

Category Confusion: The New Wave of Healthcare IPOs

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What's in a category? Communications lessons from our newest public market entrants.

While we sit mesmerized by the debacles underway with some of the most recent tech IPOs, there's another dynamic at play: a new acceleration in tech-enabled healthcare companies entering the public market.

This year alone, we've seen healthcare company IPOs from Phreesia, Health Catalyst, Livongo, and Change Healthcare, with new entrants like Peloton soon to join the list. Some herald this as "[the year of the digital health IPO](#)," yet those of us in healthcare have to wonder: are these all really digital health companies? What, after all, does it mean to be in that category?

Historically, publicly-traded healthcare companies were predominantly provider organizations, pharmaceutical and life sciences companies, and health plans, with some additional early players in the healthcare data space. These were broadly defined, yet well-established categories. But as new technologies have proliferated in healthcare, that landscape has quickly changed.

Perhaps the most interesting thing to observe in this melee is the nature of categories. We humans love to categorize things. On one hand, it's essential for survival; without categories, we'd be unable to process information or communicate. Yet at the same time, in the case of this new wave of IPOs, I argue that such a simplified categorization schema may do more harm

than good.

How can you truly bucket Peloton, a consumer-oriented indoor bike and fitness platform, with Health Catalyst, a data and analytics platform for healthcare providers? Or, to take a less obvious set, try to compare Health Catalyst with Livongo, a platform for chronic condition management that's sold into employers and health plans.

Analysts are quickly deciphering the nuances between these companies. Aside from having fundamentally distinct business models, they'll will be impacted differently by shifts in healthcare policy and consumer preference. Lumping them together runs the risk of misleading potential investors and obscuring the differential risk levels within each.

The healthcare IPO rush is not expected to abate, and therefore the category confusion will continue. Especially in healthcare, true categories are multilayered, fluid, and complicated. As we watch new IPOs emerge, investors and communications pros alike will be wise to remember:

1. A true category is a set of solutions that solves a specific market challenge – not a buzzword or undefined collection of misfit toys.
2. Subcategories can establish differentiation and drive clarity, but must have more than one player within.

Balancing between the general and the specific is difficult, but it's our job. We must be adept at quickly zooming out to the big picture *and* comfortable zoning in on what is unique. As more healthcare IPOs hit the market, we can hope for a middle ground: a recognition that there's a broad industry shift afoot in healthcare, with an eye to the diversity of operations and audiences that makes this industry so captivating.

About the Author: Shannon Hooper is a healthcare innovation enthusiast and student of healthcare's ever-shifting business models. As EVP and Chief Growth Officer at [ReviveHealth](#), Shannon is responsible for the agency's overall corporate strategy and growth. Her decade-plus of expertise in health technology also positions her as a key subject matter expert and strategist for clients' complex communications and brand challenges. Shannon is currently getting her MBA at Duke University's Fuqua School of Business.