What the Earnings Calls Are Really Saying About the Next Decade of Health Tech

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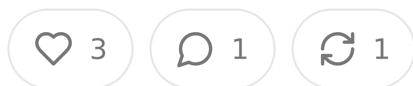

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Abstract

• This essay synthesizes raw earnings call transcripts and management comment from large healthcare incumbents and scaled consumer health companies.

• It focuses on what these executives and analysts reveal unintentionally about incentives, constraints, and where capital will actually flow.

• The goal is to help health tech angel investors, current or aspiring, think more clearly about early stage risk, timing, and startup selection.

• The tone is casual but the content assumes deep familiarity with healthcare economics, enterprise selling, and venture dynamics.

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Why earnings calls are the most underused diligence artifact in health tech

Most early stage health tech investing starts in the same places. Founder intros. days. Warm decks. A convincing story about why this time is different. Very littl starts with listening to what the actual buyers are saying when they are forced t honest. Earnings calls are not marketing. They are not recruiting pitches. They a visionary keynotes. They are executives being interrogated by people who are pa be skeptical, with legal and financial consequences if they get too cute with the

That is why they matter so much. Earnings calls compress incentives. They surfa tradeoffs. They reveal where leadership teams are under pressure and where the have room to experiment. If you want to understand what kinds of startups will bought, renewed, expanded, or quietly sunset, you could do a lot worse than rea transcripts from the last few quarters of payer, provider, and scaled health tech companies.

What strikes me every time I go back to these transcripts is how consistent they Different companies, different business models, same themes. Cost pressure. La pain. Administrative drag. Regulatory uncertainty. The language changes slightl the math does not. For an angel investor, this consistency is a gift. It means you pattern match. It means you can separate structural demand from temporary hy

There is also a humility that comes from this exercise. You realize how little pat the system has for novelty that does not translate into margin or risk reduction. also realize how slowly even good ideas move once they hit enterprise reality. If are going to invest early, you need to be comfortable living in that tension.

The end of AI as a product and the rise AI as infrastructure

A few years ago, every earnings call had a section where management felt obliga say the word AI. It was usually vague. Something about leveraging advanced ana or exploring machine learning to enhance the customer experience. That phase i What has replaced it is much more interesting and much more dangerous for founders.

Today, when AI shows up in earnings calls, it is almost always attached to a very specific operational outcome. Reduced call handle time. Higher claims auto adjudication rates. Faster prior authorization decisions. Lower administrative c member. Nobody is applauding. Nobody is excited. This is AI as plumbing.

For startups, this changes the game. Buyers no longer want tools that demonstra intelligence. They want systems that disappear into workflows and quietly make something cheaper or faster. They want reliability, auditability, and integration. want to know what breaks when the model is wrong and who is liable.

For angels, this is a warning sign and an opportunity. The warning is that many first pitches will not survive first contact with procurement. The opportunity is truly useful infrastructure companies will look boring early and compound quie over time. The trick is being able to tell the difference before the revenue shows

What payers keep telling us, even whe they do not mean to

Listening to payer earnings calls is like listening to someone describe a house fi very polite language. They talk about medical cost trends, membership mix, regulatory headwinds, and administrative efficiency. Underneath all of it is a sin problem. The machine is expensive to run and getting more complex every year.

One of the most important shifts in recent commentary is how often payers talk lifetime value and net present value of members. This is not accidental. It reflec move away from growth at any cost and toward growth that actually makes mon over time. That has massive implications for startups selling into this space.

If your product increases engagement but does not change utilization, it is goin struggle. If it improves satisfaction but not retention or star ratings, it is going t struggle. The bar is higher now. Payers are asking not just does this work, but d this bend the curve in a way that survives scrutiny from regulators and analysts.

Another theme that comes up repeatedly is administrative simplification. This i about better UX. It is about fewer touches, fewer exceptions, fewer humans in t loop. Startups that understand this and design accordingly have a shot. Startups fight it by adding layers of insight without removing work will be politely ignor

Providers are rational actors trapped i bad math

Provider earnings calls are often misread as conservative or uninspired. I think t unfair. Providers understand their problems very well. They talk openly about l shortages, wage inflation, payer behavior, and margin compression. What they d have is optionality.

When a hospital operator talks about investing in technology, it is almost always framed around throughput, revenue integrity, or cost control. Length of stay.

Operating room utilization. Denials. Staffing ratios. This is not because they do care about innovation. It is because the math does not allow for much else.

For early stage companies, this means two things. First, the willingness to pay is if you can show hard ROI. Second, the tolerance for disruption is low. Anything adds steps, training burden, or risk will face resistance.

As an angel, you should be deeply skeptical of provider tech pitches that rely on behavior change without enforcement or automation. Hope is not a strategy whe margins are thin and burnout is high.

Scale breaks everything: lessons from CVS and UnitedHealth

Large integrated healthcare companies are fascinating to watch because they experience every problem at once. CVS and UnitedHealth are not just big. They complex to the point of fragility. Earnings calls from these companies increasing reflect a desire to simplify, rationalize, and regain control.

This creates a strange dynamic for startups. On one hand, these companies are desperate for solutions. On the other, they are allergic to adding new vendors. T prefer consolidation, internal build, or acquisition of mature assets.

The opportunity for early stage investors lies in understanding where these gian cannot move fast enough. Internal politics, legacy systems, and regulatory expos slow things down. Startups that wedge into specific pain points and prove value before being noticed have a chance. Those that try to sell a platform vision too e usually die.

Hims and Hers and why verticalization back

In contrast to the giants, Hims and Hers represents a different path. Instead of t to integrate into existing complexity, it built its own controlled stack. Fulfillmer

supply chain, clinical operations, and software are tightly linked. This is not accidental. It is a response to margin pressure and differentiation risk.

Verticalization fell out of favor for a while because it is hard. It requires capital. invites regulatory scrutiny. But it also creates leverage. When done well, it allow faster iteration, better economics, and defensibility that pure software struggles achieve.

For angels, this is a reminder not to be dogmatic. Asset light is not always better right question is whether the team understands the operational and regulatory b they are taking on and whether the payoff justifies it.

Startup archetypes that survive this environment

Once you internalize the constraints and incentives showing up repeatedly in ea calls, certain startup archetypes start to feel almost inevitable. These are not tre the TechCrunch sense. They are shapes that emerge when capital, regulation, an operational pain collide. They are also the kinds of companies that often look unglamorous early and deeply obvious in hindsight.

One archetype that keeps resurfacing is what I think of as the administrative dra plug. These companies do not promise transformation. They promise removal. Removal of touches. Removal of manual review. Removal of rework. Removal of ambiguity. In payer contexts this shows up around claims, utilization manageme enrollment reconciliation, risk adjustment chart work, and member service operations. In provider contexts it shows up around denials management, eligibi verification, coding validation, and referral leakage. These companies win not be they are loved but because they are hard to argue with. If you can show a credibl reduction in cost per unit of work and do it without blowing up compliance, you meetings. If you can do it twice, you get expanded.

The reason this archetype survives is that it maps directly to what CFOs are talk about when they are under pressure. Administrative cost is one of the few levers

healthcare organizations feel they can still pull without triggering public backla
No one rallies around preserving inefficient back office workflows. That makes t
budgets politically safer than most people realize.

Another archetype is the margin defender. This is most visible on the provider s
but it exists elsewhere too. These startups focus obsessively on revenue that shou
already exist but is at risk of being lost. Denials prevention, undercoding detecti
missed charges, contract compliance, out of network exposure. The pitch is rare
exciting. The numbers usually are. These companies tend to sell into finance and
revenue cycle leadership rather than innovation teams. They face slow procurem
but strong internal sponsorship once value is proven.

What makes margin defenders interesting from an angel perspective is that thei
stories tend to get stronger as macro conditions worsen. When volumes flatten a
labor costs rise, protecting existing margin becomes urgent. This creates a kind
countercyclical demand that is rare in health tech.

A third archetype that keeps emerging is the vertically integrated operator
masquerading as a software company. These startups often lead with technology
quietly build or acquire operational capabilities underneath. Fulfillment, logisti
clinical services, even manufacturing in some cases. The technology enables scal
personalization, but the moat is control over the end to end experience and
economics.

This archetype scares traditional investors because it violates neat categories. It
pure SaaS. It is not pure services. It lives in the messy middle. But the earnings c
from scaled consumer players make it clear why this approach is gaining tractio
Software alone does not protect margin when inputs are volatile and regulation i
heavy. Owning more of the stack can.

The risk here is obvious. Execution risk is high. Capital intensity is higher. Regu
exposure is real. As an angel, the question is not whether this model works in th
It is whether the specific team understands operations deeply enough to survive
contact with reality. When they do, the upside can be meaningful.

Failure modes that are becoming more common, not less

For every archetype that works, there are multiple ways things go wrong. Earnin calls are full of hints about these failure modes, usually expressed as cost rationalization, portfolio review, or strategic focus. Translation: a bunch of initi did not make the cut.

One increasingly common failure mode is what I call insight without authority. are products that generate interesting analysis, recommendations, or prediction have no ability to enforce action. In theory they empower users. In practice they noise. In environments where clinicians and operators are already overloaded, optional insight is easy to ignore. Earnings calls make it clear that buyers are prioritizing tools that act, not just advise.

Another failure mode is regulatory optimism. This shows up most often in consu health and anything adjacent to pharmacy, diagnostics, or novel care models. Ea growth can be explosive. CAC looks great. Retention looks great. Then regulato notice. Or partners get nervous. Or reimbursement assumptions change. Sudde model looks fragile. Earnings calls from large incumbents increasingly reflect a cautious posture around regulatory exposure. Angels should internalize that cau

A third failure mode is mistaking access for advantage. Many startups believe th having access to data creates defensibility. Incumbents hear this and shrug. Data abundant. The challenge is governance. How data is used. Who touches it. How are handled. How audits are survived. Earnings calls make it clear that governan costs real money and attention. Startups that underestimate this pay later.

Where pricing, contracting, and budge ownership quietly kill most health tech startups

There is a reason pricing and contracting almost never show up in early stage he
tech conversations, and it is not because they are unimportant. It is because they
uncomfortable, unglamorous, and deeply uncool. Founders do not like talking al
them. Investors often do not understand them well enough to push. Buyers abso
understand them and use them as a filtering mechanism. Earnings calls are full o
indirect references to this reality, usually disguised as comments about disciplin
prioritization, or focus on core initiatives.

If you want to understand why so many health tech startups stall after early trac
you have to understand where money actually comes from inside large healthcar
organizations and how hard it is to move. There is no such thing as a generic
healthcare budget. There are hundreds of budgets, each owned by someone with
incentives that often have nothing to do with innovation.

One of the biggest mistakes I see angels make is assuming that if a startup
demonstrates ROI, the money will appear. That is not how this works. ROI is
necessary but not sufficient. The buyer has to be able to pay for it without politi
pain. That means the solution has to map cleanly to an existing budget line or re
something else that already exists. Earnings calls make this painfully clear. Whe
executives talk about cost discipline, what they mean is that new spend must jus
itself by turning something else off.

This is why administrative automation is having a moment. Administrative budg
are large, recurring, and politically safe to reduce. Nobody gets fired for cutting
admin cost. Very few people get rewarded for funding experimental technology t
adds a new line item. If your startup requires a new budget, new headcount, and
governance structure, you are asking for a miracle.

Pricing models matter more here than most founders want to admit. Per membe
month pricing sounds nice until the buyer realizes it hits a budget they do not
control. Per transaction pricing sounds fair until volume spikes and finance pan
Outcome based pricing sounds aligned until legal and compliance get involved a
the deal drags for eighteen months. Earnings calls hint at this tension constantly

Executives talk about predictable cost structures, visibility, and risk managemer
That is pricing language.

For angels, this is a place to slow down and ask uncomfortable questions early. V
actually owns the budget? Is it ops, finance, IT, clinical, or some unholy committ
What happens when the product works and volume doubles? What happens if it
underperforms? Who is on the hook internally? Founders who cannot answer th
questions clearly are not ready, no matter how impressive the tech is.

Another subtle but important theme in earnings calls is vendor consolidation. L
healthcare organizations are tired of managing dozens or hundreds of point solu
They talk openly about rationalizing their vendor landscape. This creates pressu
startups in two directions at once. On one hand, it makes it harder to sell new tc
On the other, it creates opportunity for companies that can replace multiple ven
or become part of a core stack.

From an angel perspective, this means you should be wary of startups that positi
themselves as yet another layer. Ask what they replace. Ask how many vendors tl
eliminate. Ask whether they integrate into an existing platform or require a new
The answers matter more now than they did five years ago.

Contracting timelines are another reality check that earnings calls indirectly
reinforce. When executives talk about pacing, visibility, or back half weighting, t
are acknowledging that deals take time. Long time. Startups that assume rapid
enterprise rollout without accounting for contracting drag are fragile. Angels sh
expect timelines measured in quarters, not weeks.

This also affects how you think about burn and runway. A startup selling into pa
or large providers with twelve month sales cycles and six month contracting pro
cannot be run like a consumer app. The math does not work. Earnings calls shov
how slowly big organizations move even when they want to. As an investor, you s
sanity check whether the startup's capital plan matches that reality.

Finally, there is the question of who gets credit internally when something work
This sounds political, because it is. If a startup saves money but threatens a tean

relevance or headcount, it will face resistance. If it makes a leader look good, it w
spread. Earnings calls often reference leadership focus areas. Those are clues. St
aligned with executive priorities have an easier time surviving internal friction.

None of this is meant to discourage investment. It is meant to encourage realism
Pricing, contracting, and budget ownership are not afterthoughts. They are the g
Startups that understand this early can design products, go to market strategies,
pricing models that fit reality. Those that do not end up with great case studies a
revenue.

For angels, developing intuition here is a superpower. You do not need to be a
procurement expert. You just need to ask better questions earlier and listen care
to how incumbents talk about money when they are under pressure.

Portfolio construction for angels in a slower, harsher market

All of this has implications for how angel investors should think about portfolio
construction. The last decade rewarded speed and optionality. Many bets, small
checks, hope something hits. That approach is less attractive when timelines str
and follow on capital is more selective.

In a market shaped by the dynamics described above, concentration with convict
starts to matter more. That does not mean betting the farm early. It means doing
enough work to understand a startup's alignment with downstream incentives be
investing. It means fewer bets but deeper understanding.

Follow on strategy also becomes more important. Many of the companies that fit
surviving archetypes will take longer to show traction. Enterprise sales cycles ar
slow. Regulatory approvals take time. Angels who can support companies throug
these valleys add real value, both financially and reputationally.

It also means being honest about personal edge. If you have never sold into a pay
investing heavily in payer tech because it sounds important is risky. If you have l

inside provider finance or operations, that experience is an edge. Earnings calls reward specificity. Your portfolio should too.

Second order effects worth paying attention to

One thing earnings calls do particularly well is hint at second order effects. They rarely spell them out, but the implications are there if you listen closely. When p talk about automation reducing administrative workload, that has implications f labor markets. Fewer entry level roles. More pressure on middle management. Different skill requirements. Startups that assume abundant cheap labor to oper their models may struggle.

When providers talk about throughput and acuity mix, that has implications for delivery models. More focus on high acuity services. More pressure on post acut Startups operating in those ecosystems need to understand how incentives casca

When consumer players talk about owning more of the stack, that has implicatio suppliers and partners. Margin gets squeezed upstream. Data access becomes m restricted. Startups that rely on friendly partnerships may find those relationshi harden over time.

None of these effects are obvious in isolation. Together they shape the environm early stage companies are born into.

Closing thoughts on patience, power laws, and choosing your pain

It is easy to come away from all this feeling cynical. Everything sounds constrain Everything sounds slow. Everything sounds political. That is not wrong. It is also the whole story.

Healthcare still changes. It just changes in ways that reward patience, alignment operational competence. The power laws still exist. They just play out over longe and through less obvious channels.

For angel investors, the challenge is choosing where to feel pain. Do you want th of slow traction but durable value, or the pain of fast growth followed by regulat economic reality? Do you want to work hard early to understand incentives, or w hard later trying to rescue a misaligned bet?

Earnings calls do not give you answers. They give you clues. They show you wher pressure is building and where tolerance is thin. Listening to them carefully is o the best ways I know to invest with eyes open in this space.

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you might add having to navigate "My EMR will do that at some point". Fits your r about complexity and it's rational to some degree.

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