



INNOVATION IN SCOTLAND



HEALTHTECH IN SCOTLAND: A NATIONAL OPPORTUNITY

HealthTech plays a key role in supporting delivery of healthcare and is a significant contributor to Scotland's economic growth.

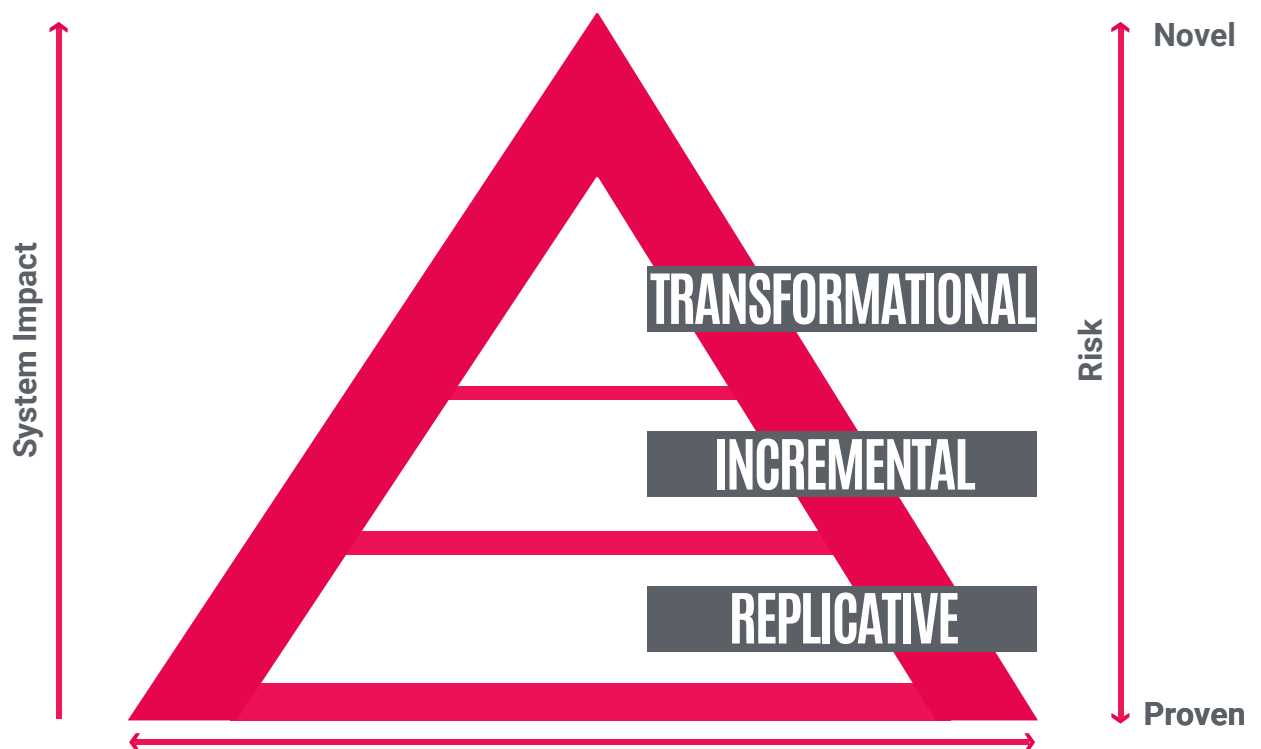
The value of life sciences in Scotland is estimated at a turnover of £10.46 billion in 2021 with £4.3 Billion of exports and over 33,000 employees generating a GVA per head of over £137,000. Clearly this is a sector that is contributing significantly both economically and societally as the products and innovations that it brings forward seek to improve the health of the population in Scotland. The predicted international market size in 2032 for medical devices and IVDs is [\\$886 billion](#); for healthcare IT and telehealth in the same year, it is [\\$771 billion](#) and [\\$1,799 billion](#) respectively. The growth trajectory of life sciences in Scotland is steep with sector turnover growing by [190% between 2010 and 2022](#), and this potential has been recognised by Scotland's [National Strategy For Economic Transformation](#) and the [National Innovation Strategy](#).

This paper aims to suggest ways that the growth, societal and economic contributions of the HealthTech sector to Scotland can be maintained and accelerated through the faster adoption of innovation. Progress has been made, in part through the Accelerated National Innovation Adoption (ANIA) pathway and the availability of Innovation Clusters, however overcoming the persistent structural challenges that exist has huge potential to benefit Scottish patients, clinicians and the country's economy.

The Scottish health system, like many others, is facing significant challenges, not least from the burden of chronic long-term conditions in an ageing population. Innovation can make workforces more productive by allowing staff to focus on patient care and operate at the top of their licenses, while technology removes some of the manual burden.



WHAT IS INNOVATION?



Transformational

The most impactful innovations are those that deliver transformation.

Incremental

Incremental innovation includes changes that deliver operational improvements in performance or clinical outcomes.

Replicative

At the simplest level, innovation is a copy of an existing technology that may deliver cost improvements.

Transformational, incremental and replicative innovation all have a role to play in healthcare. **Transformational** innovation allows us to do things in a way we have never been able to do before. Historical transformational innovations include approaches such as laparoscopic surgery, limiting the need for open surgery and improving recovery times and patient experience. **Incremental** innovation delivers continuous improvement of care delivery and **replicative** versions of existing technologies can drive cost improvements. Recognising the different types of innovation, and the separate approaches needed for their adoption is critical for success of any initiatives.

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.

EXISTING CHALLENGES

1.

Processes for Different Forms of Innovation

Currently in Scotland, ANIA exists to support a small number of transformational technologies per year until they are “proven,” after which they become part of the Health Boards “business as usual” budget. Successful technologies may be funded centrally during the ANIA process however it is capacity constrained. The vast majority of innovation in HealthTech is incremental, which is funded through existing Health Board budgets.

2.

Who Decides What Is Worthy of Adoption?

A technological innovation may be genuinely new and novel and require extensive investigation, however most innovations are merely “new to Scotland”. Scotland does not have a health technology assessor with the spare capacity to review this incremental innovation, the Scottish Health Technologies Group (SHTG) is currently unable to take industry submissions and supports ANIA.

There exist other bodies that do review incremental innovation both in the UK and in Western Europe such as National Institute for Health and Care (NICE) which could meet Scotland’s evidence needs and would reduce duplication and increase its attractiveness as a place to bring innovation. This would also enable Scotland to learn from experience elsewhere where others have adopted at a faster pace.

3.

Fragmentation and Duplication in Incremental HealthTech Innovation

Currently individual Health Boards consider business cases (unless the innovation is part of ANIA), which consume time and resources and delays availability in Scotland.

Implementing a once only approach at Health Board level or within another tier of the ANIA programme, where HealthTech approved for use in one area is then immediately available in others, would speed up adoption enabling benefits to be realised more quickly.

EXISTING CHALLENGES

4.

Misaligned Incentivisation Through Procurement and Short-Term Budgets

Outside of ANIA, decision makers are driven by short term cost savings. Budgeting restrictions and short-term cost saving targets limit the ability for innovation to be appropriately valued, even when investing in innovative products would save resources in the longer-term. Successful procurement is often measured on savings in comparison to previous years, rather than accounting for the full value an innovation can bring.

A mechanism should be developed to allow the adoption of innovation with transitional finance relief over multiple years to allow for benefits to be realised while systems move to new technologies. The current system is, at a Health Board level, systemically resistant to innovation on cost grounds despite the benefits that could be achieved for patients and the Scottish economy.

5.

Optimise Access to Scotland's Data

The triple helix in Scotland of industry, government, academia should be able to thrive and grow by utilising the data insights made available via the Community Health Index (CHI) number. This could speed up the design of innovation, show which populations would benefit most, prove the value of innovation and impact significant societal change. Unfortunately, the process of accessing the data that Scotland has is cumbersome, the datasets are diverse and fragmented, and the governance is variable. A national resource is being underutilised.

RECOMMENDATIONS

1.**Implement a 'Once for Scotland Approach'**

A single pathway for the assessment of innovation could introduce new technology to the wider health system much faster. Currently the Scottish model of adoption mirrors the English one, where the NHS operates at a local or regional level. An approach which involves automatic reciprocal approval in Scotland, where a product adopted in one Health Board can be immediately disseminated in others would save industry the considerable time and resource that is put into writing multiple business cases for individual Boards, as well as benefitting patients through making innovative technology more accessible sooner.

2.**Develop a Process Dedicated to Incremental Innovation**

ANIA favours transformational innovation, but the reality in the HealthTech sector is that innovation is a long-term iterative process. A shift in mindset is required to adapt to the needs of the technology adoption. We propose a dedicated section of ANIA to consider iterative innovation. Iterative innovations could deliver enhanced productivity and efficiency as well as cost savings.

3.**Extend the Timelines for Cost-Saving Evaluations**

Decision makers are often driven by short term cost savings. Cash releasing savings targets should be extended from one to five years to allow for the upfront investment required to implement HealthTech solutions. A mechanism to acknowledge the longer-term cost saving potential of an innovative product stands to benefit both patients and the Scottish economy.

4.**Optimise Access to Health Data**

To drive economic, societal and health benefits by facilitating rapid federated access to validated, high quality health data for research and innovation.



ABOUT ABHI

ABHI is the UK's leading industry association for health technology (HealthTech). Members, including both multinationals and small and medium sized enterprises (SMEs), supply products from syringes and wound dressings to surgical robots, diagnostics and digitally enhanced technologies. We represent the industry to stakeholders, such as the government, NHS and regulators.

ABHI Scotland works with a broad range of stakeholders to raise the profile of the sector in Scotland, identify barriers to patients accessing appropriate technologies and provide tangible solutions. It also works to demonstrate the value of the breadth of solutions available to domestic and global health systems.

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