Healthtech in 2025: Opportunities and Obstacles in a Divided Healthcare Landscape

At WTA Partners we pride ourselves on our distinct advantage in the market. Unlike our competitors, which include corporate finance houses, investment banks, and divisions of larger accounting firms, our team is composed solely of experienced senior tech M&A practitioners. Each member has not only had a successful career in IT but many have founded and sold their own businesses too. This unique combination of hands-on experience allows us to provide an unparalleled service to our clients, delivering success even when they have gone through failed processes with other advisors.

To bring that statement to life, we speak to Tim Quainton, who leads the Healthtech practice at WTA Partners and is currently working on buy mandates in the USA, Europe and the UK. He is effective because he brings a lifetime of experience of working in the sector. From being a clinical scientist, project manager, consultant and most recently before joining WTA Partners, twelve years as managing director of a specialist PAS provider to the NHS; supplying software that underpins best-of-breed digital transformation. In doing so, we identify the differences between healthcare provision in the US and UK, particularly as data ownership, payment, and regulation, profoundly impact Healthtech innovation. We also assess the transformative potential of AI and automation in healthcare, alongside systemic challenges like bureaucratic procurement and cultural resistance that hinder tech adoption.

Tim Quainton
Principal, Healthtech

Topics

❖ Structural differences between the UK and US health systems

❖ Opportunities in AI and Automation

❖ Barriers to Healthtech Adoption

❖ Challenges for New Entrants

❖ WTA Partners differentiation in Tech M&A

In depth conversation with Tim Quainton

WTA Partners: Let's start with a foundational difference. How do the distinct data ownership philosophies in the UK's NHS versus the US market impact Healthtech development and innovation?

Tim Quainton: It's a critical divergence. In the UK, patients have strong rights over the use of their data, use, access, and protection with this central tenet meaning suppliers, generally, do not own the data. In contrast, the US has a more permissive environment where data can be sold, distributed, and viewed with fewer regulatory constraints subject to consent. This difference directly influences market structure. The UK's centralised data approach within the NHS allows for a theoretical single, vast dataset that is highly attractive for research, drug development, and AI applications at scale. However, in the US, while there's flexibility, it creates significant data fragmentation across thousands of disparate silos, making comprehensive data access incredibly challenging.

WTA Partners: That fragmentation in the US sounds like a significant barrier to unified patient care. Does the US system, driven by multiple payers - insurers, employers, individual policies - paradoxically offer a different kind of strength or flexibility compared to the UK's centralised model?

Tim Quainton: It certainly offers a unique form of flexibility, but at the cost of immense complexity. The sheer volume of payers in the US has fostered a highly developed software industry focused on intricate billing, payment reconciliation, and ensuring organisations aren't double-charged. This adaptability to diverse payment mechanisms is a strength for vendors operating within that multi-payer ecosystem. From a patient care perspective, however, it's inefficient. Imagine moving from Dallas to New Jersey and trying to access a decade of fragmented medical records; it's nearly impossible outside of specific organisational networks. The Centers for Medicare and Medicaid Services (CMS) is building a new framework to help patients access and share their health data more easily; however, based on experience this may take many years to implement widely. The NHS, with initiatives like its NHS app aiming for a unified patient history, seeks to provide a singular, accessible record, which, while challenging to implement, holds significant long-term strategic value for patient outcomes and system efficiency. This is further supported by the NHS Federated Data Platform (FDP), which is being implemented to securely connect and unify data across NHS organisations. Its purpose is to turn fragmented information into actionable insights that improve care, efficiency, and planning.

WTA Partners: Where do you see the most significant opportunities for AI and automation emerging in healthcare, given these structural differences? Does the centralised nature of the UK's health data offer an inherent advantage for AI development?

Tim Quainton: Absolutely. The UK's, theoretically, unified dataset for sixty million people is a phenomenal asset for AI. It offers the potential for large-scale research, drug discovery, and population health management that is far more difficult to achieve in the US due to data being siloed. We're already seeing the impact of AI in areas like digital imaging and scribing, which have revolutionised efficiency and accuracy. Digital imaging, for example, now provides instant access to X-ray and scan results, with AI systems rapidly identifying anomalies, significantly reducing diagnostic time and human error. The Royal Pharmaceutical Society in January 2025 issued a policy that recognises the potential AI has to transform the way that pharmacists and pharmacy teams work to improve the safe and effective use of medicines.

Beyond these, automation is addressing critical staffing shortages, especially at lower grades. We're observing the implementation of self-check-in kiosks and even robotic guides in large US hospitals to manage patient flow. While some roles might be redefined, the goal isn't necessarily replacement but augmentation - allowing skilled professionals to focus on higher-value tasks, much like surgeons utilise robotic assistance. This shift towards AI and automation in core clinical and operational workflows represents a significant area of investment and innovation.

WTA Partners: That's a compelling vision. However, large-scale technological adoption in healthcare often faces significant hurdles, whether due to budgetary or managerial concerns. What are the main challenges you see preventing the full adoption of such technological advancements, particularly within the NHS?

Tim Quainton: The NHS faces deeply entrenched systemic challenges. Firstly, there's a pervasive blame culture especially in high-pressure areas and a strong resistance to change in some areas, compounded by insufficient funding for crucial change management initiatives. This often manifests as an inability to move beyond "that's how we've always done it" mentalities, even when more efficient solutions exist.

Secondly, a significant brain drain is underway, with over 4,000 Doctors leaving the UK in the last year to practice abroad. In addition, remote working capabilities mean staff in specialised areas such as clinical coding can command higher salaries from London-based hospitals while living in regions with a lower cost of living. This creates critical skills gaps across the country.

Thirdly, and perhaps most crucially, the NHS is currently navigating one of the most financially constrained periods in its history, with systemic cost-saving demands across every level of operation leading to staff cuts and procurement reductions. This short-term financial squeeze stifles long-term investment in necessary infrastructure and innovation. Moreover, there's a tendency to 'throw' technology at problems without a clear strategic vision for consistent, enterprise-wide implementation. You still see legacy Windows systems in use, even in supposedly leading institutions, indicating a lack of a cohesive digital strategy, robust infrastructure and constrained budgets.

Finally, the procurement process within the NHS is incredibly bureaucratic and costly. For any new technology, especially those above £5,000 in the current climate, approval can require multiple layers of sign-off, from hospital boards to ICBs and potentially even the Treasury. For a startup, bidding for a larger contract can cost tens or hundreds of thousands of pounds with no guarantee of success, creating an almost insurmountable barrier to entry. Compounded by the need for reference sites, this discourages innovation and the adoption of potentially transformative solutions.

WTA Partners: Those procurement barriers sound particularly challenging for emerging Healthtech companies. What advice would you offer to an entrepreneur looking to establish themselves in the UK's Healthtech industry, given these realities? Is it truly an uphill battle?

Tim Quainton: It is undeniably an uphill battle, and frankly, I wouldn't advise someone to enter this space right now with the expectation of making a rapid return, especially in the UK. The market size in the UK is finite, and you're competing against large global players with hundreds of millions in private equity investment, particularly in areas such as AI. Nevertheless, for established market players with proven solutions and contracts, the market continues to provide opportunities with significant annual spend.

The key challenge for any new entrant with or without significant backing is referenceability - having a proven track record. You might secure a pilot site, but often you'll need to give your software and services away for free or at minimal cost to secure this first site (which may only cover a small functional area or department within a hospital). Moving from a pilot to widespread deployment is fraught with procurement rules and funding constraints. The NHS's complex, fragmented procurement means you might invest substantial resources bidding for a single trust, only to find the process needs to be repeated across 200+ organisations. Without deep pockets or the backing of a larger entity, it's incredibly difficult to scale.

The industry needs a fundamental shift from the need to deploy and procure the perfect system to one that embraces calculated risk and agile implementation, understanding that a '90% solution' delivered quickly often provides more value than a 'perfect' one that never materialises. Until there's a systemic overhaul of funding, culture, and procurement, the path for new Healthtech innovators in the UK remains exceptionally arduous.

WTA Partners: Thank you for your insights and highlighting both the immense potential and the significant hurdles in the Healthtech sector. Your candour is appreciated.

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