

Powering Institutional Clinical AI Success with Elad Walach, CEO of Aidoc

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Episode Highlights

- Elad and his co-founders took their AI experience from the Israeli Defense Force and started Aidoc after observing poor radiology workflow in leading hospitals
- Medical misdiagnoses are the third-largest cause of death in the US, but preventable with AI enablement
- A good clinical AI application is more than just an algorithm but rather also an engaging product that meaningfully changes workflow
- A product may not even be enough for slow-moving health systems - effective change management is often critical for successful implementations
- There is immense value-based potential in reimbursed algorithms, but leading vendors still have to prove meaningful ROI in a fee for service environment
- With transfer learning, Aidoc's foundation image model has so far proven to cut down new product development time from 1.5+ years to just a few weeks
- Foundation models may finally unlock broad-scale imaging AI adoption as they could address a substantial proportion of use cases
- An ecosystem of clinical AI vendors is likely to persist, but full stack, unified clinical platforms may prevail over AI marketplaces
- Hyperscalers are likely to be pivotal to provide the compute scale necessary for large AI deployments that on-prem hospital infrastructure can't support today
- Outside of large tech, many large corporates are likely to continue to partner in the space given the unique core competencies required for clinical AI

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Episode Transcript



Frederic Laurier (00:06):

Welcome to another episode of Crossroads by Alantra, where we explore the cutting edge of Digital Health innovation. In this session, we have the privilege of hosting Elad Walach, the CEO and founder of Aidoc, a trailblazer in clinical AI applications. Elad will walk us through the story of how he and his three co-founders set out to tackle one of healthcare's most persistent challenges - reducing medical misdiagnoses, which remain alarmingly common today. Elad will also shed light on why many health systems struggle to integrate multiple best-of-breed vendors, a challenge that inspired Aidoc to develop a comprehensive platform capable of seamlessly incorporating both their and third-party algorithms. We will close out this session by diving to the role the technology titans are playing in the clinical AI ecosystem. We hope you find this interview as enlightening and insightful as we did. Welcome to Crossroads.

(00:59):

Welcome all to another episode of Crossroads by Alantra. As part of our coverage of the radiology technology segment, we have the great pleasure of hosting Elad Walach, CEO of Aidoc. Elad and three other members of the Israeli Air Force Program, Talpiot, co-founded Aidoc in 2016. Aidoc has developed a medical imaging diagnostic platform which has received 17 FDA clearances to date, the most in the industry by far. It is used for radiology, cardiology, neurology, and vascular applications.

(01:29):

Joining me today on this episode is Darius Kuddo. Darius is an associate in our healthcare practice, and is jointly covering the radiology software sector with me. Thank you both for taking the time today. I really appreciate it.



Elad Walach (01:41):

Likewise. Excited to be here. Thank you for inviting me.



Frederic Laurier (01:44):

Coming out of the Israeli Defense Force, what was a genesis to create a radiology AI vendor? Tell us about the early days, please.



Elad Walach (01:53):

I think we're well beyond a radiology AI vendor at this point, I would say. We view ourselves more as a clinical AI vendor, but we can get more to that later. My dad was a scientist, and he worked at IBM Watson. He was one of the originators that pushed IBM Watson to go into health, IBM Watson Health.

(02:14):

When I went back home after a week in the service, he shared with me some of the things he saw in terms of care gaps. I always had this bug to go into healthcare. I was very fortunate to meet my co-founders. We were in the same program as you mentioned, in the Ministry of Defense. Immediately upon finishing service after nine years, we all had this shared passion of really doing something together, opening a startup, and going into healthcare.

Episode Transcript



(02:43):

As you can imagine, having nine years of service in the Air Force, heading an AI department there, you know really nothing about business, nothing about healthcare, and definitely nothing about US healthcare. One could ask, why did we even go, or how did we go on this journey? Basically, in the first year upon finishing the service, we spent a bunch of time in hospitals. A lot of it was in Sheba Hospital, which is the biggest hospital in Israel, but also great US hospitals, really trying to see the problems they had.



Frederic Laurier (03:16):

It sounds like it runs the family. Your dad was at IBM Watson - that is very, very interesting. That's a fun fact.



Elad Walach (03:23):

I truly believe we have amazing people in healthcare. We have some of the smartest, most passionate people that are trying to do good, but unfortunately, we lack the processes and tools to handle the current realities of US healthcare. I read this Hopkins study from last year where they estimated that 10 to 20% of all care decisions are wrong or delayed. Their estimate was that, in the US today, there are about 400,000 deaths every year due to misdiagnosis.



Frederic Laurier (03:53):

It's shocking.



Elad Walach (03:54):

400,000. That is the third-largest cause of death. Number one, cardiovascular disease; number two, cancer; but number three is this, and not by a wide margin. Guess what? It is actually preventable.



Frederic Laurier (04:08):

So that was the eureka moment for you?



Elad Walach (04:10):

I think we realized we have to do something about the care gaps that we have. We have to develop better tools for physicians. That was a eureka moment where we said, "Look, we have to help health systems utilize their data better," and that started a journey for the clinical AI platform.



Frederic Laurier (04:26):

In the early days, my understanding is that you really focused on radiologists, and their caseloads - they were just overwhelmed by the caseloads. Was radiology your initial foray, or from the get-go you said, "I need to fix this more comprehensive issue which is pretty much across specialties, it's not only about radiology"?



Elad Walach (04:46):

If you look at the vast majority of how the AI market is built, it is because it is so complex to build AI solutions, it's really built disease by disease. Health systems are very slow moving enterprises. They cannot engage with 50 vendors to solve 50 diseases. So, always the Aidoc thesis was, "Hey, let's build this comprehensive platform. Let's give health systems a way to scale and not just solve one disease, but actually do big strategic impact across their whole portfolio."

Episode Transcript



Darius Kuddo (05:15):

We certainly see the same thing across a lot of the folks in radiology AI and IT, where all the demand drivers are there, but health systems are slow moving. There's a lot of mistrust in AI by providers. I think the value of AI goes beyond just algorithms or any platform. In the past, you've said that it also involves changes in process. I would argue that a lot of mistrust by providers comes from bad prior experiences in process changes, not any sort of model performance, or performance of a platform. How are you addressing these kinds of barriers in your product development and commercialization?



Elad Walach (05:50):

The way we look at the problem space, we basically divide a good product into three layers. The first layer is what a lot of people talk about, that's the algorithmic layer. It has to be accurate, otherwise it's not good. But let's say even if you're the best algorithm in the world, that doesn't mean anything, right? You have to do step two, which is workflow integration. From an algorithm, you build a product. In that first layer of the algorithm, we measure sensitivity, specificity, and the second layer we measure engagement. If you give it to physicians, will they actually use it and engage with it on a daily basis? But even that is not enough, because that doesn't mean it provides value. It could be the coolest thing in the world, but is it really moving the needle on care?

(06:33):

That's why we believe in that third layer, which is what I would call moving from a product to a solution. You have a clear identification of a problem, you can change the workflow to solve the problem, and then you can measure the outcomes. That I think is where a lot of companies don't look at the full picture. For example, one of the things we found is that the change management for the hospital across the workflow is very meaningful. I'll give an example. We had a stroke implementation at Ochsner. We ran with them, they had another stroke AI vendor. Really what they wanted to do was reduce time to needle. They had a clear problem state. But for years, they were stuck at about a hundred minutes door to needle, even with this AI.

(07:16):

Then, we came in - and they published on it - the door to needle time dropped by 40 minutes after implementation of Aidoc. That's a lot and massively improves care. Honestly, I asked my team, "What's going on? How did we do that?" What they told me is, "Look, we actually think, yes, the product is great, with integrated engagement, but the main impact was around the change management; it is because we went in there with the amazing Ochsner team, and we mapped every step on the workflow, and we meticulously mapped what needs to happen differently, and then how the AI drives a workflow change." It's not just a product you stick on top of an existing workflow, but you actually drive a different workflow. That drove the needle much more meaningfully. That is an example of how it's really not about having the same product, but by driving change, you can make much bigger impact.



Darius Kuddo (08:10):

One follow up to that. Health systems are known to be very under-resourced today. They have limited capability for initiatives as it relates to any sort of technical implementation or process changes. How much learning or hand-holding do you have to do with them?

Episode Transcript



Elad Walach (08:26):

We have dedicated teams. Multiple teams are dedicated to change management that we want to support our partners with. We definitely need to invest a lot of human capital in it because of what you mentioned, I think health systems are really stretched thin. The good news is that despite me saying that change management is so important, the amount of work needed for change management with AI is not as significant. To some extent, AI is the help, is the enabler for much easier change management, because they don't need to remember all the guidelines, you don't need to rely on 10 physicians remembering what's the best practice. You have this AI that drives the workflow in a much more meaningful way, and the outcomes are pretty amazing for that. That is why we think it's so transformative, because it allows health system to do the care they want to do, but just enables that change.



Frederic Laurier (09:13):

Our understanding is payer reimbursement in both the US and Europe, public and private, has had its ups and downs. Only a few algorithms are covered today, is our understanding. How will you make your case to payers in the US, outside the US, that you need to adopt this, that this needs to be ubiquitous?



Elad Walach (09:34):

I will tell you most successful AI companies we've seen today have built solutions that do not rely on reimbursement, that have direct ROI to the provider system. It is slow moving, and there are a lot of difficulties in creating reimbursement for AI. I'll share one story for me that was really telling about the US healthcare ecosystem.

(09:56):

Very early in our journey, I met with one of the executives of one of the big payers. I remember I told them, "We haven't developed such a product," but I told them, "Hey, we could essentially develop a product that finds more lung cancer, and helps with the follow-up of those patients, and effectively can find a lot more cancer a lot earlier. Would something like that be interesting to a payer?" He was saying that, "Look, Elad, I will have to pay more for the workup if I find cancer." "Yes, but we all know what happens when you find cancer early, right? You save costs all around, you reduce total cost of care, that's amazing." But then he told me something that scared me and really made my eyes open to US healthcare. He told me, "Elad, you have to understand, I only own the patients for two to three years. I do not have any financial incentive to what happens to them after that."



Frederic Laurier (10:49):

That's crazy.



Elad Walach (10:50):

Think about what this means. It means that there is no entity, apart from potentially CMS, but that's another discussion, that optimizes for the full patient care.



Frederic Laurier (11:01):

Or lifetime.

Episode Transcript



Elad Walach (11:02):

Or lifetime. That means that I as a company have to develop things the market will buy, and therefore I will have to do things that have at least some sort of ROI in a fee-for-service environment, direct to provider. I think there is immense potential in reimbursement, because we can then actually have people optimizing for the full lifetime of a patient. But, there's a big but, it's going to take time.



Darius Kuddo (11:27):

Staying on the topic of finding more disease earlier, acting on it earlier; one of the prerequisites for this is more ubiquitous adoption of AI across therapeutic areas, not just limited point solutions. From an R&D perspective, one of the more impactful trends that we've seen surrounds the development of foundation image models similar to what OpenAI has done in the NLP space. You just announced a landmark partnership with AWS on your CARE1 foundation model, which you recently unveiled late in 2024. Even without any transfer learning, specificity and sensitivity rival what you already have with this more generalist kind of model. Of course, you can take this and rapidly speed up development of higher accuracy, new point solutions. What does your work with foundation models, and now that includes Amazon, mean for the sector?



Elad Walach (12:18):

I think it's one of the biggest inflection points I've seen for the whole industry. There are thousands of diseases. The question is, how do we increase the coverage? The step limiting factor is that developing AI is slow and expensive, even for us, and we're probably the fastest in the industry. It takes a year to a year and a half to get one FDA clearance. We had to think differently about the whole problem, which is why the foundation model is so transformative. The foundation model is a piece of technology that can identify many, many diseases all at once, and therefore if you want to develop more use cases, now instead of taking a year and a half to develop them, you can do it in a week. This is not an exaggeration. We actually have, and is one of the things right now we have submitted to the FDA, a product that was practically built in a couple of weeks, obviously based on the foundation model and our validation.

(13:13):

It is very transformative, because finally we have line of sight to much broader coverage of disease states, and I think the impact on patient care is going to be immense, because it can literally touch a hundred percent of what a health system does in a few years.



Darius Kuddo (13:29):

As you said earlier, this industry is very fragmented. There's over 500 imaging AI applications out there, and almost as many vendors. Many of them have to rely on marketplaces for commercialization. They can't offer the same platform approach as you, because ultimately the customer wants a full solution suite, and more than any of these individual vendors can offer on their own. You have a marketplace today, now you have your foundation model, which could potentially speed up development for a lot more disease states. Do you think there's going to be long-term value in these marketplaces, or will the space eventually be consolidated by those that can offer that kind of broad single vendor platform?

Episode Transcript



Elad Walach (14:07):

I firmly believe in an ecosystem. I don't believe that one player can do it all. We see it today, and we're committed to this ecosystem vision. The problem is, I agree, consolidation. How do I have my singular layer? In the market you might see two different approaches. One of them is what you'd call the marketplace. But the marketplace, as it stands today, is a typically very shallow integration. The big value of the marketplace is the ability to have basically one contracting vehicle. That is not what we do. If you onboard to the aiOS™, which has advantages and disadvantages, it's a full stack thing. It's the monitoring, it's the analytics, it's the workflow integration, practically, you don't care if it's Aidoc or not Aidoc. It's the same unified experience from an IT perspective, from a physician perspective. That is very difficult to build.

(15:04):

We spent over a hundred million dollars in building the aiOS™. We spent millions of dollars per vendor for onboarding. It's very expensive, because we want to create the simplest experience. But, that means we have a vetted ecosystem, right? It's high value solutions, it's trusted partners, there are people that are vetted. It's a slightly different offering. I obviously believe in the power of a platform to really scale.



Frederic Laurier (15:31):

I'm guessing the added benefit is, to be on your platform, the monitoring, especially in the face of heightened regulation, would make it easier on the health system to comply with regulatory burdens, right?



Elad Walach (15:45):

That's definitely a benefit.



Frederic Laurier (15:46):

Two more questions, more on the overall landscape, and especially around big tech - the Microsofts, the Googles, the Amazons. Of course, you just mentioned your partnership. Congrats, by the way. Quite the achievement. We feel at Alantra that they all should be lured by the market potential, also by the untapped nature of clinical AI, radiology AI. What we've noticed is they were first to market in terms of pattern recognition, deep learning. Microsoft bought Nuance, they've partnered with Viz; Amazon, we just mentioned it, partnered with you; Google appears to be doing some research in the sector. Do you feel this is the start of a more concerted push by the big guys in terms of being more present in clinical AI?



Elad Walach (16:33):

I sure do hope so. Look, healthcare data - I've recently read research saying that in a few years it is going to be 30% of all global data, all data in the world. It's pretty spectacular. There is a lot of potential there. I think health systems is definitely an untapped market, and that has a lot of potential. I really do believe in the hyperscalers' potential. Our partnership with Amazon has been fantastic in our ability to scale. If I go to a health system today and I want to grow them from one use case to 30, guess what? There is no on-prem infrastructure that can do that. It's not a thing. You have to find these ways to really scale. I think we'll see more and more cloud adoption, as well as broader partnerships with some of these hyperscalers, for sure.



Frederic Laurier (17:18):

Outside of the big tech, you also have the big OEMs - the big manufacturers, the incumbents in terms of healthcare IT vendors like Epic, Oracle Health/Cerner, right? And, you have pharma/biotech. We have not seen them as much creating diagnostic algorithms or clinical AI. They would stand to gain from clinical AI. Why do you think they've struggled or been reluctant to invest in diagnostic AI?

Episode Transcript



Elad Walach (17:43):

I think developing clinical AI is really, really, really tough. There is a reason why the vast majority of the market is built on point solutions. You need literally a whole company to identify and build a workflow on one disease. The data is not normalized, the workflow is not integrated. Developing an algorithm is super tough. Getting through regulation, super tough. Even if you've done all of this, you need clinical studies about the outcomes, you need the ability to then distribute and then integrate into the workflow. It's not for the faint of heart at all, and I think it's just such a dedicated new core competency that it's very hard for people.

(18:16):

Just to give you a sense, we have people that are experts at monitoring, that are experts at validation. We have people we call experiment babysitters that monitor experiments. You have all these new professions that you haven't even thought about when you want to develop AI. The market evidence is there, and I think that's why you might be seeing that some people choose to partner because it's way more cost-efficient - honestly, even Microsoft and OpenAI, right? I think it's one of the best examples. Microsoft is an amazing company with some of the smartest people on earth. They chose to partner with OpenAI because they understood that you need to move, it's different core competencies, you need to move differently.



Frederic Laurier (18:56):

Not a bad comparison. Elad, again, thank you so much. On behalf of Darius and myself and the listeners, this was great. It was a really great discussion. Maybe parting words from you, Darius?



Darius Kuddo (19:09):

Certainly appreciate the time, Elad. It's space that we're passionate about, you're passionate about. It's good to see that you're really one of the trailblazers unlocking this industry, and ultimately improving patient care.



Elad Walach (19:21):

Thank you.











































Frederic Laurier (19:22):

Thanks again for tuning into another episode of Crossroads by Alantra, an initiative that strives at bringing together our team of sectoral experts and healthcare leaders to discuss innovative technologies and themes that are reshaping our industry. If you're seeking to explore your strategic options, our team is uniquely positioned to assist you. Our sectoral expertise and global network is simply unparalleled in the mid-market. To learn more, please feel free to visit our website, or contact one of our team members directly.









































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