

Why legacy medtech giants are swooping into the digital health market

Article

The news: Medtech company **Stryker** completed its acquisition of digital care coordination company **Vocera Communications** for **\$3.1 billion**.

Why it makes sense: Stryker can advance its digital health goals by integrating Vocera's software and hardware clinical communication solutions into its medtech product suite.

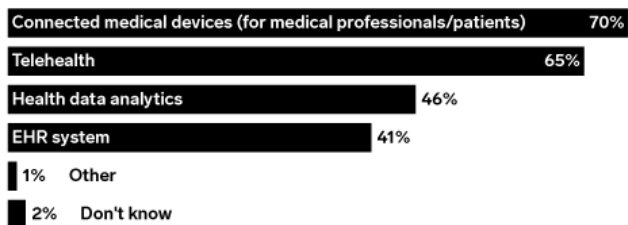
While Stryker's existing products are focused on how clinicians can make better decisions and best deliver care to the patient, Vocera's products can help streamline communication among providers to make errors less likely and minimize clinician burnout.

What's next? Medical device makers must make their tech smarter and digitally compatible to keep up with the pace of digital health transformation. Ones that don't will end up dissolving.

The biggest role medical devices will play in coming years is in connected healthcare. The hottest healthcare products in clinical environments will be ones that are paired with digital technologies (like AI models or virtual patient engagement platforms). And that's reflected in both consumers' rising use of remote patient monitoring and healthcare professionals' attitudes toward how connected medical devices are poised to have the greatest impact compared to any other digital health tech.

Healthcare Technologies with the Biggest Impact in the Next Five Years According to UK/US Healthcare Professionals*, May 2021

% of respondents



Note: *healthcare IT decision-makers and patient-facing healthcare professionals
Source: Hewlett Packard Enterprise (HPE), "Future of Healthcare Survey" conducted by Vanson Bourne, Sep 15, 2021

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Stryker isn't the only incumbent medical device company that's realized this lately:

- **GE's** healthcare unit recently spun off into its own company (GE Healthcare) to focus more on digital health.
- And medtech giants **Baxter** and **Hillrom** merged in a **\$12.4 billion deal** to leverage their combined digital health solutions in a competitive market.

Why it's worth watching: Stryker could gain an upper hand in the growing hospital-at-home market since it already contracts with some of the biggest healthcare providers both in the US and internationally.

- Its customers include large health systems like **Ochsner Health System**, **Mayo Clinic**, and **University of Michigan Health System**, and its medtech products are sold in over 100 countries. That's a footprint that up-and-coming digital health players could have a hard time competing with.