



3 Reasons Telus's (TSX:T) Healthcare Venture Is Great for Investors

Description

It may be fair to say that **Telus** ([TSX:T](#))([NYSE:TU](#)) investors bet on the company for its attractive dividend and market dominance. As one of the three largest telecommunications players in Canada, the company has enviable pricing power and handsome margins, which are reflected by its 5.9% dividend yield.

However, unlike its rivals, Telus isn't satisfied with the status quo and has been heavily investing in diversifying its business model beyond mobile and television subscriptions. Specifically, Telus has been focused on leveraging its digital infrastructure to revolutionize Canada's healthcare system.

Since 2007, the company has been steadily acquiring healthcare businesses and deploying new technology to create what it calls a "virtual healthcare platform," where patients can interact with their physicians over video calls and chat apps, while sharing data remotely.

It's also in process of deploying a mobile health "clinics-on-wheels" program as well as [a network of boutique health clinics](#) across the country. Telus has made serious efforts to create a tech-driven healthcare solution that can reduce costs, increase efficiency, and make medical attention more accessible across the nation.

This pivot to healthcare has been attempted by other global telecoms like **Vodafone** and **Deutsche Telekom AG**, but Telus's strategy seems more comprehensive and unique than its rivals.

Here are three reasons investors should be glad about the company's new venture.

Diversification

By adding healthcare to the mix, Telus is diversifying its service portfolio beyond wireless communications, internet service, and TV subscriptions. A new segment helps protect the company from a sudden disruption in the telecom sector. And with its oligopolistic structure and high margins, the telecom sector is particularly ripe for disruption at the moment.

Growth

As people live longer and the country's median age moves up, the demand for healthcare is expected to rise steadily for the foreseeable future. Meanwhile, Canada's healthcare system is highly fragmented between various provincial, territorial, federal, and private systems.

The healthcare sector also has a low base of digital technology adoption. Care providers and government agencies across the country rely on legacy infrastructure and antiquated paperwork procedures. The high costs, high demand, and low digitization of the space make it the perfect growth opportunity for companies like Telus.

Brand building

Finally, providing healthcare services closely aligns with Telus's socially responsible brand. Users and investors recognize the company's philanthropic and community-driven efforts. A focus on the community's welfare is one of the firm's core values. In 2010, Telus became the first Canadian company to win the Outstanding Philanthropic Corporation awarded by the Association of Fundraising Professionals

With this in mind, deploying digital tools to lower the costs, enhance efficiency, and improve accessibility in Canada's healthcare sector could help the company build enormous goodwill over time. If the venture has a tangible impact on people's well-being, the Telus brand will be heavily bolstered, making it easier for it to attract talent and investments in the future.

Bottom line

Telus's healthcare venture may be in its earliest phase at the moment, but over time it could help the company protect its business model, sustain growth, and cement its reputation. Ultimately, I believe investors will benefit from this savvy strategic move.

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