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THE TELEHEALTH INDUSTRY IN CANADA:

**INDUSTRY PROFILE AND CAPABILITY
ANALYSIS**

EXECUTIVE SUMMARY & RECOMMENDATIONS

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Prepared for the Life Sciences Branch, Industry Canada

by

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THE TELEHEALTH INDUSTRY IN CANADA: INDUSTRY PROFILE AND CAPABILITY ANALYSIS

EXECUTIVE SUMMARY

This report of the Canadian Telehealth Industry provides an update to the Sector Competitiveness Framework of the Telehealth Industry published 2 years ago by Industry Canada. It is focused on 3 of the five application categories of the telehealth industry: (1) telemedicine, (2) distance continuing medical education and continuing health education and telelearning, and (3) telecare, telemonitoring and call centers. Beginning with a review of the telemedicine activities in Canada and in the world, the report provides information and tables summarizing interviews with 24 Canadian companies, 19 of which are dedicated solely to telehealth business. This information is supported by a review of Canadian government reports and more than 350 articles and material from industry profiles and web sites. An overview of telehealth opportunities and markets is also provided, concentrating on the 3 sub sectors mentioned above. Using as principal sources of information, two recently published reports from Australia and the US, the report outlines one of the newest trends in the industry, arising out of a series of applications assumed under the umbrella title of e-health. Other technological trends, major medico legal and business challenges and issues are discussed. The report provides a review of major strengths and weaknesses of the Canadian telehealth industry and concludes with 11 recommendations designed to assist this small Canadian industry to overcome challenges and barriers and gain greater market shares. In addition to its 46 pages, the report is supported by seven substantial appendices containing original tables, literature reviews and lists of organizations involved in telehealth in Canada and a 14-page bibliography.

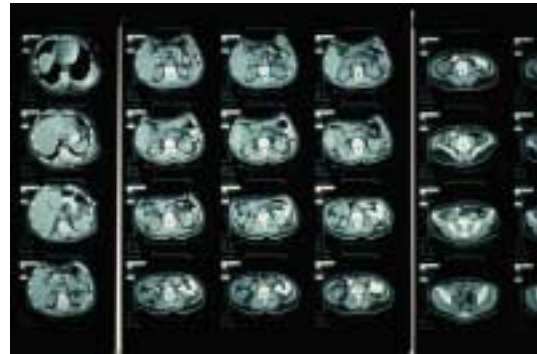


CONCLUSIONS AND RECOMMENDATIONS

Throughout this report, the authors have exposed the problems, issues and challenges and hinted at actions which might be undertaken by government to bolster the telehealth industry in Canada. The following paragraphs highlight these challenges and provide suggested strategies or recommendations to rectify or address the problem.

1. It would be an understatement to say that Canadian telehealth companies are falling behind the US and other developed countries in their ability to keep pace with technological change. This could be because there is little r&d taking place, which means innovation is at bay. **The telehealth industry needs an injection of r&d funds in order to address the special technological and telecommunications needs of remote communities in particular.**

2. We have shown throughout this report, that partnerships - between companies offering complementary services and products as well as between organizations in the private and public sectors - are essential to successful implementation of telehealth. Solid partnerships with the public component of the telehealth industry can smooth the way to well adapted solutions. As well, on the international scene, the Canadian Health Care system is well regarded. Partnering with the public institutions would likely help raise the profile and enhance the image of our small telehealth industry abroad.



The Canadian Society of Telehealth (CST) is unique in that it embodies members from the private and public sectors representing the telehealth industry. **The CST is one vehicle that can be used to create partnerships. Industry Canada might also encourage the creation of business networks and organize partnering events and seminars focused on creating alliances, joint ventures, consortia and the like.**

3. Partnering might also dilute conflicting interests and reduce competition between the private and public telehealth sectors. Publicly funded organizations are increasingly selling their wares nationally and internationally. On the CCC database, many of the organizations listed are public. These organizations do not face the same bottom line pressures as private companies and may have less overhead. Though private companies need to partner with public organizations in order to implement telehealth successfully, they should not compete with one another for the same markets. **Industry Canada needs to take steps to clearly distinguish on the CCC database, publicly funded organizations as distinct from private companies engaged in similar businesses.**
4. According to the interviewees, only one Canadian company has significant telehealth operations outside of Canada. There are several strategies that can be developed to assist companies who wish to increase their exposure to other markets. Partnering events have been held outside Canada by HIMSS but may not have targeted telehealth companies. A more suitable venue is the American Telemedicine Association or the Association of Telemedicine Service Providers in

the US. **Team Canada site visits, such as those already undertaken which include telehealth companies, need to be more targeted to this industry. Showcasing companies in other countries by helping them to exhibit at trade shows are only two of the actions which might help Canadian telehealth companies.**

5. The new “buzz-word” is no longer videoconferencing, or even telehealth or telemedicine, but rather **e-health**. This term is being used to describe two different sets of activities: one which relates to e-business generally, and the other which relates to a collection of electronic healthcare activities, previously described in categories two and three of the SCF telehealth report. The advent of e-health and all that it brings is affecting very seriously the telehealth industry world-wide and Canada is no exception. The Canadian telehealth industry is only slowly taking up the challenge of e-health in all its dimensions. The fear that Canadians seem to have is related to a narrow definition of e-health and this could only be dispelled by education and information. **Industry Canada might assist the industry to rapidly enter this new field by helping the telehealth e-health sub sector associate itself with the successful e-commerce sector in Canada. Seminars and conferences organized by Industry Canada would also be of benefit.**
6. A new type of tele-care service has sprung up recently, the so-called self-care services using telematics technologies. An informal survey undertaken by Health Canada reveals sixteen active or planned projects in this area, involving three private companies, only one of which has been interviewed for our profile (Clinidata). Companies who have failed in the home telecare business in Canada were unable to convince physicians to prescribe home telecare and telemonitoring devices or services – which is necessary in order to get health insurance companies to pay for it. **In this case, the facilitator of this type of innovation is the physician – as he or she prescribes, it will be adopted. If not, it remains on the shelf. Perhaps the simplest strategy would be to adopt any tactic that will woo the physician.**



7. As most telehealth technology was not originally designed for medical applications (e.g., videoconferencing), there may be virtue in ultimately classifying telehealth instruments as medical devices, leading to the establishment of clear standards for use. **Industry Canada might work with the Medical devices branch of Health Canada to make this happen.**
8. Some provinces have solved the medical reimbursement fees for medical doctors offering advice online. There are still some problems associated with practicing beyond provincial borders. Though it is tentatively proposed that practitioners of telehealth would offer consultations and services under the rules and regulations which apply to them in their own jurisdictions, there has been no official stance on this question. **The input of medical associations and bodies is needed to solve this jurisdictional problem. Once again, the CST might be the appropriate body to facilitate discussions.**
9. Some authors indicate that the technologies, the choices, the implementation issues, the consequences, and the applications have become so numerous and complex that indeed, there is

an urgent need for training and education in telehealth technologies, implementation and practice. **Industry Canada might encourage, by various means the creation, the development and the offering of courses in telehealth.**

10. There is considerable confusion over the market figures which have been published over the last few years predicting or estimating the size of the telehealth and telemedicine markets, both domestically and world-wide. This confusion arises out of what is considered to be telehealth – and what expenditures should be included in each of the market segments. **It is recommended that Industry Canada undertake a survey to determine more precisely what is the size of each market segment, especially in light of technological changes since the publication of the Service Growth Report two years ago.**

11. Most of the Canadian telehealth companies are too small to undertake significant r&d efforts on their own. In some cases they have partnered with local universities. However, the field of telehealth being relatively cross-disciplinary, few, if any, universities have laboratories or departments dedicated to research in telehealth. Exceptions may be the Imaging laboratory at UBC. Other universities engaged in telehealth research are concentrating their efforts on evaluation research rather than on new technological breakthroughs in telehealth. **Governments need to provide additional investments in r&d under conditions which are more favourable and long term for the telehealth industry than what is presently available.**

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