

Foresight



JMSearch

Future-Ready

Healthcare Technology Innovation and Leadership

A Conversation with JM Search

As we enter the home stretch of 2020, most would agree it has been an epic year due to the malingering effects of the Coronavirus pandemic and economic uncertainty it caused. And it is far from over.

Foresight recently sat down with JM Search's Andrew Henry, Chuck Egoville and Mike Forgash - leaders in the firm's Center of Excellence for Healthcare Technology. Each is laser-focused on the convergence of healthcare and technology, and on tapping a new breed of leaders to meet the moment. After a slow but steady start, Healthcare technology has become a burgeoning nexus of innovation. Its impact spans existing and new value chains with tech-enabled products and services that are rapidly transforming the delivery and business of healthcare.

Even before COVID-19 began upending peoples' lives and livelihoods, technology-driven innovation across the healthcare landscape was gaining momentum, and the nature of leadership was evolving. According to JM Search, the pandemic has not only been an accelerant of the technology-driven transformation already in progress, it has also propelled leadership teams and boards to pivot in real time and become more agile and future-ready. Old paradigms no longer apply as technology adoption accelerates to support the new demands in our healthcare system. Healthcare leaders today must understand and leverage the power of technology innovation by quickly adapting and adopting new ways to drive growth initiatives at scale. At the same time, healthcare technology leaders must now bring "soft skills" - superior communication, executive leadership, passion and sales abilities - for a seat at the table. Hard technology skills alone are considered table stakes.

Leaders, innovators and investors are placing new bets across the healthcare ecosystem. Innovation is taking hold in sponsor-backed and public companies, large and small. In fact, small is the new big; private equity investors are paying more attention to smaller, scalable health tech enterprises and platforms. Fresh faces of leadership are emerging, and JM Search is at the forefront of finding and recruiting the executives who will catapult this transformation into the next generation of winners.

The following is based on interviews with JM Search's Healthcare Technology leaders. It has been edited for clarity.

Foresight: Since its founding in 1980, JM Search (JMS) has built sector-specialized executive recruiting practices across the industry spectrum. Today we are focused on the intersection of healthcare, life sciences and technology. Across these sectors, JMS has been successfully partnering for 20+ years with equity sponsors and boards of directors, as well as portfolio and public companies, to deliver value creation through human capital. What market forces prompted JMS to form an integrated Healthcare Technology Center of Excellence to benefit your clients, and why now?



Chuck Egoville (Chuck): My focus for more than two decades has been on technology innovation – on finding the right leaders for companies in which enterprise technology is central to the business model and for companies that need to drive growth and profitability by adopting new technologies.

The healthcare industry has traditionally lagged other sectors in technology adoption. The market is large and fragmented, highly regulated and has a complex range of stakeholders. It is subject to domestic and international privacy laws that cause incumbents to be more compliance-driven, risk averse and conservative. Major challenges include data integrity, security, software complexity, fragmented interoperability across the value chain, rising costs of care, funding deficits in public healthcare, and legal compliance - to name a few. These factors add multiple levels of complexity and have historically made healthcare industry assets more difficult for PE firms to assess.

Foresight: What are some of the talent implications?

CHUCK: As technological adoption accelerates, healthcare technology companies will need to tap into talent across a broader technology and tech-enabled services ecosystem. Increasingly these leaders will not simply come from within healthcare and life science sectors, but from other sectors and centers of innovation, as well.

Companies are also beginning to revamp their boards in response to today's environment. Massive PE firms are starting to invest in small healthcare technology companies where they see potential for major growth and value creation. A new generation of highly educated and skilled technology professionals is migrating toward healthcare and Pharma, and away from other sectors. Rising stars fresh out of academia are aiming their sights on healthcare and life sciences because that's where they see the potential for career growth, wealth creation and the ability to impact society in positive ways at a mission driven company. Since the pandemic struck, senior talent has also become more open-minded and accessible than ever before.

Innovation is the driver and technology is woven into the fabric of healthcare; it can't be de-coupled.

Foresight: Has this impacted the way JM Search conducts searches in this space?



Andrew Henry (ANDREW): Absolutely. At JM Search, we stay attuned to the markets we serve, and practice the agility we preach. We formed a dedicated Healthcare Technology Center of Excellence to expand the quality of talent we can find and deliver to investors as well as healthcare and life sciences companies across the value chain. Our integrated approach has streamlined internal recruiting processes in the search for quality leadership.

But our goal was not simply to accelerate the process. To quote my partner, Chuck, "Clients don't call us a year after we've closed a successful search to thank us for how quickly we did it. They call to thank us for the impactful leader we helped them hire." It's always a win-win when the right slate of candidates can be found quickly and when this can accelerate the process. Our integrated approach has a built-in sense of urgency that helps drive the right results for our clients, and our metrics prove it. I should also note that the healthcare and technology practices we've built at JMS over the past 20 years have been naturally collaborating for some time and continue to do so in a variety of other contexts.

Another reason we formed an integrated practice focused on healthcare innovation was to attract former growth investors and skilled operators like Mike Forgash to our team. With 35 years of relevant, real-world experience, Mike has become part of our secret sauce. And finally, with industry borders more porous than ever, we've enlarged and enriched our view into skilled technology leaders from across a wide range of sectors. This has major implications on innovation and value creation.

Foresight: Since the COVID-19 pandemic began we've seen a 90% surge in telemedicine. Is this here to stay or just a passing fad? What lies ahead?

ANDREW: I've been recruiting healthcare and life sciences leaders for more than twenty years, partnering with a significant number of equity sponsors and navigating economic cycles over that time. We've never seen anything like the immediate impact this pandemic had in terms of rapid tech adoption due to the public health threat. While telemedicine has, in fact, surged 90%, the pendulum is still swinging. The end result for telemedicine will likely be more of a hybrid model of care. That will naturally have implications to come for investors and innovators.

But one thing is certain: We've reached the tipping point. Healthcare innovation has arrived. Digital health, pharma supply chain, and patient-centric clinical trial technologies have brought a seismic shift to the healthcare and life sciences industries. Increasingly, healthcare CEOs who never had a CIO or Chief Digital Officer on their leadership teams are making sure there is a seat at the table for these leaders. The pandemic increased the pace of tech-driven innovation, but the industry was already heading in that direction.

Foresight: In your view, what can we expect in a post-COVID world?

ANDREW: With healthcare and life sciences making up about 20% of the GDP, and public health at stake, we'll continue to see tectonic shifts and growth in these sectors. The post-COVID landscape has been far more tech-driven than at any other time in the past. In 2020, everyone had to react to the tumult brought on by COVID. But looking ahead to 2021, boards and equity sponsors will be increasingly focused on what's next: "the new normal". We already see the rising need for healthcare CIOs and digital leadership; these positions will be increasingly critical to the success of operations and investments. While some businesses have reaped the worst from the pandemic, others that solve real and urgent problems, such as Telemedicine and remote collection of patient data in clinical studies, will continue to be beneficiaries.

We also see seismic shifts in how care is being delivered and remotely monitored in diabetes care, Alzheimer's Disease and emphysema, to name a few. In the pre-COVID world, investors had been putting down stakes in a variety of health sectors including behavioral, dental, and services-based healthcare businesses. Today the puck is headed in even more directions, disrupting and re-inventing workflows and business models. We expect exponential growth in precision medicine, "real world" evidence and, with that, increased transparency and greater ability to manage cost. There will continue to be pricing pressures on the pharma supply chain. Digitalization of healthcare delivery and monitoring will be a lasting pivot.

Foresight: In a recent analysis by Deloitte of a Rock Health survey, "2018 was a record-breaking year for health tech innovators." The pandemic was a disrupter. What lies ahead for investors, innovators and operators?



Mike Forgash (Mike):

That was a telling report. It goes on to say that in 2018, 380 organizations received total funding of US \$8.2 billion and the average deal size was US \$21.6 million. Many innovators that went public in 2019 raised a combined \$655 million in 2018. Large PE investors have definitely been eyeing and investing in smaller deals with strong value propositions where they see an ability to scale or consolidate.

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Once an approved vaccine is available and we can turn the corner on COVID, most expect this investment trend to continue, as opposed to contract. PE firms and venture investors have been setting aside funds for innovation since 2015. As it has already been stated, major PE firms are placing bets on small healthcare technology companies, but start-ups may be disadvantaged by the pace at which these investors expect to see measurable ROI delivered.

Leading health organizations are also developing investment funds to prepare for the continued transformation ahead. Corporate innovators can be more risk averse and bureaucratic, but also more patient when it comes to realizing proof of concept and shareholder value. The right leaders are able to understand and fit the prevailing cultures in both contexts.

According to another research report issued by consulting firm, McKinsey, healthcare companies with a strong tech component are valued, on average, 17.1 times earnings, compared with 14.9 times average across the industry. Pre-COVID, well managed healthcare tech companies fared even better, with some exits reported at 23 to 25 times EBITDA. These numbers tell a big story. Investors will follow strong returns.

Foresight: What does success look like for life sciences stakeholders?

Mike: It's critical to get the value proposition right, to make sure that technology innovation is truly answering a need and addressing healthcare imperatives. Leaders in this space – and frankly across the healthcare spectrum – need to understand the complex regulatory, compliance/legal and operating ecosystems in which they participate. As someone who has done this, I can't stress enough the importance of building the right teams in business development, product design and innovation. Companies will be reconstituting boards with more contemporary and well-rounded thinking. The aura effect that Chuck talked about – smart people headed to these sectors – will contribute a huge wave of talent. **It's vital that healthcare and pharma leaders understand how innovation will impact, change and/or integrate into existing business models, processes and value chains.**

I'm excited to join my JM Search colleagues on the journey ahead. The market for investment opportunities and need for leadership at this stage have led us to combine forces at JMS, and turbo-charge our focus on healthcare innovation."

Case in Point: [ActiGraph](#)

ActiGraph is the thought and market share leader for wearable-based solutions supporting biopharmaceutical clinical trials and academic medical research. ActiGraph's FDA-cleared wearables and their robust analytics platform have been widely used to quantify human movement in academic and population health research for more than a decade. Most recently, the company's highly differentiated solutions have been adopted for use in clinical trials by top-tier global pharmaceutical and life sciences organizations seeking to capture real-world objective outcomes on a remote basis. As the company has evolved from its original primary focus on the research community to now also serving the global clinical trials market, the company has transformed its organization and processes along the way. This has meant rethinking how ActiGraph develops new products, sells and markets and operates as the business scales and expands its leadership team to bring in new skills and experience to lead the transformation and position the company for continued future success.

Leading Future-Ready Innovation



According to Rick Riegel, Actigraph's Chairman of the Board, the pharmaceutical industry has historically been conservative and risk adverse. The sector's major focus has been on regulatory compliance, privacy, and safety. Clinical trial processes have also been typically been costly, cumbersome, and people intensive. Consequently, some view this sector as resistant to technology innovation. But times are changing.

Riegel notes, "The pandemic has propelled large pharmaceutical companies to rethink how clinical trials are conducted. At the same time, leadership teams have had to pivot and act more quickly. With a reduced ability to meet clinical trials participants in person, the industry has been more willing to adopt virtual data capture technologies and therefore move away from people-intensive manual processes. This has not only accelerated implementation, it has also reduced and, in some cases, completely eliminated the need for a physical meeting at the investigator site. Due to these innovations made possible through technology, the quality of clinical assessments and patient outcomes is also improving."

Companies like ActiGraph are making the promise of virtual clinical trials the new reality. Today, ActiGraph collects data remotely 24/7 that can be used for clinical trials in an FDA compliant manner. In the high-stakes world of clinical trials and patient outcomes, this is real innovation.

JM Search's Healthcare Technology Practice is a national center of excellence that sources the industry's most sought-after leaders and innovators for major public and private equity-backed companies leading the transformation in healthcare and life sciences.

Healthcare technology is no longer limited to the adoption of Electronic Medical Records (EMR) solutions. Digital health, pharma supply chain, and patient-centric clinical trial technologies have brought a seismic shift to the healthcare and life sciences industry. As this technological adoption accelerates, healthcare technology companies will need to tap into talent across the broader technology and tech-enabled services ecosystem. The firm's Health Tech leadership team draws on a proven executive recruiting track record in Pharma & Life Sciences Supply Chain, eClinical Software Tools and Solutions, provider-based technology and payor-based Technology. For more than 20 years, JM Search has been developing unparalleled networks of technology industry experts and healthcare industry leaders. JM Search is in a unique position to provide the next generation of world class talent to drive the future of healthcare.

About JMS

JM Search is a premier retained executive search firm and trusted advisor to CEOs, investors and boards of directors in recruiting, assessing and delivering high performance leaders and transformational leadership teams. JM Search clients include private equity firms and portfolio companies, venture capital-backed businesses, and publicly held companies across North America. Founded in 1980, the JM Search team brings together former operating and financial executives, investors and experienced search professionals with deep industry specialization, functional expertise and proven access to talent spanning multiple industry sectors. With national reach and local market depth, the firm's partner-led approach enables JM Search to deliver exceptional leaders who enhance organizational performance and drive shareholder value.

Let's start the conversation.



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