

Business Comment

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The NHS will benefit from new technologies, but only if we back it

The NHS has been rightly fêted for its unparalleled response to an unprecedented crisis — but discussing the NHS objectively seems difficult, if not impossible. It is a highly emotive issue for Britons. From Danny Boyle's tribute during the 2012 Olympic Games to remarks by President Trump, the NHS continues to elicit visceral reactions. It is also Europe's largest employer, caring for more than 65million people, with 300million GP appointments and 94million outpatient hospital visits annually.

Sainted as it may be, any objective observer would conclude its service is unsatisfactory. Follow-up care can be patchy, GP appointments hard to get, waiting lists too long and there is too much variation in care quality

'Investors stand to gain if they shut their ears to the political noise that surrounds debate about healthcare provision'

across the country. The key problem is capacity — highly qualified human capital is forever in short supply. Moreover, like all western healthcare systems, it is inefficient. This is a travesty. Nobody went to medical school or nursing college to push paper around.

We are all responsible for this. One in four NHS GP appointments is not

deemed medically necessary, but a doctor will never turn you away. Many GP surgeries have introduced receptionist-led gateways to booking appointments, but should unqualified personnel really do triage?

These problems will not improve: demand is inexorable with an ageing population. As our bodies wear out, we inevitably suffer chronic diseases. Modern lifestyle factors compound the problem: diet, obesity and high blood pressure all contribute to premature death. All that before tackling Covid-19.

As this newspaper reported a few days ago, technological innovation has helped the NHS to weather the pandemic. After the organisation's ten-year plan, announced in January last year, the NHS recognises that technological aids to productivity are essential to making the service fit for purpose in the 21st century.

Yet investors can benefit, too — provided that they shut their ears to the political noise that accompanies debate about healthcare provision and focus on the benefits of these disruptive technologies. Long-term aspirations, such as electronic triage, near-patient testing and lower acuity care points, have been forcibly tested in a baptism of fire and have amply demonstrated their worth to patients and to society, economically and in terms of service quality. The Rubicon has been crossed and there will be no return to the "old ways".

Healthcare technology plays tend to have high levels of operational

gearing compared with conventional healthcare businesses and have generated opportunities in recent years. This is a complex area, where specialist healthcare knowledge is essential. The barriers to entry in some areas are very high (which is a good thing for those at the forefront), but this is not always the case.

The companies delivering these innovations will not be the same as those that have dominated investor attention in recent decades, where most of the innovation has been in novel therapeutics and medical devices. Access to patient risk capital also means that the companies are US-centric; the rest of the world has lagged in fostering these sorts of innovations. Big Tech is, for now, a bit player, but this is a risk to beware.

So if you want to invest in this new hybrid world of technology and healthcare, pick businesses shrewdly. Go for those that use technology to disrupt the industry and benefit patients, physicians and the healthcare provider. For all the dour headlines that will come this winter as the NHS struggles with high patient volumes compounded by Covid-19, the future has rarely looked so bright. We understand how the system can be improved for everyone and the tools to do it are available; all we need is the political will to support the NHS in putting through the changes that it desires.

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