The Intersection of Technology and Healthcare: A Generational Opportunity for Investors

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Excerpt: *The intersection of technology and healthcare, and the biotech revolution, are being fueled by an aging population, soaring demand, and cutting-edge advancements. Click to read about the generational investment opportunity offered by this mega-trend.*

During periods of market volatility, it is easy to lose focus on the long-term opportunities that are available to investors with the patience to exploit them. This is a perfectly normal tendency, as we are generally conditioned as humans to focus on the immediate future, and not necessarily to think of the opportunities that current circumstances create over the longer-term.

While we believe that thoughtful portfolio adjustments can add value over the short-term during periods of heightened volatility, we also like to maintain a longer-term view on certain trends that we expect to add much greater value over the next "generation" of investing. Perhaps the best example of these are the recent (and ongoing) trends in the broad technology sector. Over the last 20, 10, and even 5 years, there are many examples of trends that have re-shaped the way we live, and these have correspondingly led to many excellent investment opportunities along the way.

We believe that we are in the relatively early-stages of another generational opportunity – this time in the healthcare sector. More specifically, we are excited about the opportunities in biotechnology, particularly with respect to the intersection of technological trends (ex. AI, data, software, etc.) and medical advancements. This is not a brand-new area of focus for us, as it's something we've talked about for some time (ex. see Episode 4 of our Behind the Numbers Podcast – A discussion on the future of healthcare). Below are several of the "generational trends" that we believe are emerging in the healthcare space today – with a few points supporting why each of these can drive growth for years to come:

Demographic Trends: Aging Population

- In 2020, for the first time in history, there were more people over the age of 60 than under the age of 5 (Source: WHO).
- By 2050, the global population aged 60 or older is expected to grow to over 2 billion (vs. 900 million in 2015) (Source: WHO).

Demand Trends: Demographics Leading to Demand, Demand Leading to Investment

- As the demographic megatrend of an aging population marches on, demand for healthcare treatments and services will increase.
- This increased demand will in-turn draw increased investment (as is always the case when interest & funds flow into an industry).
- This increased investment will lead to increased development of new treatments, and new ways of delivering healthcare services.

Development Trends: Tech Meets Biotech

- Healthcare, particularly biotech, is seeing an increasing number of intersections with what is generally considered the domain of "technology" – some examples of this include:
- Artificial Intelligence – a topic which is receiving a lot of attention these days, AI has become increasingly prevalent in both biotech and the broader healthcare industry, being applied to everything from new drug discovery, to medical imaging analysis.
- Software-as-a-Service (SaaS) – Software is increasingly creating efficiencies in the delivery and management of healthcare services (ex. telemedicine, digitization of medical data, etc.). Additionally, software solutions for managing and analyzing the exponentially increasing amount of biomedical data are becoming increasingly prevalent.
- Robotics – Perhaps one of the more mature trends discussed, robotics have become increasingly involved in both delivering procedures (ex. robotic surgical systems), as well as in lab settings.

What's Next?

There remain some areas which we believe could benefit from continued technological overhauls. Clinical development has long-suffered difficulties in finding enough patients to fill trials, and this is often because of a lack of discoverability. Technology can be applied to increasing visibility of these trials across a larger audience, and it can also theoretically be used to decentralize the process, or perhaps make remote access more of an option.

From a portfolio perspective, we expect to continue to maintain significant exposure to healthcare as these trends play out. We believe that there is potential for a large portion of the next "generational companies" to emerge from some of the trends discussed above. For more information on specific investments being made in these areas, or for any other questions you may have, please feel free to reach out to us anytime.

Thanks for reading,
Di Iorio Family Wealth