# Digital health sector optimistic but faces challenges ahead of 2025



A recent survey conducted by Summit Health Advisors in partnership with PureSpectrum sheds light on the state of the digital health sector and its prospects for 2025. The findings, which drew responses from 103 senior leaders within the digital health arena, highlight both optimism in the industry and the challenges it faces as it evolves.

The survey indicates a generally positive sentiment among leaders in the digital health sector, with more than 50% expressing a "very positive" outlook for the economic landscape by 2025. In contrast, 31% reported a cautiously optimistic view, while 19% either remain uncertain or hold negative perspectives, citing factors such as constrained customer budgets, economic uncertainty, and growing competition as key concerns.

An essential component of the sector's evolution is its investment landscape, with approximately 79% of leaders indicating their companies are actively seeking new investment capital within the next year. However, respondents also identified barriers to capital acquisition; 42% are apprehensive about securing favourable terms (including valuation and interest rates), while 38% fear their ability to raise the desired funding amounts. Furthermore, 36% anticipate difficulties in attracting new investors. Seth Joseph, founder and managing director of Summit Health Advisors, remarked on the significant number of companies seeking funding compared to the record-setting investments seen in 2020 and 2021, warning that "2025 will be a critical inflection point in digital health".

The findings also reveal the primary go-to-market challenges digital health firms are encountering. Increasing market crowdedness and rising competition emerged as the foremost obstacles, alongside an "inability to effectively position against these competitive threats." To navigate the competitive landscape, 67% of respondents plan to expand their operations internationally, possibly as a response to saturation in the U.S. market and unmet domestic revenue expectations. Joseph noted that "competition from large incumbents and new entrants was the most prevalent external challenge digital health companies are facing today," stressing the importance of effectively differentiating products to succeed in such an environment.

Another significant observation from the report is the polarisation surrounding telehealth, with 50% of respondents viewing it as the digital health subsector offering the greatest growth potential over the next year. Conversely, 27.7% believe it holds the least growth potential. Additionally, 44% of executives anticipate substantial mergers and acquisitions (M&A) activity in the telehealth domain within the coming year.

Artificial intelligence (AI) remains a crucial focus for digital health executives, with 43% acknowledging the potential for growth in AI applications and 41% highlighting its strong return on investment (ROI). Nonetheless, a quarter of the leaders also expressed the view that AI is "overhyped."

Lastly, the survey underscores the significant role of partnerships in go-to-market efforts, with 31% of digital health leaders emphasising the need to enhance their understanding of market dynamics and competition. Among this group, an impressive 94% classified improving such understanding as a top organisational priority. Nearly all respondents (99%) rely on external partners for the development and implementation of their go-to-market strategies, with 71% reporting that most or all initiatives are supported by these partnerships.

As the digital health landscape continues to evolve, the insights from this Summit Health Advisors survey will serve as a valuable reference point for understanding the complex dynamics shaping the industry's future.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

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