifestyles. By focusing on preventative measures, patients would benefit in the long run and minimize risk of obtaining chronic diseases.

Of late, Amazon has been warming up to enter into the crowded healthcare space with a series of ventures, acquisitions and product developments. In January 2018, it announced that it would collaborate with Berkshire Hathaway and JPMorgan to launch a healthcare company for their 1.2 million combined employees in the US. Ideally, it is hoped that through this venture, the overall cost of care would decrease while improving health outcomes.

In February, the company unveiled an exclusive over-the-counter healthcare product line—Basic Care. Besides poaching employees from CVS Health, Express Scripts and UnitedHealth Group over a one-and-a-half year period, the e-commerce giant hired over 20 staff with experience in healthcare or pharmaceutical industries in March this year. In the same month, it was granted a new patent by the US Patent and Trademark Office for a delivery drone that can respond to human gestures. In June, the company agreed to acquire US-based online pharmacy PillPack for nearly \$1bn.

Kottamasu concludes: "Amazon has already successfully shown the world that it can deliver products to consumers at an extremely fast rate and now has the potential to make huge strides in reducing wasteful spending in chronic disease management, over-utilization of primary care and pharmaceuticals."