research2guidance
the app market specialists

# mHealth App Developer Economics 2014

The State of the Art of mHealth App Publishing

**www.mHealthEconomics.com**

## Fourth annual study on mHealth app publishing

Size of the opportunity, mHealth app developer segments, learning from best practice, the connected elite, drivers and barriers, key trends that will shape future of mHealth app publishing

May 6, 2014

Research partners:

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mHealth Summit EUROPE

## About research2guidance

research2guidance is a strategy advisory and market research company. We concentrate on the mobile app eco-system. We are convinced that mobile health solutions will make a difference to people's lives and that the impact on the healthcare industry will be significant. We provide insights to make it happen and to successfully lead your business.

## We do:
## mHealth Strategy Workshops


Ralf-Gordon Jahns presenting insights on mHealth

We offer tailored workshops for all healthcare players to discuss mHealth strategies. Content of our 1- or 2-day interactive workshop includes:

- Size of the opportunity or challenge for your company / business / institution
- Principals of mobile business models in healthcare industry
- Impact of mHealth apps on traditional healthcare
- Analysis of competitive landscape
- Discussion of potential roles to be played

If interested, send us an email:
mHealth@research2guidance.com

## We have:
## Diabetes App Market Report


The Diabetes App Market Report 2014 is a comprehensive analysis of the market. The 113 pages report includes:

- Analysis and categorization of more than 1,000 diabetes apps
- Performance of diabetes apps, key players, best practices
- Detailed market forecast including downloads, revenues, user penetration, app-related sensor shipment and service user numbers
- Analysis of country markets, regulatory impact, market trends and revenues from 2008 - 2018.

Read report preview

**Give us a call:** Berlin, Germany, +49 (0)30 609 89 33 60

## New Release

## The Pharma App Benchmarking 2014 Report

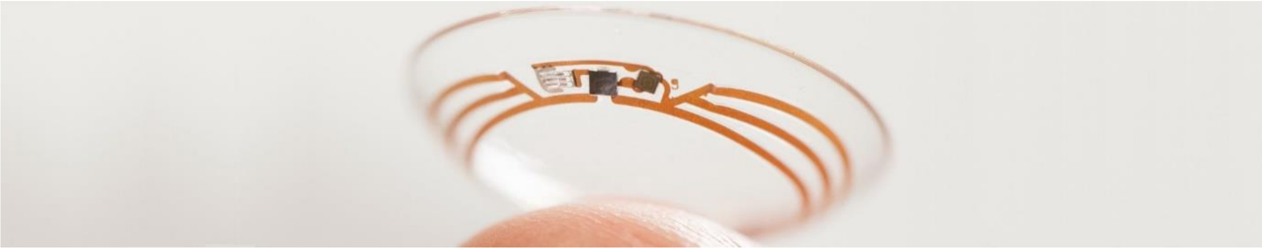

- Detailed analysis and benchmarking of the app publishing activities of Pharma companies
- 735 apps analysed (iOS and Android)
- App profiles of 12 Pharma companies included
- Reasons for low performance
- Recommendations
- 93 pages
- Published October 2014
- **Paid report**

The report analyzes the global app publishing activities of the 12 leading Pharma companies on Android and iOS devices. It provides a detailed picture of which app categories Pharma companies concentrate on, how many apps they have published, which user groups they target, how they organize their app business and how successful they are.

The report analyzes app publishing activities on three levels:
Level 1 - Pharma app publisher industry view: The first chapter provides an overview of how Pharma companies are making use of the app channel today and how this has changed over the last 12 months.
Level 2 - Comparison of Pharma app activities: In the second part of the report, the companies are being analyzed on a company level and compared against each other.
Level 3 - Pharma app publisher profiles: The third part provides detailed profiles of the companies' app activities. It also highlights the most successful apps for professional and private users (based on downloads).

Companies in scope: Abbvie/Abbott, Astra Zeneca, Bayer HealthCare, Bristol-Myer Squibb, GlaxoSmithKline, Johnson&Johnson, Merck, MSD, Novartis, Pfizer, Roche and Sanofi.

See report preview



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## Summary

The mHealth app market has made some significant progress along the industry hype cycle. It may not be the number one topic on mobile congresses or thought leader events, but over the period of the last two years, the perception of mHealth has become increasingly business oriented. In other words, the mHealth app market has already entered the commercialisation phase.

The number of mHealth apps that are published on the two leading platforms, iOS and Android, has more than doubled in only 2.5 years to reach more than 100,000 apps (Q1 2014).

The market revenue reached USD 2.4bn in 2013 and is projected to grow to USD 26bn by the end of 2017. The major source of income for mHealth app publishers will come from services (69%). These services typically involve backend structures of servers and/or teams of medical staff which monitor and consult with doctors, patients and general healthcare-interested individuals. Service revenue plans are usually subscription-based, but could also be structured as pay-per-use.

Today's mHealth app publishers and Wannabes predominantly target chronically ill patients (31%) and health and fitness-interested people (28%). As primary users, physicians are targeted by 14% of app developers.

*"Potential is huge, first for mobile consumer health apps, medical apps will follow..." Survey Participant*

mHealth app publishers could be categorized into 6 main groups: traditional healthcare players, helpers, mobile app specialists, connectors, medical and fitness specialists. Out of these groups, traditional healthcare players like Pharma and hospitals have the longest way ahead of themselves to find their role in the mHealth app ecosystem.

mHealth app publishers have released an average of 7 mHealth apps. The majority (36%) have entered the market only recently (2013&2014). An mHealth app publisher typically hires 3-10 (23%) or 11-100 (23%) employees.

The vast majority of mHealth app publishers (82%) generated less than 50,000 downloads with their mHealth app portfolio last year, whereas the top 5% reached more than 500,000 downloads.

68% of mHealth app publishers make less than USD 10,000 or no revenue. The middle income group, which makes between USD 50,000 and USD 1m, represents 17% of the publishers. The top 5% makes more than USD 1m. The most relevant revenue stream is linked to services which are offered via the apps.

Economically successful mHealth app publishers (>USD 1m revenue in 2013) stand out thanks to their relatively larger app portfolio, experience in the market, use of tools for the app development and monitoring process, connection to medical databases, apps and sensors. They also focus more on iOS as compared to commercially unsuccessful publishers.

mHealth app publishers who belong to the Connected Elite are role models for successful mHealth app publishing today and in the future. Such publishers allow their app users to automatically sync an app with the data of, in some cases, more than 30 competitor apps and sensors. By opening up their APIs, such publishers can concentrate on delivering their core value propositions and outsource the rest. In such a way, Connected Elite publishers can create a greater value for the user and gain a substantial competitive advantage over rivals.

Already today app users collect several hundred million of vital parameters per month. A growing share of this data is aggregated by the Connected Elite and by a new layer of API/App aggregators and infrastructure providers. If there will be a new "Facebook" for the healthcare industry, it will evolve from either of these two groups.

*"This effort will truly be a patient-driven initiative." Survey Participant*

According to today's and future mHealth app publishers the main market drivers for the next five years are the increasing penetration of capable devices (58%) and user/patient demand (43%).

The potential show-stoppers are lack of data security (34%) and standards (30%). Poor discoverability (29%) is another barrier which leaves much room for specialized mHealth app stores.

Android and iOS are the dominant mobile platforms for which mHealth app developers will continue developing their apps in the next 5 years.

Fitness apps, which today constitute the app category which offers the highest business potential for mHealth app publishers, are believed to diminish in their relative importance. In five-years time they are expected to no longer be the top app category and in terms of business potential are expected to be on the fifth position (22.9%). The app categories that have the highest expected market potential in the near future are remote monitoring (53%) and consultation apps (38%).

mHealth apps will have the biggest impact on healthcare system costs in two areas. They will help to reduce non-compliance and hospital readmission costs (55%).

Traditional healthcare players like physicians and hospitals are the top ranked distribution channel for mHealth apps in the next five years. The underlying assumption is again that within this timeframe mHealth apps will have become well integrated into the healthcare processes.

The mHealth app market potential is the biggest in developed countries, although mHealth publishers from countries which belong to the developing and least developed regions rate the business potential of these regions as high as for countries like the USA, UK, Japan and Germany.

## About mHealth App Developer Economics 2014

What is the current status of mHealth app publishing and how will it develop over the next 5 years? These are the two major questions which build the foundation of the fourth mHealth App Developer Economics study conducted in the first quarter of 2014. More than 2,000 current and future mHealth app publishers, as well as experts, have shared their experience in an online survey. This report summarizes the results.

The study provides a comprehensive view on who is behind the increasing number of medical and health & fitness apps and their objectives. It analyzes regional differences and highlights the differences between financially successful and unsuccessful mHealth app publishers.

The report puts an emphasis on a very dynamic market segment: the Connected Elite. A group of leading mHealth app publishers and sensor vendors allow the usage of each other's data in order to improve usability and relevance of their app. The increasing volume of data, which is being collected with the help of these and other mHealth apps, will demand a new mHealth strategy on the side of traditional healthcare companies like Pharma, health insurance and Med-tech companies.

*"The study represents around 10% of mHealth apps[1]."*

The report also looks at the future trends, drivers and barriers of the mHealth app market. This includes the changes in distribution channels, the preference of app categories and mobile operating platforms, the impact of wearable and other types of sensors and the target groups which offer the highest business potential in the next 5 years.

See how experts from all around the world rate what impact mHealth apps will have on healthcare costs and on how healthcare is going to be delivered in a 5-year time span.

With 2,032 respondents from all over the world the fourth mHealth App Developer Economics study is by far the largest of its kind. We would like to say thank you to all who have taken part in the survey and shared their experience and views about the mHealth app market.

puts it: *"Developing nations are less worried about security and data and hence will launch service quicker."*

Based on the results of the study, it is fair to say that mHealth apps have already created economic value for a few of mHealth app publishers. Mobile solutions have improved the self-management capabilities of a large group of fitness conscious people and patients with chronic health conditions i.e. those who constitute the real driver of the market.

On the other hand, the majority of app developers who concentrate on mHealth have not had a successful market entry yet. The hesitant activities of traditional payers like health insurers and companies, still slows down the overall development of the market. It will take a while until mHealth apps become as widely used as a thermometer or as a survey participants envisions it: *"In 20 years, mHealth apps will be the normal way of managing health" Survey Participant.*

*The question is: what do we do in the meantime?*

*Find out more about research2guidance's mHealth Strategy Workshops and connect.*

research2guidance
Ralf Jahns
+49 30 609 89 33 62
rgj@research2guidance.com
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