

# Goldman Sach's Astounding Projections for Healthcare Virtual Reality

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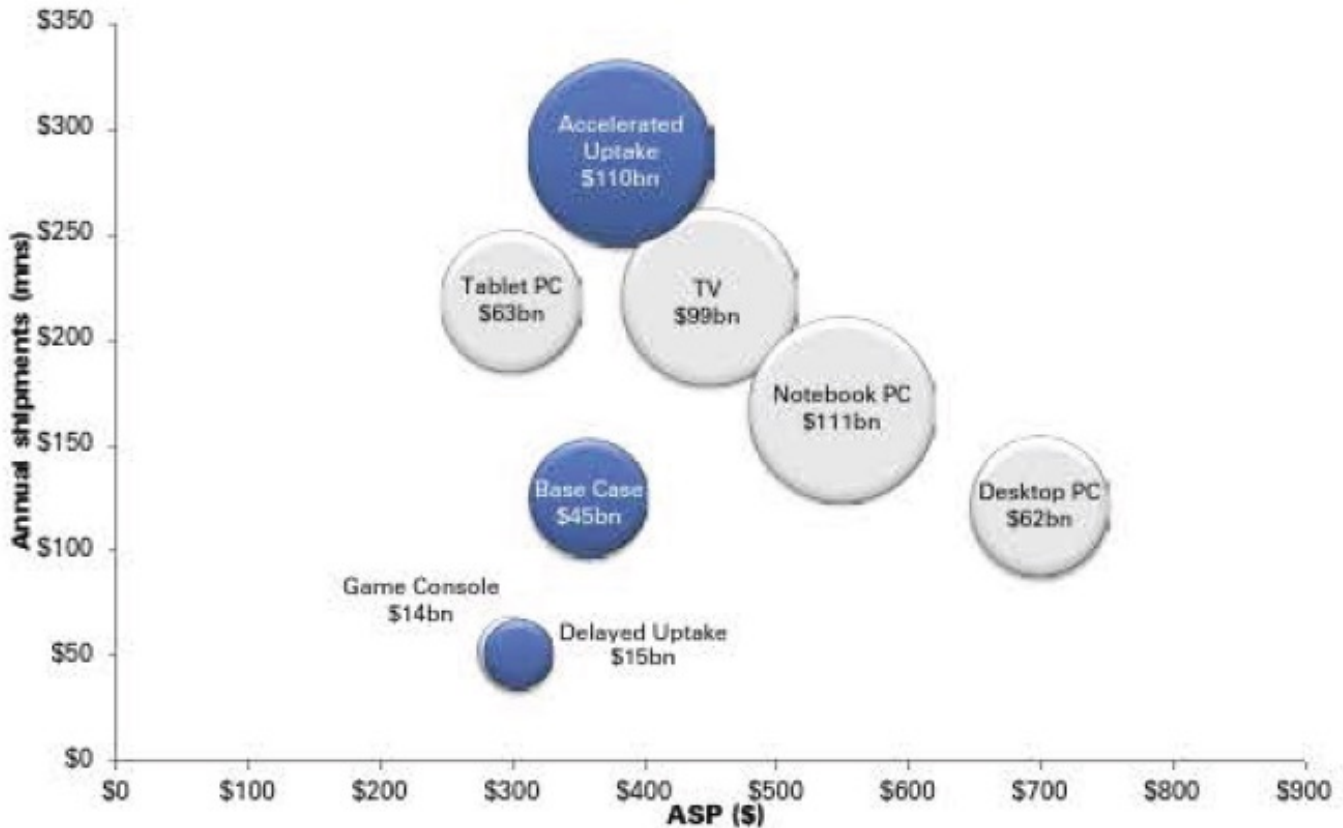
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"Virtual reality (VR) and augmented reality (AR) have the potential to become the next big computing platform, and as we saw with the PC and smartphone, we expect new markets to be created and existing markets to be disrupted." – reads the first full sentence in Goldman Sach's research report on Virtual and Augmented Reality which was released on January 13th. Clearly they are bullish on VR.

Given that Virtual Reality is in a very early stage of development, Goldman outlines 3 scenarios over the next decade. Even in their base case, they estimate \$580bn in revenue by 2025. Here's the chart:

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## Exhibit 2: Our three scenarios for a 2025 VR/AR hardware market

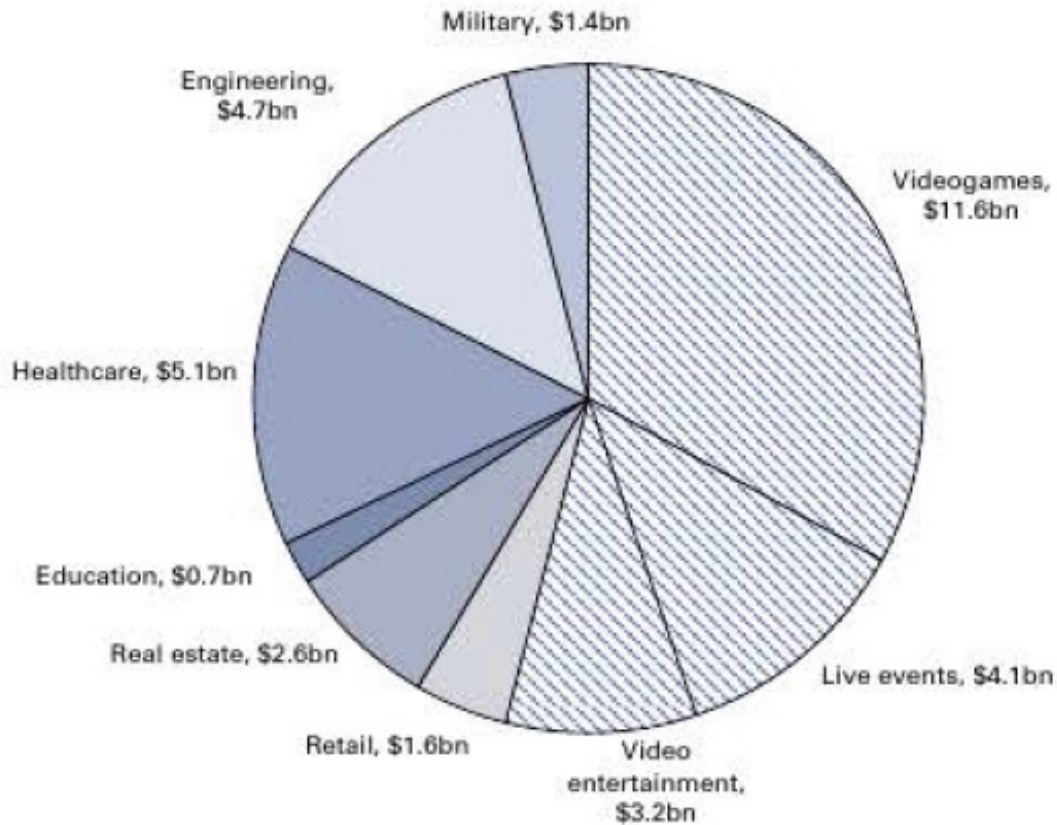


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*Source: Goldman Sachs Global Investment Research, IDC data for smartphone and tablet shipments.*

Of more interest to me personally, were the meaningful use cases they see which will drive VR markets. Looking beyond videogames, they predict real estate, retail, and healthcare will be among the first markets that VR/AR disrupts. In particular they signal out healthcare as being \$5.1bn by 2025, a huge number, and an 11% slice of the pie.

## Exhibit 4: Our 2025 base case VR/AR software assumptions by use case



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*Source: Goldman Sachs Global Investment Research.*

Goldman forecast three primary uses for VR/AR technology in healthcare: 1) as a tool to aid doctors in medical procedures and day-to-day tasks, 2) for physical therapy and to treat phobias like fear of heights, and 3) to increase access to doctors through virtual visits.

One of the most successful uses of Google Glass was in Healthcare. Glass was used to overlay vital info for EMTs and surgeons and to provide hands-free assistance. You could easily see a hybrid of a VR headset and Google Glass being used in a similar manner, with the ability to provide more information and interactivity. I worked on a project for Sudler and Hennessey which used Google Glass in an augmented fashion to enhance a conference experience, adding a layer of imagery and information over what was in the booth. So, I could see Prediction #1 bring on target.

As far as Prediction #2 goes; virtual reality is a visceral experience and if you're afraid of public

speaking and could practice in a VR headset, I believe you could make some progress. This is entirely new territory but the options appear viable.

Increasing access to doctors through virtual visits, Prediction #3, seems a stretch. Doctors have been slow to adopt telemedicine due to reimbursement issues, and the physical need to interact makes the use challenging. Possible, but way out in the future.

VR has been in the news a lot this first month of the year. CES was full of VR gear and hype, and the headsets people have been waiting for, like the Oculus Rift, are only months away from launch. The Sundance Film Festival featured virtual reality for the second year. Under a program called New Frontier, the festival is promoting eleven independently produced VR films on a smartphone app. One of the notable shorts, Defrost, is a sci-fi drama that follows a woman who suffered a massive stroke and was cryogenically frozen. The woman's waking up 30 years later as the film begins. The viewer experiences the story from the perspective of the woman, Mrs. Garrison, who's wheeled around the hospital after awakening and is reunited with her very family - which has aged 30 years into the future. In a way it's healthcare VR, so perhaps Goldman Sachs's will be right.

