The COVID-19 Reality:

Selling Digital Health in Our New Normal

A Practical Guide for Enterprise Healthcare Sales in the Best and Worst of Times

Phase2 Health

Table of Contents

Table of Contents, cont.

Introduction

If there's anything COVID-19 has taught us, it's this: Public health is the bedrock of our global healthcare system. As hospitals wrestle with limited resources and overworked personnel, the pandemic has exposed the dire essentials of preserving the health and safety for everyone.

But it also exposes something else that's deeply relevant for digital health startups: It parses out the useful from the useless. The mission-critical from the nice-to-have. The technologies that save lives from the otherwise meaningless pile of gizmos.

For companies selling enterprise solutions in this volatile environment, they have to meet that basic, mission-critical threshold. Anything else that's nice-to-have but not essential wastes time when every second matters, and burns money when there's none to spare.

If what you sell doesn't offer immediate value and utility, it's just fluff—and will never make it past the pitch. It probably won't even make it to the pitch.

So how do you sell enterprise healthcare technology in uncertain times? How do you ensure that your solution makes an actionable difference such that buyers and users consider it mission-critical?

That's exactly what this guide aims to explore. By walking through the basics of selling digital health in both the good times and the bad, the Phase2 team has come together to share our collective insights for building a crisis-proof sales strategy.

Now more than ever, we believe this is relevant and important for all digital health startups to know. And we feel the opportunities and lessons gleaned from this new normal will leave a lasting imprint for years to come in the post-coronavirus era.

Opportunities and Realities for Digital Health Startups

Even before COVID-19, healthcare was fertile ground for digital innovation. As a $3 trillion industry in the United States living in a post-EHR and digital service world, there were countless opportunities to realize value from data.

As a result, startups fought for market share—facing steep competition and slim odds for standing out from the noise. In 2019, there were:

- More than 16,000 healthcare startups
- Roughly 4,000 healthcare IT startups
- More than 200 healthcare incubators and accelerators
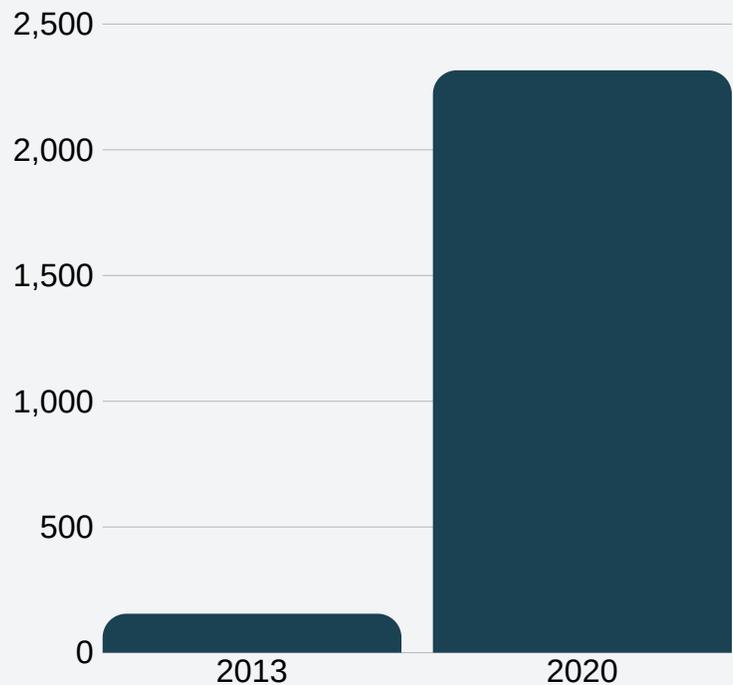
Healthcare Data

Healthcare data has grown exponentially, with 2,314 exabytes produced yearly in 2020. That's up from 153 exabytes in 2013.[i]

Then COVID-19 happened. And yet, it didn't change the trajectory of innovation and opportunity in healthcare. If anything, it sped it up. Now, digital health entrepreneurs have more latitude than ever to create usable products—and as pandemic data continues to unfold, there are more insights to inform innovation and bolster decision making. But the difference between then and now is this:

Startups have more responsibility than ever to prove what they're selling is essential.

Digital Health's New Moment Has Arrived

In an age of social distancing and remotely connecting patients with providers, digital health is getting its due moment in the spotlight. This has forced the adoption of telehealth that was always there, but is now facing fewer restrictions and is needed more than ever.

The circumstances are tragic and hard. At the same rate, they've created opportunities that could radically accelerate healthcare's previously glacial pace of tech uptake. This is the sector's chance to make the biggest leap toward digital health ever made.

Healthcare will come out on the other end of this a different industry, and more poised for innovation.

And yet, crisis takes place at the crossroads of opportunity and chaos—and there's a lot of chaos right now. The legal and regulatory facilitators who get deals done are absorbed with more pressing issues, and buyers' attention has turned toward the immediate threat: **saving patients' lives.**

That's where healthcare entrepreneurs come in to demonstrate leadership so all stakeholders can better navigate the uncertainty.

When Critical Care is the Priority

During a crisis like the novel coronavirus, critical care becomes the priority, even ahead of preventive health and chronic disease management. That gives a definitive advantage to digital health solutions that remotely connect patients with those ongoing needs, if you make a defensible case that you deserve a place in the care ecosystem.

Every startup is in a unique place to give guidance, analyze insights, and provide free education and tools to help automate and digitize care, and just maybe—and only if it makes sense—sell a solution that meets a need in these unprecedented times.

But before all that, prioritize goodwill. Ask yourself: How can I help, not just as a company or a CEO, but as a person with skills? Can I use the resources I have for the greater good?

Keep in mind: You'll be remembered for what you do and how you act during periods of uncertainty.

Spotlight

orbita

The Reputation Currency of Presale Value

During COVID-19 and the social isolation it requires, digitizing care delivery has become the new norm—but when every second matters and lives are on the line, there's no time to sell it in. Can you offer your technology or expertise for free to keep the system from buckling under the pressure?

That's what <u>Orbita, Inc.</u> did when they <u>gave away their AI chatbot technology to help clinicians screen for COVID-19</u> and provide patient and public health education to the underserved communities lacking digital resources.

Not only did Orbita step up and meet the need in the name of public health and humanity, but they offered presale value, enabled facilities to freely pilot their technology, and amassed reputation currency that will long outlast the current pandemic.

4 Elements of a Crisis-Proof Sales Strategy

Once the immediate threat is over and you've done what you can to offer your help as a human, direct your focus to building a sustainable sales engine that takes you through every phase of growth. Crafting the right approach requires a crisis-proof strategy that focuses on four main elements:

- **Product-Market Fit:** How well does your solution match up with market needs, both now and in the future?

- **Pipeline:** Who are your ideal prospects and how do you prioritize reaching them?

- **Process:** How do you build a sales approach that scales when you do?

- **People:** What expertise and talent do you need to take the next step?

All four elements have to work in sequence and in sync with each other to build a lasting sales machine that weathers whatever comes. That's the case in any industry, but this one especially.

After all, healthcare is incredibly complex and selling into it can be wrought with churn and political baggage. A mission-oriented approach and a great idea will only get you so far. You need rigor to close deals and grow contracts. Here are the pieces you need to make that happen:

Product-Market Fit

Product-market fit clarifies and aligns strategy, value, and messaging. Not only should you evaluate what you offer and the economics behind it, but you should also qualify and quantify the value of your solution into a defensible business case so that when crisis strikes, it's considered essential.

ASK YOURSELF THE FOLLOWING:

- How does your product approach a current and projected market need?

- Do you have a new way to digitize care delivery that clinicians need right now?

- Does your pricing align with prospects' expectations?

- How will the technology advance care during periods of volatility and calm?

- Why is this solution relevant and needed right now?

- Have the intended users (such as clinicians) used and endorsed your solution? How quickly can you implement?

- What do you offer that competitors can't?

If you can't answer these questions with confidence, it may be time to reposition your value proposition to something that makes sense in the current climate. That's okay: Many digital health startups pivot before landing on a final iteration. But especially during a crisis, just make sure you do it fast: Someone else is likely on your tail.

CancerIQ

The New Rules of Product-Market Fit

Phase2 Health client, <u>CancerIQ</u>'s enterprise software automates the cancer risk assessment process by helping physicians and genetic counselors collect the genetic and family risk data they need, when they need it.

The solution is being used across 65+ leading health systems with incredible clinical utilization.

<u>CancerIQ</u> already had the infrastructure in place to move genetic counseling and cancer screening into a more digital place.

As COVID-19 amplified consumer interest and clinician need for digital-powered health, that underlying infrastructure and the ability to drop-ship to labs served as a natural product-market fit for the brand to advance its offerings into new health systems under a <u>three-month free access period</u>.

Now, patients can still take advantage of cancer screening in a socially distanced world—and lifesaving early detection measures don't have to take a backseat during the pandemic.

CancerIQ's value proposition makes sense in the current climate and will continue to make sense for the long-term far down the road, once the immediate threat resolves.

Pipeline

A healthy pipeline is vital for any sustainable sales strategy, but especially during chaotic times. If you had the tool every hospital needed during COVID-19, for example, having those prospects in the pipeline well before the pandemic began would have made all the difference for getting contracts signed faster amid the chaos.

Do a self-exploration exercise of your ideal pipeline prospect with the following questions:

ASK YOURSELF THE FOLLOWING:

- Who is your ideal customer and what makes them ideal?
  - Size, segment, service line, priority. It will be different per company.

- Does your pricing align with prospects' expectations?

- How do you prioritize only the prospects who make the most sense?
  - Do they rank highest on your ideal client profile?
  - Who can you close in the shortest amount of time?
  - What can your team handle?
  - Who can you derive the most value from in exchange for your time?

- How can you track and measure lead generation?

- Where can conversion rates be optimized?

WORKSHOP: How to Define Your Ideal Client Profile in a Crisis

Putting a pin in your ideal client profile should be intuitive, but it's not often done with the kind of discipline necessary to optimize. Instead, many entrepreneurs fall into the "activity trap" of spending time with prospects that peter out without yielding revenue. Rise above by focusing your energy and resources on targets who make the most sense. Here's how:

1   Pick five criteria that comprise your ideal customer, such as segment, size, specialty, industry, or reputation.

2   Take every prospect you have and rank them from -5 to 5 based on those criteria.

3   Identify a realistic number of deals you can manage given all that goes into healthcare sales during volatile times— from political complexities to cost cutting.

4   Draw your cutoff line. What's above the line is a rank-ordered pipeline where you can focus your limited resources and marketing dollars.

Even during uncertainty, there's still time to build a healthy pipeline if you're sure you're relevant and the product-market fit matches up with market needs. But even then, you need the right process in place to convert your prospects.

Process

Sales process drives scope and scale so that leads move through the funnel faster and more efficiently. And whether times are good or hard in healthcare, process is what makes or breaks meaningful conversion. Refine your process by asking these questions:

ASK YOURSELF THE FOLLOWING:

- Where do prospects enter the sales cycle and how do you streamline that entry?

- What's the start-to-finish sales lifecycle of every lead you have?

- How can you cultivate champions at all junctures of account service?

- How do you develop and manage the account plan, including account close?

- At what point can you document wins for top-of-funnel prospects?

- Where can conversion rates be optimized?

- How can you challenge and move on from previous assumptions that are no longer relevant?

WORKSHOP: 10 Ways to Cultivate Champions in a Crisis

When times get uncertain, you need a champion from the inside who can defend your solution as mission-critical. Here's how:

1 Look for a warm introduction, preferably through a shared network contact or another client or vendor.

2 Approach slowly and respectfully, and offer to help. Acknowledge the crisis and don't be tone-deaf.

3 Learn the corporate and clinical parlance. Read annual reports and other materials to learn their overarching goals, check news mentions to get a pulse on immediate needs, read their crisis response statements, cite specific initiatives during conversations, and put your solution in context.

4 Understand prospects' unique ambitions and demonstrate how you help them achieve them.

5 Deliver trust and value to every encounter, such as by offering relevant industry intelligence and connecting contacts to other industry leaders.

6   Establish a weekly cadence to check-in, identify red flags and barriers, and address issues as soon and as seamlessly as possible.

7   Focus on the ROI as you quantify why you deserve a spot in their ecosystem.

8   Automate lead nurturing through CRM services that align customized content with the buyer's journey. This feeds prospects the messaging they're most prone to react positively to at any given milestone.

9   Drive the relationship outside of email. Speak on the phone and via texts.

10   Make your value story airtight. If even one piece is off, it can discredit the whole model.

Resist the urge to divide your efforts across an entire department. Instead, focus on developing a single advocate who can sponsor your solution, take pride in and ownership of it, and get it across the finish line.

People

A trained and experienced salesforce makes lead generation more actionable and better performing. Engage in executive search services to place on-the-ground talent who have the proven chops in a digital health startup environment. Make sure you have the right team by asking yourself these questions:

ASK YOURSELF THE FOLLOWING:

- Are you hiring because of actual need or because of investor pressure?

- Do the candidates have crisis experience that will provide immediate value?

- Are you selective enough in your search?

- Are you working with a search team who has direct experience in digital health?

GET FOCUSED: Reassess Your Marketing

Investments made toward conferences and in-person events will get little traction as the world recovers from the novel coronavirus. The sales playbook will inevitably adapt. Since all eyes are online, divert your dollars and activities to digital marketing: Improve your website, activate content marketing, and engage in paid search to align with buyer intent and behavior.

Marketing: Make the Most of Slow Times

Many health systems and other prospects may freeze up as they contend with a crisis. That's okay. When times get slow, take inventory of your performance data and turn it into actionable, marketable content—from white papers and case studies to journal manuscripts.

Selling With ROI in Tougher Times

Returns on investment (ROI) matter in any healthcare sales environment, but they're made all the more meaningful when hospitals are already reckoning with financial austerity and short supply.

Let ROI Be Your North Star

Every product, feature, service, and client interaction should map back to investment return—especially now.

As times get more uncertain, proving those returns—both financially and clinically—can help you differentiate your brand from the competition. It embeds you in the prospect's team, unites your goals with theirs, and gives you more context and credibility as leads advance through the funnel.

Most importantly, a laser-like focus on ROI continually validates the business and clinical value you deliver to the partnership. Keep that momentum going at every stage of the sales cycle by benchmarking: Once you get a small bite, like a short-term contract or pilot, audit the baseline so that you can prove up ROI to the client for the next upsale. Doing so also gives you fodder for **case studies and other materials for top-of-funnel marketing.**

Reducing Costs and Mitigating Risks

As COVID-19 tears through hospitals, facilities face herculean pressures: Many systems risk losing more than $1,000 per hospitalized case of the virus.[ii] Because of the nuance of the times, administrators aren't thinking about boosting revenue; the focus shifts to cost reduction and risk mitigation.

This means you have two routes of proving ROI: cutting expenses and managing risk.

In a crisis like COVID-19—one that zaps equipment and financial resources while introducing chaos to the clinic—it's best to focus on both.

ROI of Reducing Costs and Managing Risk

Organize your ROI proof points on what health systems care about right now—cutting costs and managing risk.

Examples of Cost-Cutting ROI:

- Replace an existing product or service at a lower cost.
- Streamline access to affordable personal protective equipment.
- Improve workflows to better manage staff time.
- Improve length-of-stay, readmissions, and other clinical outcomes.

Examples of Risk-Management ROI:

- Expand access through new service lines (like telemedicine).
- Protect vulnerable data and systems (like cybersecurity).
- Improve workflows to minimize error during chaotic times.
- Ensure adherence to policies and protocols.

Crossing the Chasm With ROI

Every winnable enterprise solution follows a similar bell curve of uptake, segmented into the earliest innovators and adopters through the busiest activity of majority users—and then through the laggards.

No matter the environment—bad or good, pinched or profitable—overcoming that last little slice before the curve's spike is both crucial and also complicated.

We call this segment the "Chasm of ROI," and those who successfully cross it are more likely to unlock ongoing momentum that leads to a sales peak soon after. But often, digital health startups don't cross that peak—or at least, not before their competitors do.

To make your sales strategy work, focus your efforts on getting prospects across the chasm:

- First, identify who in your pipeline is most likely to get in on the early-stage of the curve. Consider these prospects a priority, because they're the ones who kickstart uptake and influence later-stage buyers.

- Second, allocate special sales activities to get the chasm to convert. Deploy targeted marketing and use case studies and data points from early adopters to prove the solution's ROI.

- Finally, document your successes and roll one win into another to build up momentum, generate evidence of a repeatable process, and convert the next stage: the early majority.

Right now, everyone looks to everyone else for direction—so by defining the course early on and proving that your solution is mandatory rather than superfluous, you're more likely to advance past the chasm, attract majority users, and grow your curve fully.

Finding Your Path Forward in Turbulent Times

Despite the current chaos, the best time to be a startup is right now: With a complete reset on the way healthcare has worked, and a forced adoption of emerging tech, health systems, payers, and other players will no doubt rise above the wreckage stronger and more willing to digitize care delivery moving forward.

As a digital health company, consider this rethinking your opportunity to launch into the next phase of growth and deliver something of value to the greater good—not just as a brand or a leader, but as an individual most of all.

Even as it feels like the sand shifts beneath your feet, you can still look for ways to contribute and harness the creativity that inevitably comes from turmoil. The solution will be specific to your company. With patience and an earnest drive to help, you'll no doubt find success in the good and bad times alike.

For some, this will be a first experience with an economic downturn. For all, this is a first experience with a downturn of this magnitude. Right now, knowledge matters most. There are commercial teams who have sold through past crises and their expertise is more valuable than ever. <u>Reach out for advice.</u>

[i] https://med.stanford.edu/content/dam/sm/sm-news/documents/StanfordMedicineHealthTrendsWhitePaper2017.pdf
[ii] https://www.healthcaredive.com/news/even-with-billions-from-congress-hospitals-set-to-lose-over-1k-per-covid-/574791/

Phase2 Health

Phase2 Health is a commercial advisory firm that provides go-to-market consulting, venture fundraising, and executive search and placement for digital health companies that advance patient care. Having grown client's revenue by an average of 350% over less than 12 months, we help startups and established brands increase their enterprise value and get ready for their next phase of growth.

Learn more at www.phase2health.com