



UpHealth CEO Ramesh Balakrishnan on Going Public, Focusing on Innovation

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UpHealth CEO Ramesh Balakrishnan

Health technology platform UpHealth, Inc. (NYSE: UPH) is the latest healthcare company to go public via SPAC, by partnering with GigCapital2.

IPO Edge sat down with UpHealth CEO Ramesh Balakrishnan to find out more about the company's future and focus on innovation.

IPO Edge: What has UpHealth created?

UpHealth has created a leading, publicly traded, profitable digital health company that is reshaping healthcare globally with advanced technologies and services. We connect information, workflows, and resources across the entire continuum so previously fragmented clinical and community-based teams can deliver care and manage health for individuals and populations wherever they are, whenever they need it, on whichever device they use, and in any language they speak.

Our mission ultimately is to increase access to affordable, high quality healthcare, improve outcomes, and create a better overall experience.

IPO Edge: How might UpHealth change the paradigm of telehealth globally?

Telehealth is only one of the modalities of the overall UpHealth suite of technologies and digital health solutions. Telehealth ultimately must go beyond just delivering remote consults and virtual visits. Many telehealth companies today function essentially as technology enabled medical groups competing for patients with existing local healthcare providers.

UpHealth has a different approach. We work with local healthcare providers and health plans to expand their capabilities available at the point of care—language interpreters, specialists, care managers, and much more. We allow these teams to coordinate care with shared information, advanced analytics and evidence-based guidelines.

Internationally, we are pioneering a digital first infrastructure for health care in emerging and established markets. Our solution provides a complete primary care encounter, with a virtual exam room connected to remote devices, lab tests, and the ability to dispense medications onsite. These digital clinics are a new model for countries to

rapidly build healthcare infrastructure and service communities that otherwise have little access to care. The novel infrastructure we are pioneering internationally can be applied here in the U.S in rural and urban medical deserts.

IPO Edge: What is the long-term growth strategy for UpHealth?

Our long-term growth strategy is for UpHealth to become the leading partner to healthcare providers, health plans, counties, and governments that need to implement essentially new business strategies as the industry transforms to new models for payments, service delivery and the management of health.

The benefit we provide to these organizations is that we are not competing with them. A key part of our strategy is the strong belief that healthcare will remain local. We help these local health systems function as connected care communities, and we provide the technology platforms and services needed for these organizations to succeed in the new and ever evolving healthcare landscape.

There are many parts of the world, in the developing and developed world, where there is still limited access to care. Here we intend to provide an alternative model for provinces and governments to leapfrog the old model for healthcare delivery with digital first infrastructure.

Finally, our long-term growth strategy also addresses the change in how we think about the factors that affect health, so healthcare increasingly addresses the whole person—medical, behavioral health, and social determinants, as we expand the scope of care teams that are part of these connected care communities.

IPO Edge: Now that you are publicly traded why is UpHealth a compelling investment story?

The key things that make UpHealth a compelling investment story are our strong financial performance, our global footprint and our position as a leader in one of the most rapidly transforming industries in the world globally: healthcare. UpHealth's solutions help address major challenges the industry faces today, and we are well positioned to expand the impact of our solutions as a public company.

UpHealth operates in four of the most rapidly growing sectors of healthcare (Integrated Care Management, Telehealth, Pharmacy & Behavioral Health) representing almost \$2 trillion of Total Addressable Market (TAM) and we are only in the early innings of the digital transformation of healthcare globally.

Our financial performance is strong with significant revenue growth and great visibility into our performance based on our contracted recurring revenue business models. With almost \$120mm of revenue last year, and growing 60% per year with strong profitability, UpHealth compares very favorably with our peers, many of whom have pursued growth at all costs and amassed significant losses.

We have found the way to grow profitably and will continue to execute this model.

IPO Edge: How has the Company changed over the past year due to the COVID-19 Pandemic?

The pandemic essentially highlighted many of the problems the health system faces and the urgency for change. Our business has never depended on the short-term windows of opportunity made available because of specific pandemic related waivers. So in this sense we have continued to operate as we always have—focused on the long-term transformation in how we deliver care and manage health.

During COVID, some of our business units experienced declines in volumes related to patients deferring visits, postponing elective procedures, and so on. But this volume is back, and these business units have not only recovered, but have shown very strong growth and sales momentum.

IPO Edge: What are some of the exciting advances that you see in the market going forward?

There are many innovations going forward that will dramatically reshape how we deliver care and manage health, and we intend to be among the organizations at the forefront of these innovations. Connecting and sharing information will become more standardized, and we will have more powerful tools to digest and organize information in all kinds of forms—structured information, streams, sensors, video, and so on.

We will evolve ever more powerful tools for deep insight into this information, with the ability to predict conditions and risks early and therefore intervene proactively. Applications and information technologies will interoperate better, and distributed cross-sector teams will be able to collaborate and coordinate, dramatically reducing the many ways in which things fall through the cracks.

Among the advances that I hope we will see also are policy initiatives at the national and global level that recognize the vital importance of healthcare infrastructure to economic prosperity and even national security, and the urgency to reduce disparities in access to this critical resource—as important as air and water.

IPO Edge: This past year, we have seen a large number of Telehealth companies go public, either via IPO or SPAC. Can you comment on why that is happening? Is the SPAC structure a superior option for this category of tech company?

We've always tried to make clear that our goal with UpHealth was always to find a way to expand the scope of the solutions we bring. We can address a lot of hardship people face around health. Access to public markets was an attractive model, and partnering with a SPAC was mostly a result, at least for us, of finding a specific partner, GigCapital2, that has a unique approach to partnering with private companies—their private to public equity model.

The decision to go public is quite specific to individual companies, and sharing future growth and success with public investors is a critical element for continued innovation

The UpHealth team is rolling over more than 90% of its equity in this transaction, so going public is a next stage in growth and innovation for us.

IPO Edge: What sectors in particular are growing the fastest in telehealth?

If we broaden “telehealth” to include what we consider a digital first approach to delivering services, we see the fastest growing areas broadly around being able to deliver higher levels of care—manage higher acuity—in lower cost and community-based settings.

We also see growth in being able to activate resources that today provide care—families, community organizations, health departments—but are not integrated into the formal healthcare infrastructure.

IPO Edge: What does the future look like in terms of innovation?

The real innovation in the future of healthcare isn't about a specific technology or service. It lies in pioneering health systems configured around a new model of care—proactively addressing the various factors that affect health instead of what we have today, essentially “sick care”.

We will need a new generation of infrastructure to support these models—this is of course what we are trying to bring as UpHealth.

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