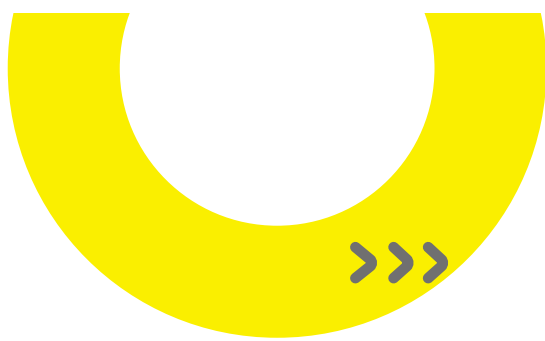




HEALTHTECH

Vol 1.

The Collaborative Path to Healing:  
**Asian Healthtech Solutions  
for Latin American Realities**



Since the COVID-19 pandemic took the world by storm, healthcare technology has gained new prominence in startup ecosystems across the world, and Latin America is no different. 'Healthtech' has essentially become the new buzzword among investors, and entrepreneurs are scrambling to come up with innovative solutions to help healthcare systems cope with the challenges and rising demands exacerbated by the scourge of COVID-19.

In Latin America, where basic infrastructure is lacking, healthcare systems and populations took a huge hit when the pandemic arrived. As of March 2021, the COVID-19 death toll in the region has exceeded 700,000.<sup>1</sup> Mexico, for instance, has the second-highest case fatality rate (number of COVID-19 related deaths out of total COVID-19 cases) in the world, at 9%, coming only after Yemen's 22.5%. Ecuador came in 6th, with 5.3%.<sup>2</sup>

In contrast, most Asian governments' swift response to the outbreak has allowed for a largely successful containment of the virus. In China,

where the outbreak first began, local virus transmissions are near zero, and markets, bars, and restaurants are teeming with life once again.

**In stark contrast, Singapore saw 30 deaths out of just over 60,000 cases, an effective case fatality rate of 0%. Out of the ten economies with the lowest numbers of deaths per 100,000 population, five are in Asia: Vietnam, Taiwan, Thailand, Mongolia and China.**

As innovative healthtech solutions continue to pave the way for Asia's successful battle with COVID-19, it is prime time for the region to look outward and collaborate with other regions that are struggling. As Latin America continues to grapple with a grim reality, Asian healthtech solutions and partnerships could provide a collaborative path to healing. The pandemic - any pandemic, in fact - knows no borders, and the only way we can overcome it is if we do so together.



1. <https://www.bangkokpost.com/world/2080627/more-than-700-000-covid-19-deaths-in-latin-america-afp-tally>  
2. [https://en.wikipedia.org/wiki/COVID-19\\_pandemic\\_by\\_country\\_and\\_territory#Cases\\_and\\_deaths\\_by\\_region](https://en.wikipedia.org/wiki/COVID-19_pandemic_by_country_and_territory#Cases_and_deaths_by_region)  
(data taken from the Johns Hopkins University Coronavirus Resource Center)  
3. <https://www.nytimes.com/2020/08/23/world/asia/china-coronavirus-normal-life.html>

## Latin America's healthcare woes/lack of infrastructure

Latin America is home to some of the least efficient healthcare systems in the world. The region has an average of 2 doctors per 1000 population, with most countries standing below the OECD average of 3.5.<sup>4</sup> The average number of hospital beds is 2.1 per 1000 population, compared to the OECD average of 4.7.<sup>5</sup>

**Latin America also has a much lower availability of medical technologies than the OECD.<sup>6</sup> While the region has seen a huge improvement in terms of basic health indicators in the past two decades, non-communicable diseases such as cardiovascular diseases and cancers continue to contribute to 82% of all deaths, reflecting the low quality of preventive and curative care.<sup>7</sup>**

Latin America's decentralised and fragmented health systems are a huge source of inefficiency and waste, given that most countries have subsystems with duplicate functions.<sup>8</sup> Weak health information systems also hold the region back from gaining a better understanding of how resources can be more efficiently allocated.<sup>9</sup> Across the region, 42% of people consider the health sector to be corrupt, with bribery rates in public health centres reaching 11%.<sup>10</sup>



**In this climate of inefficiency, distrust, and weak infrastructure, Latin America's health systems were severely underprepared for the arrival of the Covid-19 pandemic. Towards the end of 2020, the number of cases in the region exceeded 10 million, with Brazil, Mexico, Chile, Argentina, and Peru being among the top 10 countries in the world with the most number of confirmed cases.<sup>11</sup> As the region continues to grapple with the effects of the virus, innovative solutions to help the health sector cope with the**

4. <https://www.oecd-ilibrary.org/docserver/6089164f-en.pdf?expires=1616120114&id=id&accname=guest&checksum=B097D4C2B432AA20ED5F85F94C46B350>

5. Ibid

6. Ibid

7. Ibid

8. Ibid

9. Ibid

10. Ibid

11. <https://www.aa.com.tr/en/americas/latin-america-s-covid-19-cases-exceed-10-million/2004252> ; <https://www.bbc.com/news/world-latin-america-52711>



While the VC and entrepreneurial scenes in Latin America have trailed places like the US, Europe and Asia, in the past couple of years, industry insiders and intrepid observers have started to see budding signs of life in the healthtech space. Such developments have only been accelerated by the devastating impact of the COVID-19 pandemic on the region, driving home the message that more immediate, more innovative, and more local solutions were needed to address the chronic failings of local healthcare systems and the urgent needs of local

populations. For instance, the Americas Continental Health Alliance (ACHAlliance) was established in January 2021, with a focus to support the development of technological solutions and the establishment of a 'Connected Health' ecosystem in the region, partly inspired by the European Connected Health Alliance (ECHAlliance).

As the region's largest economy and largest healthcare market, Brazil is understandably leading the region's healthtech push. According to the Brazilian open innovation platform Distrito, the number of healthtech start-ups in Brazil increased from 160 in 2014 to 386 in 2019. Staggeringly, cofounder Gustavo Araujo estimated that two new healthtechs are founded every week in the country, with the main segment of focus being telemedicine.<sup>12</sup>

**Moving on to Spanish-speaking LATAM, the frontrunners are undoubtedly Mexico and Chile. According to Crunchbase, who has identified at least 142 high-growth healthtech start-ups in the region, 37 were in Mexico and 21 in Chile. Mexico's positioning comes as little surprise given that the country ranks after Brazil as the second-largest economy and healthcare market, but Chile's achievement can be attributed to the relatively more developed start-up and healthcare ecosystems in the country.**

Chile's government-funded accelerator entity, Start-Up Chile, has been globally acknowledged for its pioneering approach to attracting and soft-landing entrepreneurs from all over the world. In 2019, the Chilean government also launched its 'Digital Hospital' initiative<sup>13</sup>, with a focus initially on facilitating the detection and diagnosis of various cancers, especially in rural areas where access to medical services is difficult.

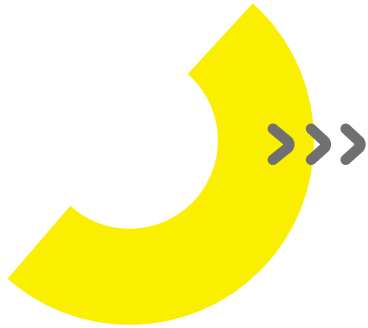
That said, one of the top healthtech start-ups in the region hail from Colombia. E-pharmacy chain Farmalisto closed a whopping USD 18 million in a Series B round in December 2020, the highest known funding amount for a healthtech start-up in the region. (Full disclosure: Latin Leap founding partner Stefan Krautwald is a cofounder of Farmalisto.)

However, while the region is off to an encouraging start, it still has far to go. Notably, it still lacks a unicorn in this segment, and LATAM faces a classic chicken-and-egg problem: insufficient capital, not enough start-ups. According to the Association for Private Capital Investment in Latin America (LAVCA), healthcare in general represented only 7 percent of VC deals in 2020, placing it a distant runner's up behind the leading sector of fintech, which accounted for 22 percent of all VC deals that year. Given the highly regulated and conservative nature of healthcare, playing within the sector requires a certain amount of sector knowledge and experience, for both entrepreneurs and investors, meaning a steep learning curve awaits ahead.

## Latin America's growing healthtech scene



12. <https://labsnews.com/en/articles/business/health-tech-boom-latin-america-brazil/>  
13. <https://www.hospitaldigital.gob.cl/>



## Asia's stellar healthcare system and rapid/innovative healthtech developments



In stark contrast to Latin America, many Asian countries score extremely highly on a number of healthcare metrics. According to the Bloomberg Health Efficiency Index, for instance, Asian countries generally rank amongst some of the most efficient healthcare systems in the world, and this leadership position was even more marked after 2020, given the stellar performances of Asian countries like China, Singapore, Vietnam, Japan and South Korea in combating, controlling and curbing the COVID-19 pandemic.

**In the same vein, the healthtech scene in Asia is booming, with hotspots in China (the world's second-largest healthcare market), India, Singapore and South Korea. According to Galen Growth, a Singapore-headquartered digital health consultancy, around USD 6 billion was deployed across 306 deals in the region. A staggering 80% of that went to China, with India**

**third, at around 3.8% - rather impressively for a country of just 5.7 million. Start-ups exist in virtually every healthtech niche, from telemedicine to health management solutions, insurtech to remote patient monitoring, wellness to clinical trial solutions, though telemedicine, medical diagnostics and online marketplace solutions rank amongst the most popular.**

The region benefits from a number of extremely supportive factors. Firstly, a huge talent pool abounds in the region. Singapore has been the regional headquarters for a significant number of the world's largest pharma, medical devices and other healthcare companies, many of whom also established R&D and manufacturing operations in the tiny island-state. In the past decade or so, China has seen an overwhelming influx of so-called 'sea turtles', referring to the generations of Chinese talent that started leaving China in the late-70s and 80s and subsequently returned to China after the 2008-9 global recession, bringing back decades of academic and industry experience with them.

Supportive government initiatives - the prime example being China's USD 9 billion Precision Medicine Initiative, launched in 2016) - and a huge influx of investor cash - China is the second-largest VC market in the world, after the US - have also fertilized the regional healthcare innovation ecosystem. In addition, the Asian propensity to not only accept but embrace new technology. Asian economies have led the world in digital transformation for a few years now, with technology penetrating all aspects of daily life in the region far more deeply than in most other parts of the world\*, paving the way for the growth of healthtech start-ups.

In Southeast Asia, particularly, healthcare investment has grown at a CAGR of 63% in the past five years, reaching around USD 244 million in 2020, the vast majority going to Singapore and Indonesia, according to Galen Growth. Some of the largest deals in 2019 include a USD 65 million Series B investment in Indonesian healthtech platform, Halodoc, which connects patients with doctors, insurance providers, laboratories and pharmacies in a single handy mobile application, and a USD 35 million Series B round in digital therapeutics player, Biofourmis, which was initially founded in Singapore but has since moved its headquarters to the US.



## The case for Asia-LATAM healthcare collaboration

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At first glance, Latin America and Asia seem to be extremely unlikely partners for any sector, much less healthcare, separated as they are by geography, language, and culture. However, as two rapidly growing emerging markets, the two regions share many more similarities than meet the eye. Beginning with the positives, both regions have growing and relatively younger populations, high Internet and mobile penetration rates, and a large consumer base willing to test and adopt effective digital solutions to perennial problems. But both regions also face similar species of difficulties in healthcare: fragmented, inefficient and disorganized public healthcare systems, an unhealthy dose of corruption, a relatively young healthcare entrepreneur ecosystem, and relatively dispersed populations, where a significant proportion live outside urban centers and therefore face challenges accessing quality healthcare in time.

That being said, Latin America has a lot to benefit from Asian start-ups, especially those coming from Southeast Asia. As a rule of thumb, emerging markets tend to develop solutions better suited for emerging markets. Aside from cost concerns, which are certainly not trivial in a region that continues to spend less than the OECD average on public healthcare as a percentage of GDP, emerging market technologies are more likely to take into account market realities and integrate more smoothly into emerging market infrastructure.

**At Latin Leap, our hypothesis is that Southeast Asian technology start-ups are generally around five to eight years ahead of Latin America in terms of maturity and fundraising. This also applies to healthtech, where Southeast Asian start-ups are running Series B and Series C rounds and beginning their internationalization journeys, a step or two ahead of Latin American start-ups, typically still in seed rounds (at least outside of Brazil). This represents a rare window to bring Southeast Asian healthtech into Latin America to help the region leapfrog in its technology and ecosystem development and to learn from the experiences of these start-ups on their home turf.**

What is in it for Southeast Asian start-ups, however? Besides the opportunity to access a vast market of over 652 million people, about two-thirds of which speak Spanish, the top five Latin American economies (Brazil, Mexico, Argentina, Colombia and Chile) have higher GDP per capita and healthcare spending per capita than most of the top Southeast Asian countries (Indonesia, Thailand, the Philippines and Vietnam, with Singapore being the exception). The market potential is therefore significant and while expanding into a far-flung region may seem daunting on the surface, the barriers to entry are far from insurmountable, especially with a trustworthy local partner. Of course, being able to demonstrate successful use cases across two continents will also increase the global relevance and value of a start-up.

Ultimately, by embarking on a collaborative path to healing, both regions can contribute not only towards the immediate global pandemic response but also the longer term problem of inefficiency and unsustainability within many Latin American healthcare systems.



## About Latin Leap



Latin Leap is a unique Venture Capital Studio that aims to soft-land purpose-driven tech scale-ups in Latin America. With a focus on tech scale-ups from Asia, Latin Leap provides a full suite of soft-landing services to facilitate expansion in the Latin American region. Latin Leap's viable soft-landing model connects expanding businesses to the relevant corporate, public sector, media, and talent networks in Latin America while helping them navigate regulatory procedures and localize their operations - particularly crucial in the healthcare space, which is intrinsically very local.

Latin Leap is an official in-market consultant for Colombia of Enterprise Singapore and a proud member of the Singapore Venture Capital Association. With strong roots in the Singaporean start-up ecosystem, Latin Leap is in a prime position to serve as a gateway to Latin America for Southeast Asian tech companies looking to set foot in the region.

### Internationalize your business and expand your network with us!

Latin Leap is looking to partner with promising tech scale-ups that are ready to embrace the vibrant Latin American market, as well as fellow investors and venture capital studios that want to participate in the exciting market growth in Asia and Latin America.

Whether you are a tech company seeking to internationalize in the Latin American region, or a venture capital firm looking to expand your network and portfolio of companies, we would love to hear from you! For healthtech start-ups specifically, reach out to us at [accelerate@latinleap.vc](mailto:accelerate@latinleap.vc) and for any other start-ups, reach out to us at [contact@latinleap.vc](mailto:contact@latinleap.vc).

For more information on Latin Leap, visit our website at <https://latinleap.vc/>.