The War in Canada’s Telehealth Space Is Heating Up!

Description

Even though the COVID-19 pandemic has disrupted several economies, it has given a much-needed boost to some unorthodox businesses. Telehealth is one of them. While there was a limited usage of telehealth before the pandemic, Canada has seen a notable acceleration in that space in the last couple of months.

What is telehealth?

Telehealth is an emerging trend that distributes healthcare beyond the hospitals’ walls, with the help of video chats or teleconferences. The technological infrastructure will lower the overall medical treatment cost, and one can get it anywhere, anytime. According to Markets and Markets’s research, the telehealth market is expected to grow to US$55.6 billion by 2025 — a staggering growth rate of approximately 17% compounded annually.

No wonder large investors have attracted to this emerging health care space. **Loblaw**, the country’s largest food and pharma retailer, recently invested $75 million in a telehealth company — Maple. Maple offers online consultations with the help of a mobile or a computer app. Under the deal, Maple will provide virtual care to Loblaw’s Shoppers Drug Mart customers.

Telehealth in Canada

Canadian healthcare lags when it comes to the use of technology. With a country of a higher portion of the elderly population, and given the technological lag, Canada is a hot destination for this industry to flourish. So, a rising number of corporate investments is certainly an encouraging development for all the stakeholders.

We might see more of such deals in the near future, as the pandemic continues to boost the telehealth space. Importantly, the telehealth thing will likely keep on growing even post-pandemic, mainly because of its economic benefits and convenience.

Shares of the telehealth and related companies have also been on the rise in the last few months. **WELL Health Technologies** (TSX:WELL), which operates healthcare facilities and electronic medical records, has become more than a billion-dollar company after an almost 400% stock price surge this year. It connects more than 2,000 clinics in Canada and has 15 million registered patients. The company is expanding in the U.S., which is already seeing faster growth in the domain.

CloudMD Software & Services offers SAAS (software as a service) and digitizes the healthcare distribution. It currently provides services to almost three million patients and has 376 clinics onboard. CloudMD stock has soared more than 600% so far this year.

Canadian telecom giant **Telus** is another big fish that has entered the telehealth race. Last year, Telus Health bought Akira that provides an on-demand virtual-care solution. Importantly, with the advent of 5G technology, Telus could reap some significant synergy benefits in the long term.

Final thoughts

Though there has been a flurry of players on this bandwagon, the telehealth market is still in its embryonic stage. Various research estimates paint a rosy picture for the industry, but it will take years to unleash its full potential.

However, higher investments will lead to technological developments, which will increase affordability. The above-mentioned telehealth stocks seem like risky bets at the moment. But it won't be a surprise if, after 10 years or so, these companies are sitting at multi-bagger returns, just like these hot tech stocks today.

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