



HEALTHTECH INNOVATION ADOPTION SURVEY

ABHI AND THE HEALTHTECH INDUSTRY

The Association of British HealthTech Industries (ABHI) is the leading health technology (HealthTech) industry association in the UK. We are a community of over 330 members, from small UK businesses to large multi-national companies.

We champion the use of safe and effective medical devices, diagnostics and digital health technologies. The work of our members improves the health of the nation and the efficiency of the NHS.

The HealthTech industry makes a vital contribution to economic growth in our country. The industry employs over 138,100 people across 4,140 companies, mostly small and medium sized enterprises (SMEs). The industry is generating a turnover of over £27.6 billion and has achieved employment growth of greater than 5% in recent years.

ABHI's members account for approximately 80% of the value of the sector as measured by sales to the NHS.

As the most highly regarded universal healthcare system in the world, the NHS in turn is dependent on technology produced by the industry to enhance the efficiency of services and drive continuous improvement in their delivery.

HealthTech is accordingly an engineering-based industry, characterised by rapid, often iterative product design and development. It is one of two distinct subsectors of the broader Life Sciences, with evidence, regulatory and adoption needs that differ significantly from those of the other, biopharmaceuticals.

CONTEXT

The Life Sciences Vision identified the opportunity that HealthTech presents for UK patients, our health and care system and the wider UK economy. The UK and the NHS face tremendous challenges and HealthTech holds many of the solutions necessary to deliver improved patient outcomes, facilitate transformation to more sustainable models of health and care delivery, and drive economic growth.

To seize these opportunities, over the intended 10 year time frame, the Vision aims to create an 'outstanding business environment' for HealthTech, and 'support the NHS to test, purchase and spread innovative technologies more effectively'¹.

There has been progress over the first 18 months of the Vision, the increased responsibility for innovation throughout the system and the recent launch of the Early Value Assessment scheme², are just two examples. However, the lived experience for the HealthTech industry demonstrates there is still considerable work to be done to achieve the ambitions laid out in the Vision within its time frame.

A recent survey of the industry indicates that the UK is falling behind our global competitors as a place to do business.

When compared to the US and European markets, the UK is facing significant challenges in its ability to test, purchase and spread innovative technologies. A fragmented and complex support eco-system, without a direct link to adoption by the NHS and highly aggressive procurement practices, with a focus on cost over value, are limiting the potential the industry has to offer.

The survey, however, also identifies tangible solutions, such as developing a strategic mechanism for value based procurement and continuing to accelerate the UK's ability to support the development of real-world evidence. Implementing the recommendations included in this report will help us to not only mitigate the challenges, but to ensure the UK is a global hub for HealthTech, delivering lifesaving and life enhancing technologies to UK patients.

¹https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1013597/life-sciences-vision-2021.pdf

²<https://www.nice.org.uk/news/blog/nice-s-early-value-assessment-for-medtech-panning-for-nuggets-of-innovation-gold>

ABILITY TO TEST, PURCHASE AND SPREAD INNOVATIVE TECHNOLOGIES

TEST

The Life Sciences Vision calls out health data infrastructure as a real asset for the UK system, supporting real-world evaluation and the development of new technologies. However, currently **only one in five companies view the UK's ability to evaluate technologies for their effectiveness and value for money positively. 70% of companies identified the biggest barrier as a lack of clarity in the UK as to what qualifies as acceptable real-world evidence.** Other challenges include the costs of creating such evidence and identifying clinical champions to support the process.

These challenges are well known within the system, and significant effort and resource has gone into attempting to mitigate them over a number of years. Indeed, **the UK has a number of advisory services from HealthTech Appraisal organisations to support companies through such processes, however almost three quarters of the HealthTech industry has yet to benefit from them.** There remains a perception that systems are created to support pharmaceuticals first, and for HealthTech they remain too costly and burdensome. Some companies remain unaware of the support on offer, and others are unsure of how to access it. There is also frustration in how these services support companies further downstream, and helping the adoption of products by the NHS needs to be more evident.

PURCHASE

For much of the HealthTech industry in the UK, there is only one customer, the NHS.

In England, the NHS and NHS Supply Chain (NHSSC) have had a policy of requiring zero inflation from HealthTech suppliers for almost a decade. Companies understand that the NHS must demonstrate value for the taxpayer, but this approach is increasingly unsustainable. Unchecked, there will be obvious and inevitable consequences for the supply of products to NHS patients.

The policy is intended to manage device spend, however the majority of the industry disagree that the policy is successfully meeting that intention. HealthTech companies have long called for collaboration, as until technology is viewed strategically as a solution rather than a simple cost, the full benefits of HealthTech will remain unrealised. **70% of the industry view this policy as uncollaborative.**

The policy itself³ claims a number of benefits for suppliers including developing partnership relationships with procurement teams, and introducing mutually beneficial cost saving initiatives. This survey strongly refutes that these benefits have been delivered, with **98% of companies believing that after eight years they have still yet to be fully realised. Three quarters of companies believe that the UK has actually achieved the opposite, and has become an increasingly costly market to serve.**

Similar to other industries, HealthTech is facing significant inflationary pressures. This is exacerbated by market specific pressures, such as regulatory and sustainability requirements, and the cost to serve the NHS.

Three quarters of the industry is now seeing increases across all identified costs, and one quarter by greater than 25%.

The NHS cannot continue to believe it can be immune from the inflationary pressure experienced by the rest of society. There is, however, optimism about the UK's ability to take a more strategic view of purchasing HealthTech.

84% of companies stated that an increase in focus to trial and develop value based methods would increase the attractiveness of the UK as a market. This rises to 100% for those manufacturing in vitro diagnostic medical devices.

SPREAD

The Life Sciences Vision highlighted an ambition to be 'rigorous in addressing areas of weakness such as the fast and comprehensive adoption of new products⁴', however **the survey reports that the UK's ability to adopt and spread innovation at pace and scale is behind other markets.**

Differences were reported across the UK, with each administration having strengths and weaknesses. Scotland was commended for its ability to take strategic national decisions about adoption of innovative technologies and implementing new models of care, and Wales for its use of value based procurement. However, all nations were perceived as exhibiting variation across regions, and the poor use of shared lessons from each other's successes.

The biggest barrier to adoption was perceived to be fragmented systems, both nationally and regionally. The lack of capacity and resource for innovation was also identified as being of increasing concern.

There are several initiatives underway within the UK to overcome some of these well recognised challenges. Many received positive feedback, including the support of the Academic Health Science Networks (AHSNs), the MedTech Funding Mandate, the Rapid Uptake Products and Innovation Grants. Companies, however, felt many lacked impact on uptake as they were not connected to the operational NHS itself. There were also calls for more industry expertise to be brought into the development and implementation of existing and future programmes. Finally, frustration was raised with the perceived length of processes and strict, perhaps more pharmaceutical focused, criteria.

The industry highlighted a number of positive schemes that have been implemented in other jurisdictions, including the German 'DiGA'⁵ and the French 'Le Forfait Innovation'⁶. Optimism was also expressed as to how the Integrated Care Systems could learn from the way Accountable Care Organisations in the US have improved the adoption of innovation.

³<https://www.gov.uk/government/publications/nhs-resisting-cost-inflation-pressure>

⁴https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1013597/life-sciences-vision-2021.pdf

⁵https://www.bfarm.de/EN/Medical-devices/Tasks/DiGA-and-DiPA/Digital-Health-Applications/_node.html

⁶<https://solidarites-sante.gouv.fr/systeme-de-sante-et-medico-social/innovation-et-recherche/forfait-innovation>

RECOMMENDATIONS

The survey highlights several barriers that must be overcome if the UK is to meet the ambitions laid out in the Life Sciences Vision to support the NHS to test, purchase and spread innovative technologies more effectively. The NHS is arguably facing the greatest challenges in its history, with limited resources, workforce shortages, and a persistent elective backlog. HealthTech can, and wants to be part of the solution, and there continues to be positivity as to what the UK can achieve in the future.

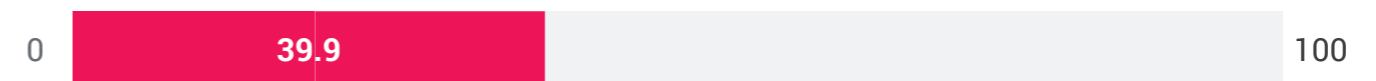
To deliver the ambition of the Vision more effectively, ABHI makes the following recommendations:

1. Remove zero inflation as a blanket policy.
2. Invest in trialling and developing strategic methodologies for value based procurement. Value should be considered beyond simple acquisition cost, looking at both patient and system outcomes.
3. Work collaboratively with all relevant stakeholders to agree an evidence standards framework for HealthTech to produce acceptable and quality real-world evidence.
4. Increase resources available to develop and support innovation, and appoint a Chief Innovation Officer on the Board of every Integrated Care System.
5. Maintain investment in existing support infrastructure whilst working to ensure the effective joining up of organisations, schemes, the health and care system, and the full breadth of the HealthTech industry. This will include providing the AHSNs with the appropriate resources to ensure the Innovation Service can deliver as intended.

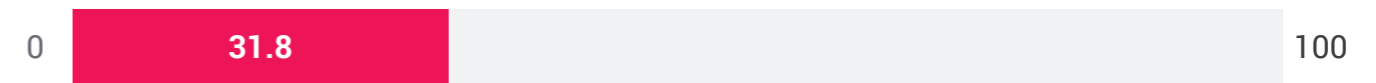
DELIVERY OF LIFE SCIENCES VISION AMBITIONS

On a scale of 1-100, where 100 is the ambition has been realised, please rate the UK as a best place in the world to trial and test products at scale.

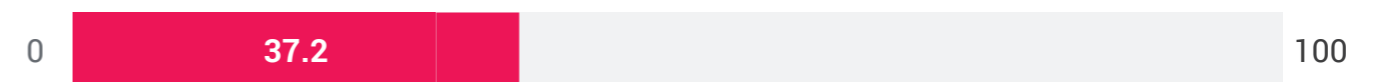
The Life Sciences Vision works to a 10 year time frame and to support implementation throughout, we intend to run this survey on an annual basis to provide metrics to track progress. To do so, ABHI asked companies how they would rate the UK against the ambitions of the Vision. We hope the ability to track changes in such perceptions should provide a useful feedback mechanism, celebrate progress and help us identify any further work that needs to be done.



On a scale of 1-100, where 100 is the ambition has been realised, please rate the NHS as the country's most powerful driver of innovation.

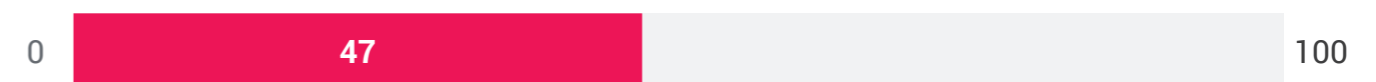


On a scale of 1-100, where 100 is the ambition has been realised, please rate the UK as an outstanding business environment for HealthTech firms - which supports company growth, innovation, and investment



CONFIDENCE IN UK MARKET

How would you describe your organisation's confidence in the UK market?



MARKET ATTRIBUTES

Please rank the following markets against the following attributes



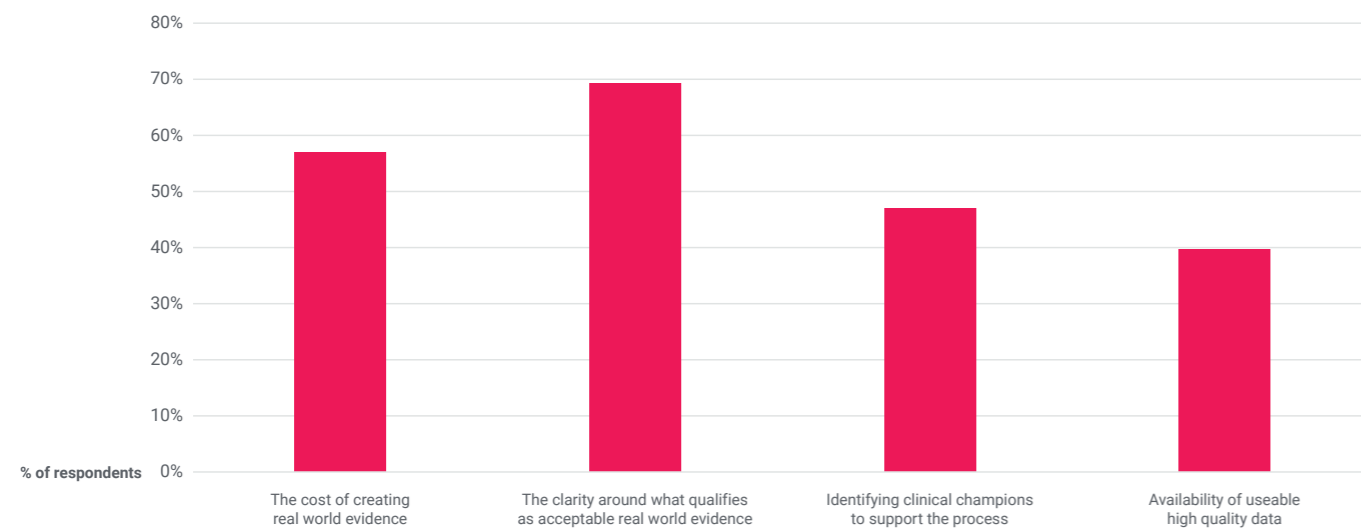
Chart uses numerical averages assigned to depict strength of positive and negative sentiments from the table opposite.

MARKET ATTRIBUTES

UK	1. Poor	2	3.	4	5. Excellent
The cost to do business	16.36%	40.00%	27.27%	16.36%	0.00%
Collaboration between the health system and industry	12.96%	33.33%	33.33%	18.52%	1.85%
Collaboration between the government and industry	18.52%	33.33%	37.04%	11.11%	0.00%
A research friendly environment	5.56%	22.22%	38.89%	27.78%	5.56%
Ability to evaluate technologies for their effectiveness and value for money	26.42%	11.32%	43.40%	18.87%	0.00%
Ability to adopt innovation at pace and scale	45.28%	35.85%	15.09%	3.77%	0.00%
United States of America					
The cost to do business	9.09%	20.00%	40.00%	27.27%	3.64%
Collaboration between the health system and industry	3.70%	16.67%	38.89%	38.89%	1.85%
Collaboration between the government and industry	1.89%	28.30%	60.38%	9.43%	0.00%
A research friendly environment	1.96%	9.80%	37.25%	39.22%	11.76%
Ability to evaluate technologies for their effectiveness and value for money	1.96%	17.65%	45.10%	29.41%	5.88%
Ability to adopt innovation at pace and scale	1.96%	11.76%	35.29%	39.22%	11.76%
European Union					
The cost to do business	10.91%	16.36%	50.91%	20.00%	1.82%
Collaboration between the health system and industry	1.85%	22.22%	55.56%	18.52%	1.85%
Collaboration between the government and industry	5.66%	18.87%	54.72%	18.87%	1.89%
A research friendly environment	0.00%	26.00%	32.00%	38.00%	4.00%
Ability to evaluate technologies for their effectiveness and value for money	1.96%	23.53%	50.98%	21.57%	1.96%
Ability to adopt innovation at pace and scale	11.76%	27.45%	43.14%	15.69%	1.96%

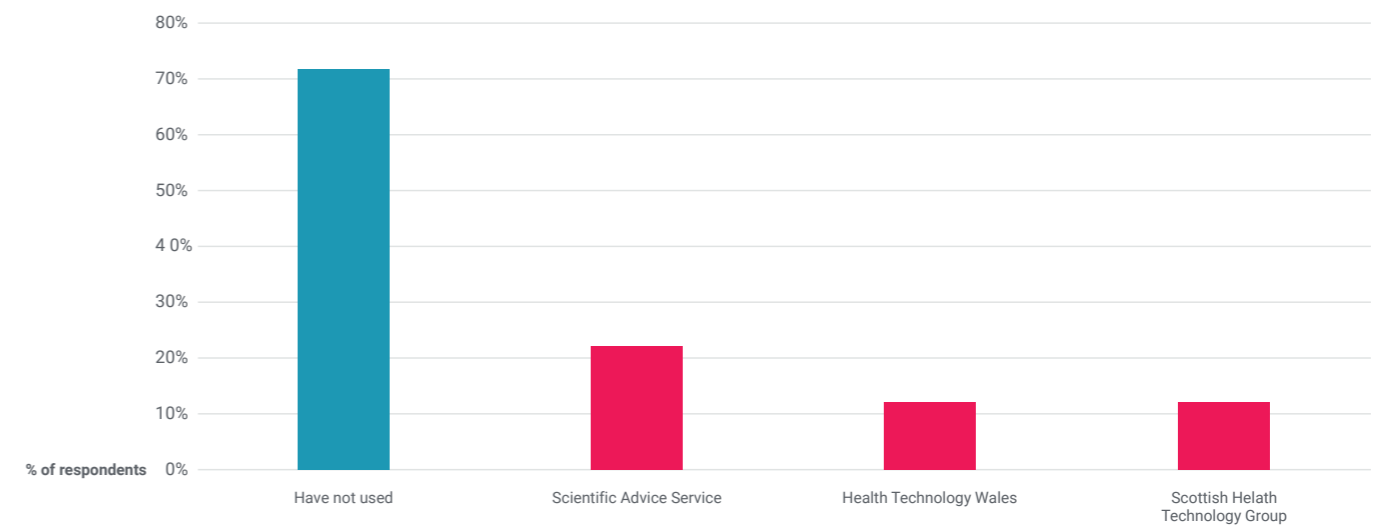
BARRIERS TO REAL WORLD EVIDENCE

Real world evidence is increasingly required to facilitate adoption within the NHS, what is the biggest barrier you see in the creation of such evidence?



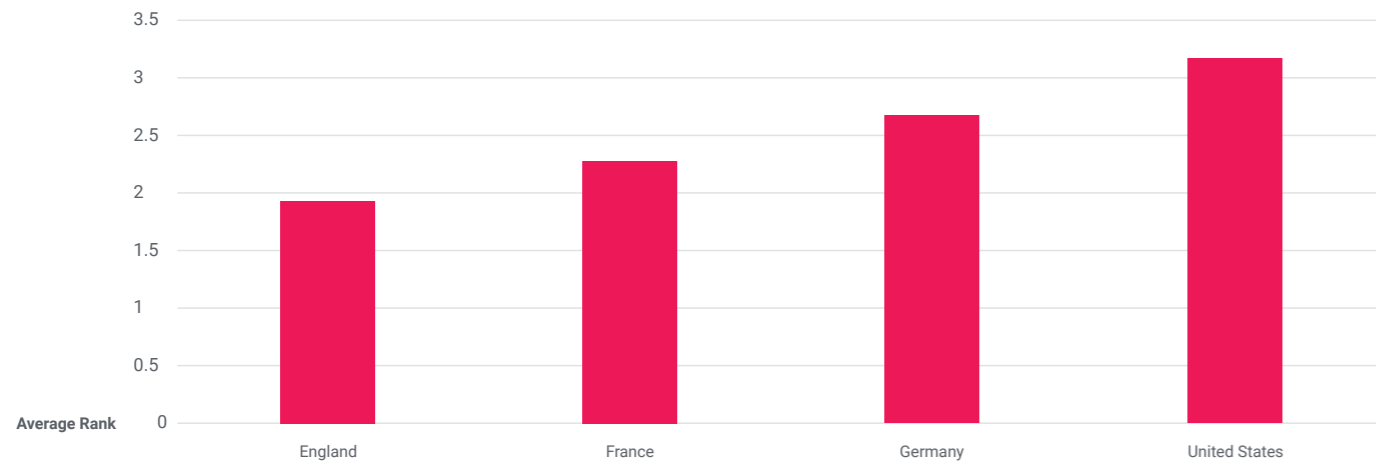
ADVISORY SERVICES

Have you used the NICE Scientific Advice Service or support from Health Technology Wales or Scottish Health Technology Group?



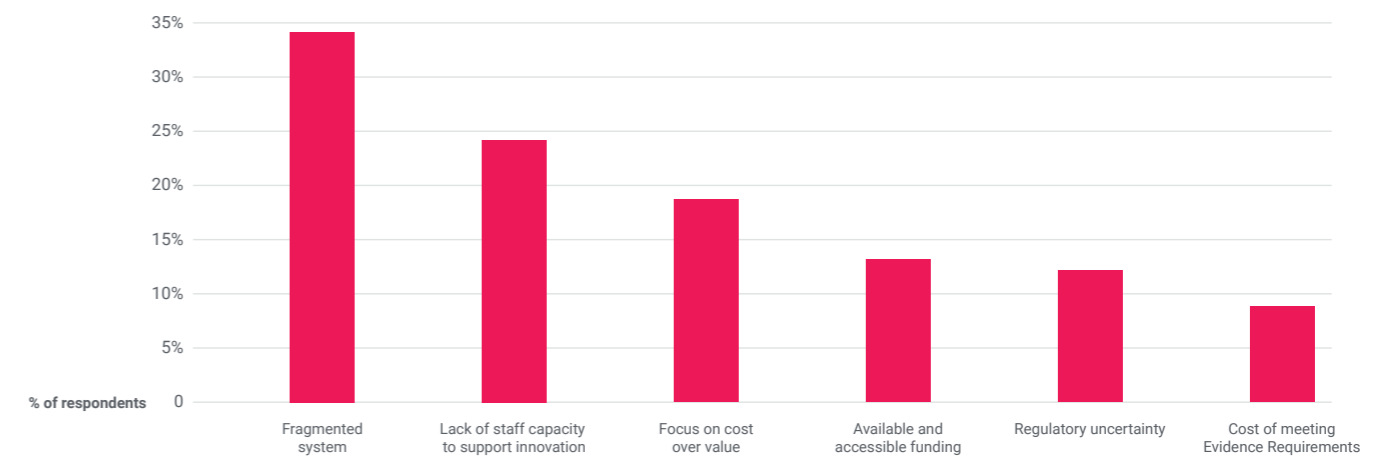
TIME TAKEN TO ADOPTION

In terms of time taken to reach full adoption, how would you rank the following selection of markets?



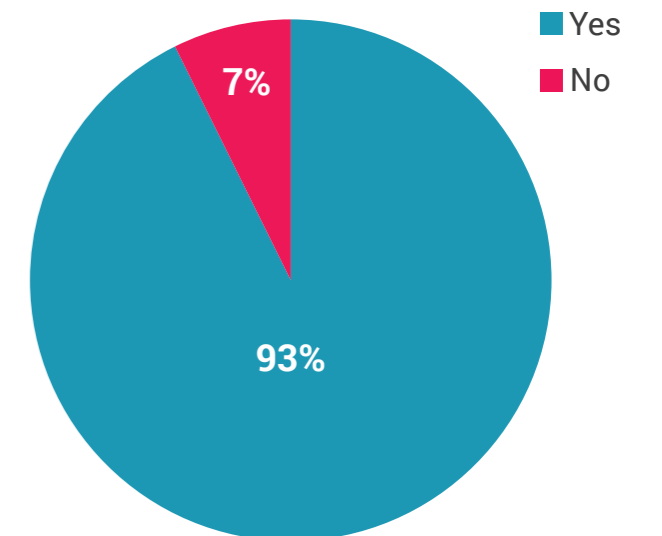
BARRIERS TO ADOPTION

What do you perceive to be the biggest barrier to adoption?



VALUE BASED PROCUREMENT

Would an increase in focus to trial and develop value based procurement methods increase the attractiveness of the UK market?



EFFECTIVENESS OF ZERO INFLATION

The UK has had a policy of accepting zero inflation from suppliers for over a decade. In the original policy document, four benefits for suppliers were outlined. To what extent do you feel these have been realised.

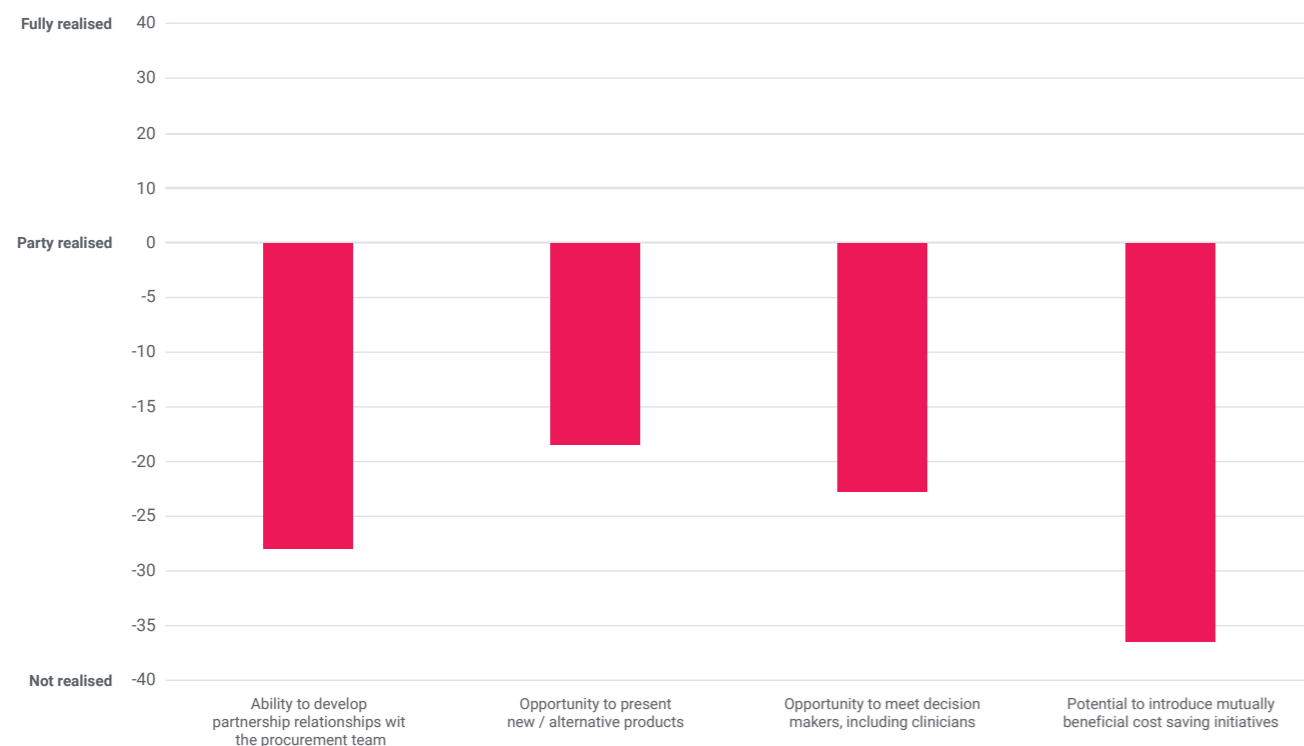


Chart uses numerical averages assigned to depict strength of positive and negative sentiments from the table opposite.

	1 - Not realised	3 - Partly realised	5 - Realised in full
Ability to develop partnership relationships with the procurement team	28.89%	33.33%	2.22%
Opportunity to present new / alternative products	22.22%	33.33%	2.22%
Opportunity to meet decision makers, including clinicians	24.44%	31.11%	2.22%
Potential to introduce mutually beneficial cost-saving initiatives	42.223%	20.00%	4.44%

IMPACT OF ZERO INFLATION

To better understand the impact of the 'zero inflation' policy, to what extent do you agree with the following statements.

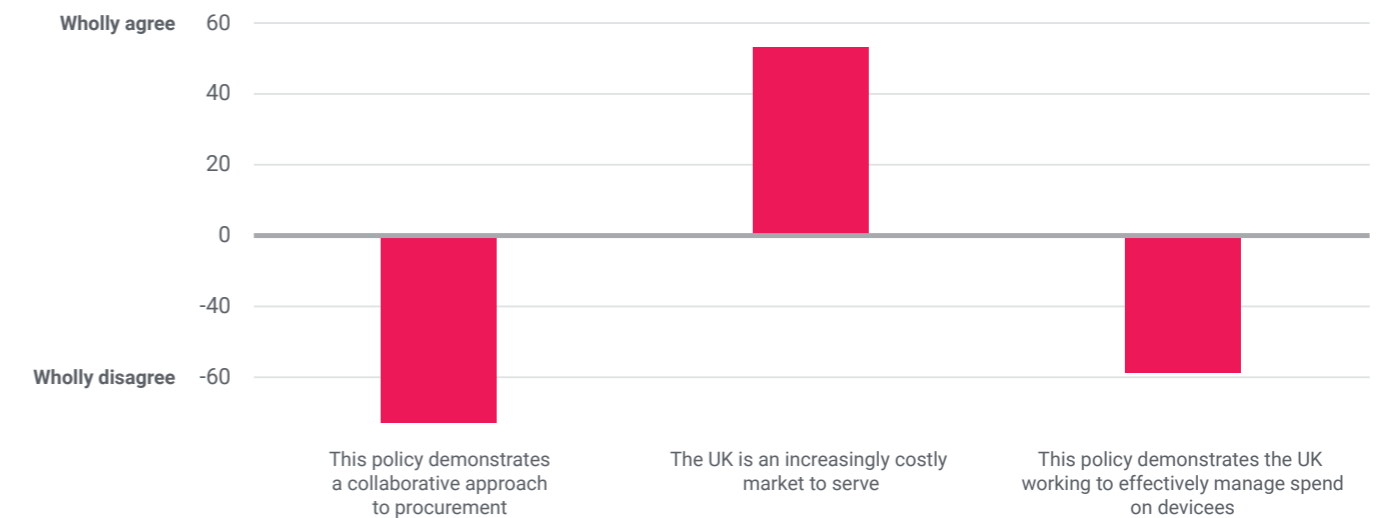
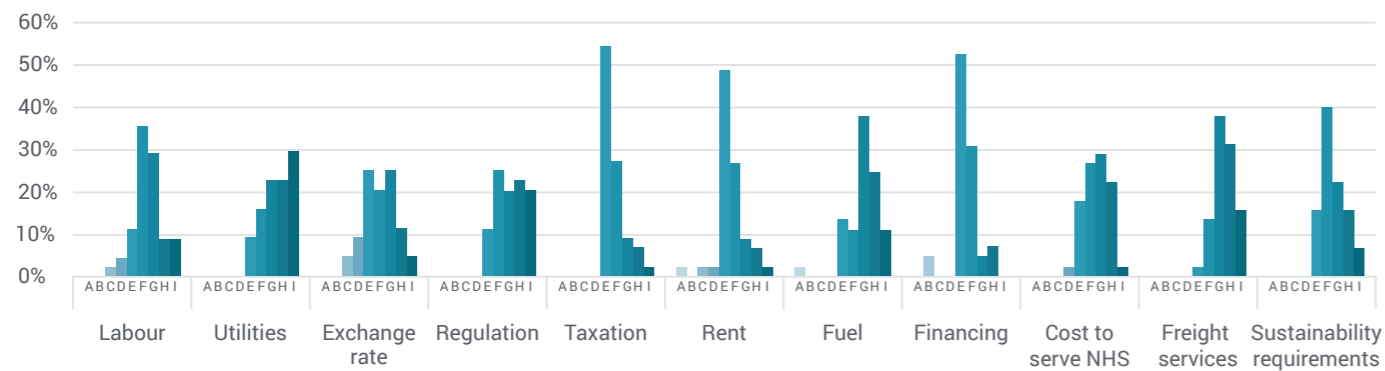


Chart uses numerical averages assigned to depict strength of positive and negative sentiments from the table opposite.

	1 - Wholly disagree	3 Neither Agree nor Disagree	5 Wholly agree
This policy demonstrates a collaborative approach to procurement	51.11%	26.67%	4.44%
The UK is an increasingly costly market to serve	4.55%	18.18%	20.45%
This policy demonstrates the UK working to effectively manage spend on devices	33.33%	35.56%	6.67%

COST CHANGES

Which factors have affected your cost base over the last 12 months, and how?

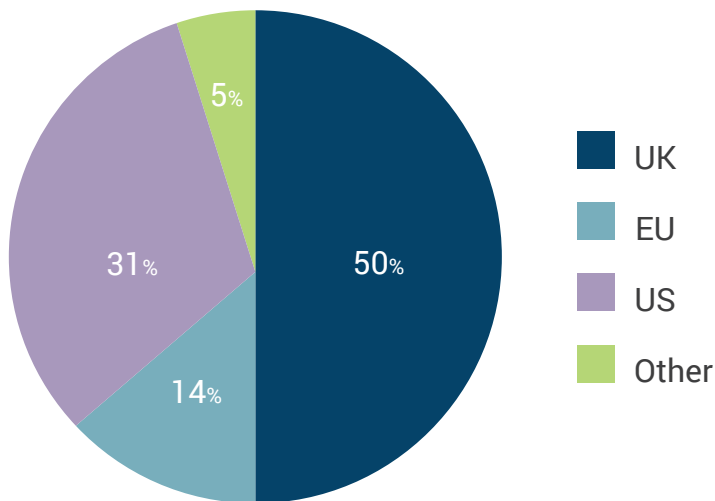


- A. Decreased by > 50%
- B. Decreased by 25-50%
- C. Decreased by 11%-24%
- D. Decreased by < 10%
- E. Maintained
- F. Increased by <10%
- G. Increased by 11-24%
- H. Increased by 25-50%
- I. Increased by >50%

	Decreased by >50%	Decreased by 25-50%	Decreased by 11-24%	Decreased by <10%	Maintained	Increased by <10%	Increased by 11-24%	Increased by 25-50%	Increased by >50%
Labour	0.00%	0.00%	2.22%	4.44%	11.11%	35.56%	28.89%	8.89%	8.89%
Utilities	0.00%	0.00%	0.00%	0.00%	9.09%	15.91%	22.73%	22.73%	29.55%
Exchange rate	0.00%	0.00%	4.55%	9.09%	25.00%	20.45%	25.00%	11.36%	4.55%
Regulation	0.00%	0.00%	0.00%	0.00%	11.36%	25.00%	20.45%	22.73%	20.45%
Taxation	0.00%	0.00%	0.00%	0.00%	54.55%	27.27%	9.09%	6.82%	2.27%
Rent	2.22%	0.00%	2.22%	2.22%	48.89%	26.67%	8.89%	6.67%	2.22%
Fuel	2.22%	0.00%	0.00%	0.00%	13.33%	11.11%	37.78%	24.44%	11.11%
Financing	0.00%	4.76%	0.00%	0.00%	52.38%	30.95%	4.76%	7.14%	0.00%
Cost to serve the NHS	0.00%	0.00%	0.00%	2.22%	17.78%	26.67%	28.89%	22.22%	2.22%
Freight services	0.00%	0.00%	0.00%	0.00%	2.22%	13.33%	37.78%	31.11%	15.56%
Sustainability requirements	0.00%	0.00%	0.00%	0.00%	15.56%	40.00%	22.22%	15.56%	6.67%
Average	0.40%	0.43%	0.82%	1.63%	23.75%	24.81%	22.41%	16.33%	9.41%

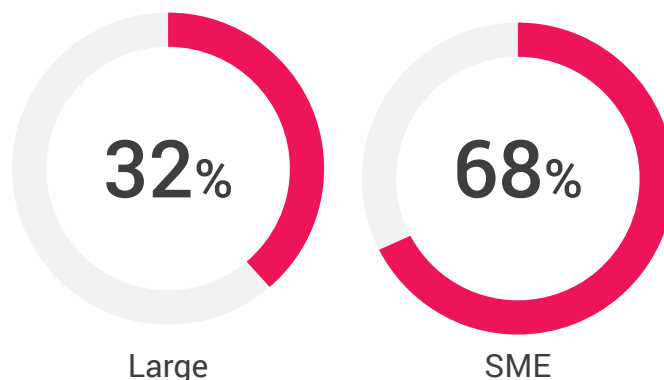
HEALTHTECH REGULATORY SURVEY REPORT BY QUESTION

Company headquartered



Breakdown of responses

78 companies





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