

AtonRâ Bionics Update: The FDA Move A Breakthrough Moment For Bionics

Contrary to what one might think, governments across the world are gradually becoming supportive of the Technology and Digital industry and political decisions in the last 12 months have had a tremendous and positive impact on many tech segments. Recent examples include:

1/ the US administration's decision to open up a specific bank charter to tech and fintech companies (a boon for our Fintech portfolio);

2/ government initiatives in numerous countries to foster mobile and digital payments at the expense of cash (a positive for our Mobile Payments portfolio);

3/ China, France and the UK's plans to end sales and production of fossil-fuel vehicles (California mulls a similar initiative) and to foster mass adoption of electric vehicles (a positive for our Innovation and AI portfolios).

It now looks like the US administration is determined to give a major boost to digital health as the FDA announced earlier this week a pilot program for nine tech companies (including **Apple, Alphabet's Verily, Samsung, Fitbit...**) designed to speed up approval and go-to-market processes for digital health products.

As a reminder, tech companies have been very active in the healthcare space recently, from Alphabet Verily's development of smart contact lenses and bioelectronic medicines to Apple's research on sensors for detecting [abnormal heart rhythms](#) and to Fitbit's sensors for [sleep apnea](#). These initiatives in healthcare make sense as they will probably help these companies strengthen their relations with consumers/users (Apple and Fitbit, for instance, will leverage any medical feature to sell an increased number of phones and wearables) and as healthcare represents a potentially large revenue driver for companies that, for some of them, struggle to find new sources of top line momentum.

The FDA fast-track procedure responds to the agency's "need to modernize our regulatory framework so that it matches the kind of innovation we're being asked to evaluate" and could encourage tech companies to become more ambitious in developing medical features for their traditional devices (smartphones and watches) and, why not, standalone medical devices.

In order to speed up their expansion, tech companies could consider taking over bionic device makers and digital health players. More specifically, the medical wearables segment (with cardiac or diabetes management devices for instance) could attract significant M&A attention in our view.

In the medium term, it is also highly likely that this FDA fast-track procedure will be open to an increasing number of companies, notably in the medical wearables segment, suggesting that a massive product launch cycle could be just ahead.

In all, the Bionics theme is about to enjoy a breakthrough moment, with a mix of innovations, new products and M&A speculation.