

## Andrew Cannon, Medica Group CEO

Eight weeks into his new role, Cannon expresses contentment with Medica's current position and shares his future plans to grow the business.



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Candesic catches up with Andrew Cannon, newly appointed CEO at UK-based telehealth / teleradiology focused Medica Group. We ask how he is enjoying his new role, about the market, and about the group's plans going forward.

Cannon is far from a newcomer to helping healthcare companies. Before joining Medica, he was CEO at UK-based Voyage Care which provides support for thousands of people with learning and physical disabilities, brain injuries, and autism. Before that, he worked for Bupa for over a decade, culminating in a stint as MD of Care Services.

In his early career, however, he was a finance director, and his accountancy background has been useful: “Helping people get better outcomes for a lower cost is the Holy Grail of healthcare. Being numerate certainly helps in my role, as does being curious and analytical. But those are skills that can come from any number

of backgrounds – lawyer or medic for example.

“That said, a key tenet for me is to follow the data. We've all seen examples in healthcare where people might think they're doing the right thing, but if you follow the data, you remove the bias.

Is his lack of medical background ever an issue? “People do sometimes push back. But I seek curiosity in my leaders – and humility. I would never intervene and make a clinical decision. I don't have the background or qualification. But I might get data and have a discussion.”

Appearing happy and relaxed just eight weeks into the role, he concedes life is good at the moment, and Medica is in a good place as he takes the reins. “I think (previous CEO) Stuart Quinn and the team have done a fantastic job. The business is growing 25-30% (EBITDA) annually. In revenue we are seeing the market growing at

least double digits.

“There are three axis in healthcare; quality, cost and locality, and typically you can only choose two; if you want a world class neuro facility on everybody's doorstep, it's going to cost an incredible amount of money.

But I think what Medica and this space does is it removes that third axis of geography, meaning you can have really high-quality care and great outcomes at a much lower cost.”

He adds that telehealth is “a really exciting place to be” for anyone “driven about making a tangible difference”.

The vast majority of Medica's work comes from NHS trusts / HSE in Ireland. In the US, where it also has a presence, it is in clinical trials work for large pharmaceutical companies developing oncology drugs which are the mainstay.



It is surely not all plain sailing? Understandably, Cannon declines to be critical when asked for his thoughts on whether publicly funded work holds a systemic challenge in that one is dealing with commissioners, funders and payers in a system with monopoly purchasers – all compounded by individual organisations (sometimes hospitals) having their own way of doing things. He concedes only that this is a “feature of operating in this space”.

Teleradiology demand is high, however. A lack of throughput and operations in the NHS is partly caused by a bottleneck in diagnostics, which in turn led to the commissioning of new community diagnostic centres.

Medica often finds itself used as an overflow service: “Hospitals might have done a read or a scan and sit on that for a couple of weeks and then send it to us to urgently turn around because patients are coming in.

“We could have turned that around within half an hour at the start of the journey - so there is an opportunity to build in much better flow for patients and for the system as a whole. There is a huge opportunity for the broader

healthcare system to operate much more effectively by using partners and skills and resource that's already available.”

Is this cost effective to the public purse? “For routine elective work, the total cost is the same as the NHS.”

Asked about the future of AI in a sector where there is some suspicion it could replace clinicians; Cannon is clearly of the view there is little imminent risk to them. He explains: “AI will not replace radiologists. And it’s not just one thing. It's a series of discrete tools that are going to have an impact at on specific elements of work. Whether that's workflow, how images are presented, or whether it's in particular specialties like CT head or chest, AI is already good in these areas.

“We've done a piece of work on intracranial haemorrhages to demonstrate how effective using AI alongside radiologists works in terms of spotting things that might not necessarily be spotted.

“AI will be better at reading scans where reading is quite narrowly defined and large-scale pattern recognition is needed but it will continue to struggle with is the

thing that humans are really good at - variation. Yes, machines can distinguish far more shades of grey in a scan, but suddenly throw a foot in there rather than a head, and it would be lost.”

IK Partners, which took the group private when it acquired it in July last year, clearly likes the asset and has plans for the future. It paid a 30%+ premium on the average recent market cap when it bought it. “They know what they are doing – the business is rapidly growing and is already deleveraged”.

Cannon too has plans to grow the business, mainly through organic growth. He adds: “We are looking at some acquisitions, and these are in our existing geographies. We’re not looking outside of these (UK, Ireland, US) at the moment.

“Moving to adjacent spaces - look at ultrasound, pathology and an undersupply of sonographers or histopathologists – that is an exciting area for us. “