

Follow the Money: Digital Health Investment Priorities and What They Signal

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Session Overview

This session examined where digital health investment is heading and what those investment decisions reveal about the future of virtual care, AI, and healthcare transformation. Investors, health system leaders, entrepreneurs, and federal policymakers discussed how digital health has evolved since the pandemic, what differentiates successful companies in today's market, and how policy, reimbursement, interoperability, and AI governance will shape the next generation of innovation.

A central theme emerged throughout the discussion: the era of investing in virtual care simply because it is virtual is over. Investors and health systems are now prioritizing solutions that improve outcomes, integrate into clinical workflows, demonstrate measurable value, and support scalable hybrid care models.

Key Takeaways

1. Digital Health Has Moved Beyond Transactional Telehealth

- During the pandemic, much of the investment focus centered on enabling virtual visits.
- Today's investment priorities focus on redesigning care delivery itself.
- Emerging models include:
 - AI-supported chronic disease management
 - Virtual nursing
 - Hospital-at-home programs
 - Hybrid primary care
 - Longitudinal care management
- Virtual care is increasingly viewed as a foundational component of healthcare delivery rather than a standalone service.

Bottom Line: Investors are backing organizations that transform care models—not simply digitize existing processes.

2. Hybrid Care Is Becoming the Dominant Model

- Panelists agreed that the future is not virtual-only or in-person-only care.
- The most successful organizations combine:
 - Digital engagement
 - Remote monitoring
 - Virtual clinical support
 - In-person services when needed
- Hybrid models create more continuous patient relationships while improving efficiency and access.

Bottom Line: The future of healthcare is integrated, hybrid care that combines the strengths of virtual and physical delivery models.

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3. Workflow Integration Is Now a Critical Investment Criterion

- Many digital health companies fail because they underestimate clinical workflow complexity.
- Health systems increasingly evaluate solutions based on how well they fit into existing operations.
- Successful organizations:
 - Co-design solutions with clinicians
 - Minimize workflow disruption
 - Demonstrate operational value
 - Reduce administrative burden

Bottom Line: If technology does not fit clinical workflows, adoption and scalability become nearly impossible.

4. Change Management Is Often Harder Than Technology

- Health systems reported that implementation challenges are rarely technical.
- Adoption barriers often include:
 - Workforce resistance
 - Training requirements
 - Workflow redesign
 - Cultural change
 - Generational differences in technology adoption
- Successful virtual care programs require strong change management strategies and clinical leadership support.

Bottom Line: Technology implementation succeeds when organizations invest in people, training, and organizational alignment.

5. AI Must Deliver Real Value, Not Just Buzz

- Panelists cautioned against treating AI as a standalone investment thesis.
- Investors increasingly look beyond AI marketing claims to evaluate:
 - Clinical utility
 - Safety
 - Transparency
 - Workflow integration
 - Measurable outcomes
- AI is most valuable when embedded within a broader solution that solves a meaningful healthcare problem.

Bottom Line: The future belongs to "AI inside" solutions that enhance care delivery rather than AI products searching for a use case.

6. Health Systems Are Becoming AI Builders

- Large health systems are increasingly developing AI tools internally.
- As a result, startups face growing pressure to provide:
 - Platform capabilities
 - Enterprise-scale solutions
 - Workflow integration
 - Unique intellectual property
- Point solutions that perform a single task face increasing competitive pressure.

Bottom Line: Startups must deliver broader strategic value as health systems build more capabilities in-house.

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7. Venture Investors Are Looking for Validation, Not Vision Alone

- Investors emphasized that market validation matters more than ideas.
- Key indicators include:
 - Demonstrated customer demand
 - Revenue traction
 - Repeatable sales processes
 - Scalable business models
 - Clear pathways to growth
- Revenue milestones, particularly early recurring revenue, serve as proof that a real market exists.

Bottom Line: Investors want evidence of adoption and scalability, not just compelling concepts.

8. Tech-Enabled Services Are Increasingly Attractive

- The traditional distinction between software companies and service organizations is becoming blurred.
- AI is making service delivery more scalable and efficient.
- Investors are increasingly interested in companies that combine:
 - Technology
 - Clinical services
 - Operational expertise
 - Scalable delivery models

Bottom Line: Tech-enabled service models are emerging as one of the most attractive segments of digital health investment.

9. Clinical Outcomes Remain the Ultimate Currency

- Investors, providers, and payers all continue to prioritize measurable outcomes.
- Successful organizations can demonstrate:
 - Improved quality
 - Better patient experiences
 - Reduced utilization
 - Lower costs
 - Greater efficiency
- Clinical validation remains essential for physician adoption and payer support.

Bottom Line: Outcomes—not technology alone—drive long-term adoption and investment.

10. Rural and Home-Based Care Remain Major Growth Opportunities

- Advances in:
 - Remote monitoring devices
 - Connectivity
 - Satellite communications
 - Virtual care platforms
- are making it easier to extend care into underserved communities.
- Investors continue to see significant opportunity in rural access and home-based care models.

Bottom Line: Technology is expanding the reach of healthcare beyond traditional facilities and into patients' homes and communities.

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11. Policy Is Shifting from Infrastructure to Accountability

Federal leaders outlined a new phase of health IT policy focused on maximizing the value of existing infrastructure.

Key priorities include:

- Information blocking enforcement
- Data liquidity and interoperability
- Price transparency
- Reduced administrative burden
- Risk-based AI governance

A major emphasis was placed on ensuring patients can access and control their health information.

Bottom Line: Policymakers are focused on turning health IT investments into measurable benefits for patients and providers.

12. AI Governance Will Be Risk-Based

- Federal officials emphasized that not all AI applications carry the same level of risk.
- Regulatory approaches will increasingly consider:
 - Clinical impact
 - Degree of autonomy
 - Human oversight
 - Potential patient harm
- AI systems operating with clinician oversight may require different governance than fully autonomous solutions.

Bottom Line: Future AI regulation will focus on risk, accountability, and transparency rather than one-size-fits-all oversight.

13. Interoperability Is Finally Reaching Scale

- Federal leaders highlighted significant growth in health information exchange.
- Greater interoperability is enabling:
 - Seamless record sharing
 - Improved care coordination
 - Patient-directed data access
 - Better healthcare experiences
- Continued enforcement of information-blocking regulations is expected to accelerate progress.

Bottom Line: Data liquidity is becoming a reality and will be a key enabler of future virtual care innovation.

Strategic Recommendations

Invest in Care Model Transformation

Focus resources on solutions that redesign care delivery rather than simply digitizing existing workflows.

Prioritize Workflow Integration

Evaluate technology based on how effectively it supports clinicians and fits into existing operations.

Demand Measurable Outcomes

Require clear evidence of clinical, operational, and financial impact before scaling new solutions.

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Approach AI Strategically

Invest in AI that solves meaningful problems and integrates into broader care delivery strategies.

Strengthen Change Management Capabilities

Build organizational readiness through education, communication, and clinical leadership engagement.

Prepare for a More Interoperable Future

Develop strategies that leverage growing data liquidity, patient access, and cross-platform information exchange.

Session Conclusion

The digital health investment landscape has entered a new phase defined by maturity, accountability, and measurable value. Investors are increasingly funding organizations that combine technology, clinical workflows, and scalable care delivery models to improve outcomes and efficiency. AI remains a powerful accelerator, but only when paired with real-world clinical utility and strong governance. As interoperability expands, policy evolves, and hybrid care becomes the norm, the organizations best positioned for success will be those that focus on care transformation, operational integration, and sustainable value creation rather than technology alone.