

Olive's failures shouldn't challenge the promise of AI

Article

The news: Failing to generate savings for healthcare organization customers with its automation tools, embattled [digital health startup Olive](#) recently laid off about **35% of its workforce**, Axios reported.

How we got here: Olive's solutions were supposed to speed up time-consuming revenue cycle management (RCM) tasks for health systems and insurers such as prior authorizations and patient verifications. But it overpromised and underdelivered.

- Olive asserted its tech would lower customers' **admin spending by 5X**.
- But its solutions didn't come close to meeting that goal, per an April 2022 investigation from Axios. Olive relies on rough estimates for its calculations, only tracks savings if a client requests it, and exaggerates its capabilities, per the report.
- The company laid off 450 employees last July, referencing the unfavorable economic climate. It had about 630 employees remaining before the most recent round of layoffs, per Axios.

AI is still popular: Olive isn't a symptom of a broad problem with healthcare AI. Prominent tech players and startups are aggressively developing and adding AI capabilities to help healthcare organizations solve a range of problems.

- **Microsoft's \$19.7 billion** purchase of AI and speech recognition company **Nuance**, which closed last year, ranks near the top of the tech giant's largest all-time acquisitions.
- **Cleerly**, which uses AI to evaluate heart disease progression, hauled in **\$223 million** in a July Series C funding round, one of the biggest US digital health raises of 2022.
- **GE HealthCare** just scooped up **Caption Health**, an AI company that develops clinical applications to aid in early disease detection.

Key stat: Funding of digital health startups using AI reached **\$10 billion** in 2021 and **\$3 billion** through the 1H 2022. That compares with a **three-year funding total of \$6 billion from 2017-2019**, per a Rock Health analysis conducted for Politico.

Will AI reclaim the tech buzz in 2023? Even outside healthcare, Big Tech is all-in on AI these days—even more so than the metaverse, which was all the rage in 2022.

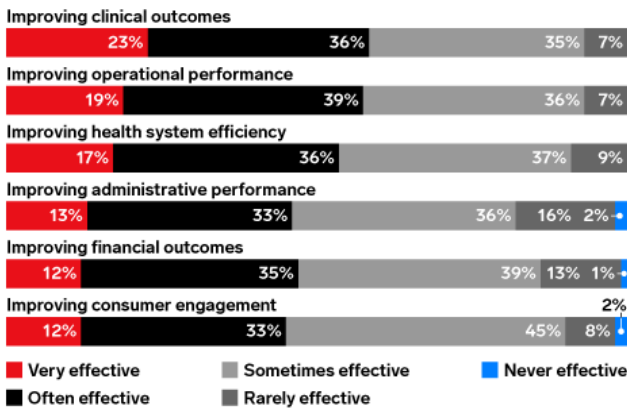
The metaverse battle between major tech players last year might shift to an AI competition in 2023.

- Microsoft is so bullish that its new AI search capabilities could compete with **Google**—thanks to its partnership with **ChatGPT** creator **OpenAI**—that the company is prioritizing AI over its metaverse work.

- Microsoft is bailing on a recently launched [metaverse initiative](#), laying off all the group's employees, per The Information.
- Healthcare, which isn't [adapting to the metaverse](#) at the rate other sectors are, could eventually ditch it altogether if Big Tech efforts continue to sputter.

Impact of AI and ML on Select Healthcare Outcomes in 2022 According to US Healthcare Executives

% of respondents



Note: numbers may not add up to 100% due to rounding

Source: Innovaccer, "Healthcare's Data Readiness Crisis" conducted by Morning Consult, July 16, 2022

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