

Brilliant Business Models in Healthcare

Jeroen Kemperman • Jeroen Geelhoed
Jennifer op 't Hoog
Editors

Brilliant Business Models in Healthcare

Get Inspired to Cure Healthcare

 Springer

Editors

Jeroen Kemperman
Zilveren Kruis, Achmea
Amsterdam, The Netherlands

Jeroen Geelhoed
& samhoud
Utrecht, The Netherlands

Jennifer op 't Hoog
Achmea
Tilburg, The Netherlands

ISBN 978-3-319-26439-4 ISBN 978-3-319-26440-0 (eBook)
DOI 10.1007/978-3-319-26440-0

Library of Congress Control Number: 2016941331

© Springer International Publishing Switzerland 2017

This work is subject to copyright. All rights are reserved by the Publisher, whether the whole or part of the material is concerned, specifically the rights of translation, reprinting, reuse of illustrations, recitation, broadcasting, reproduction on microfilms or in any other physical way, and transmission or information storage and retrieval, electronic adaptation, computer software, or by similar or dissimilar methodology now known or hereafter developed.

The use of general descriptive names, registered names, trademarks, service marks, etc. in this publication does not imply, even in the absence of a specific statement, that such names are exempt from the relevant protective laws and regulations and therefore free for general use.

The publisher, the authors and the editors are safe to assume that the advice and information in this book are believed to be true and accurate at the date of publication. Neither the publisher nor the authors or the editors give a warranty, express or implied, with respect to the material contained herein or for any errors or omissions that may have been made.

Printed on acid-free paper

This Springer imprint is published by Springer Nature
The registered company is Springer International Publishing AG Switzerland

Foreword

One of the greatest challenges in our time is to make and keep qualitatively good healthcare affordable, transparent, and accessible to as many people as possible. This issue goes further than merely selecting the best possible healthcare system. It is a global puzzle independent of the manner in which countries have organized healthcare and the financing thereof. Healthcare costs are increasingly taking a bigger portion of domestic income via taxes, insurance policies, and direct payments. And still, the percentage of countries having qualitatively good care available for all citizens does not exceed 5%. The solutions that are currently being found to solve the problems of one stakeholder are often implemented at the expense of another stakeholder. Lower healthcare costs only seem achievable either by making cuts in the healthcare treatments which are funded or by making healthcare available to fewer people. But this takes us only further away from the ambition of good healthcare for all. More healthcare for more people at lower costs demands pioneering organizations. That brings us to the question: Do cases of brilliant business models in healthcare exist in this world? Are there companies that have already shown solutions in the fields where breakthroughs are required? Businesses that we can learn from across the border and across time? The authors of this book investigated these questions in a quest to find brilliant business models in healthcare. Their straightforward answer is: Yes, they do exist! Organizations that provide fundamentally more healthcare for the same amount of funding that is of a superior quality and/or has a greater impact on health in general. Healthcare that can be delivered by the organizations themselves, but, for instance, also by giving customers and patients a role that is structurally different in managing healthcare and health in general for themselves and others.

The current huge challenges to provide good and affordable healthcare seem to offer fertile soil for the rise of disruptive new brilliant business models which actually show how this can be done. We need these sorts of examples and landmarks to improve healthcare and health in general—not by unquestioningly adopting other systems, but rather to get new insights and gain inspiration. By studying examples that generate the confidence and courage to let go of existing interests and the business models of yesterday, we can get inspiration for the solutions of tomorrow to

really improve healthcare and health in general on a sustainable basis. It is this angle that is valuable to join the authors in this book and their quest to identify and understand unique healthcare organizations—ones that have used a different approach to generate a valuable impact for themselves and their surroundings. We hope that it provides inspiration to build and renew brilliant business models which help to make and keep qualitatively good healthcare affordable and accessible to as many people as possible. Enjoy the journey!

Roelof Konterman, Vice Chairman Achmea, amongst others responsible for the divisions Health and International.

Contents

Part I The Framework for Brilliant Business Models in Healthcare

1	What Are the Cornerstones of a Brilliant Business Model?	3
1.1	Vision	5
1.2	Brand Positioning.....	8
2	What is a Business Model?	11
2.1	Market Segments.....	12
2.2	Customer Value	15
2.3	Delivery.....	18
2.4	Operation.....	21
3	Value Creation and Overall Framework	25
3.1	Value Creation for All Stakeholders	26
3.2	Conceptual Framework and Phasing.....	30
3.3	Permanent Brilliance?	31
4	Challenges for Brilliant Business Models in Healthcare	35
4.1	Good, Affordable, and Widely Accessible Healthcare Is Unique	35
4.2	Cost Increases Put Accessibility, Quality, and Healthcare Systems at Risk.....	37
4.3	Desired Breakthroughs in Healthcare	42

Part II Brilliant Cases Involving Brilliant Business Models in Healthcare

5	Breakthrough: Strengthening Mutual Caring and Sharing	53
5.1	Algemeen Ziekenfonds Amsterdam (A.Z.A.).....	60
5.1.1	The Cornerstone: “The Little Man and the Doctor”	63
5.1.2	The Business Model: Solidarity-Based Exclusivity.....	66

5.1.3	The Result: “The Little Man, the Doctor and the City Taken Care of”	71
5.1.4	The Brilliant Lessons of A.Z.A.....	73
5.2	DHAN.....	74
5.2.1	The Cornerstone: Empowering the Poor to Help Themselves.....	76
5.2.2	The Business Model: Self-Management.....	80
5.2.3	The Result: The Value of Sustainable Poverty Reduction.....	85
5.2.4	The Brilliant Lessons of DHAN	88
5.3	Courtyard Houses.....	89
5.3.1	The Cornerstone: Acts of Mercy.....	91
5.3.2	The Business Model: Self-Sufficient Within the Own Group.....	95
5.3.3	The Result: Altruism and Self-Financing Complement One Another.....	101
5.3.4	The Brilliant Lessons of Courtyard Houses	104
5.4	Stiftung Liebenau.....	106
5.4.1	The Cornerstone: Value for Every Individual	107
5.4.2	The Business Model: Lebensräume für Jung und Alt.....	110
5.4.3	The Result: A Positive Spiral.....	115
5.4.4	The Brilliant Lessons of Stiftung Liebenau	118
6	Breakthrough: Letting Prevention and Self-Management Work.....	119
6.1	Discovery	128
6.1.1	The Cornerstone: Permanently Healthier.....	129
6.1.2	The Business Model: Prevention as Well as Insurance.....	133
6.1.3	The Result: Healthier Participants and Lower Costs	141
6.1.4	The Brilliant Lessons of Discovery	142
6.2	Healthways.....	144
6.2.1	The Cornerstone: A Healthier World, One Person at a Time	147
6.2.2	The Business Model: A Longer and Healthier Life.....	150
6.2.3	The Result: Equal Interests Among All Stakeholders	156
6.2.4	The Brilliant Lessons of Healthways	159
6.3	Kaiser Permanente	160
6.3.1	The Cornerstone: Prevention Is Better Than Cure.....	161
6.3.2	The Business Model: From Medical Care to Healthcare.....	164
6.3.3	The Result: A Healthier Population with Lower Costs.....	170
6.3.4	The brilliant lessons of Kaiser Permanente	173
6.4	PatientsLikeMe	174
6.4.1	The Cornerstone: “Live Better Together”.....	175
6.4.2	The Business Model: “To Get Paid for Making Patients Better”	179
6.4.3	The Result: Far-Reaching Value Creation	184
6.4.4	The Brilliant Lessons of PatientsLikeMe.....	187

7 Breakthrough: Patient-Centered Organization of Information and Everyday Care 189

7.1 UCLA’s Value Quotient 195

7.1.1 The Cornerstone: “Measure and Motivate, Learn and Live” 197

7.1.2 The Business Model: “Redefine Value for Responsible Care” 200

7.1.3 The Result: “A Value Program with Essential Outcomes” 205

7.1.4 Brilliant Lessons to be Learned from UCLA’s VQ Program 208

7.2 ParkinsonNet 209

7.2.1 The Cornerstone: Putting the Parkinson’s Patient in Control 211

7.2.2 The Business Model: Self-Management in a Network 214

7.2.3 The Result: Self-Management Key to Alleviate Pressure on the Healthcare System 219

7.2.4 Brilliant Lessons to Be Learned from ParkinsonNet 222

7.3 Laastari Lähiklinikka 223

7.3.1 The Cornerstone: Real Entrepreneurs Spy a Market 225

7.3.2 The Business Model: Predictable Healthcare for a Low Fixed Price 227

7.3.3 The Result: Benefits for Customers and for Society 233

7.3.4 Brilliant Lessons to be Learned from Laastari 236

7.4 Patrick Lund Dental Happiness 237

7.4.1 The Cornerstone: Dental Happiness 238

7.4.2 The Business Model: From Stress to Happiness 242

7.4.3 The Result: A Radiant Smile for All Stakeholders 247

7.4.4 Brilliant Lessons to be Learned from Patrick Lund Dental Happiness 250

8 Breakthrough: Deploying Services and Instruments to Help Customers Take Control 251

8.1 Ryhov 257

8.1.1 The Cornerstone: Always the Best for You 258

8.1.2 The Business Model: From Care Receiver to Cocreator 261

8.1.3 Result: Self-Care—A Value or Condition for Good Care ... 266

8.1.4 The Brilliant Lessons of Ryhov 269

8.2 BerylHealth 270

8.2.1 The Cornerstone: Connecting People to Healthcare 271

8.2.2 The Business Model: Two Target Groups with One Stone 273

8.2.3 Result: It Starts with Happy Employees 278

8.2.4 The Brilliant Lessons of BerylHealth 281

8.3	M-PESA	282
8.3.1	The Cornerstone: Simple, Efficient, and Customer-Oriented	283
8.3.2	The Business Model: Secure Banking and Living in Safety	287
8.3.3	Result: “Relax, You’ve Got M-PESA”	293
8.3.4	The Brilliant Lessons of M-PESA	296
8.4	The Jaipur Foot of Bhagwan Mahaveer Viklang Sahayata Samiti (BMVSS)	296
8.4.1	The Cornerstone: A Prosthesis at Hand	298
8.4.2	The Business Model: Participating in Society Again	301
8.4.3	Result: Participation in Society	306
8.4.4	The Brilliant Lessons of Jaipur Foot.....	307
9	Breakthrough: Implementing Differentiation in Specialized Healthcare	311
9.1	Narayana Hrudayalaya.....	320
9.1.1	The Cornerstone: Why Bigger Is Better	321
9.1.2	The Business Model: When Bigger Is Better—Economies of Scale in Healthcare.....	325
9.1.3	Result: The NH Cardiac Hospital: A Beating Heart in Cardiac Care!	332
9.1.4	The Brilliant Lessons of Narayana Hrudayalaya Cardiac Hospital.....	335
9.2	ThedaCare	337
9.2.1	The Cornerstone: Patient Centered Continuous Improvement	338
9.2.2	The Business Model: Lean, But for People	342
9.2.3	Result: You Get What You Measure	348
9.2.4	The Brilliant Lessons of ThedaCare	351
9.3	Princess Margaret Cancer Centre.....	352
9.3.1	The Cornerstone: “We Will Conquer Cancer in Our Lifetime”	353
9.3.2	The Business Model: Top Research in Practice.....	356
9.3.3	Result: What Is the Impact of Dedication Towards Science and the Patient?.....	363
9.3.4	The Brilliant Lessons of Princess Margaret Cancer Centre.....	366
9.4	Mayo Clinic	367
9.4.1	The Cornerstone: “The Needs of the Patient Come First”	368
9.4.2	The Business Model: “Care Should Be Available for Everyone”	372
9.4.3	Result: How Does Putting the Patient First, Pay Off?	377
9.4.4	The Brilliant Lessons of Mayo Clinic.....	380

- 10 Lessons for Creating Brilliant Business Models in Healthcare** 381
 - 10.1 Phase 1: Start from a Vision and Bring the Brand Positioning in Line with It 383
 - 10.2 Phase 2: Persevere Consistently in the Conversion of the Vision into the Business Model 387
 - 10.3 Phase 3: Use Pioneering Value Creation for All Stakeholders to Realize the Business Model 392
 - 10.4 Phase 4: Retain the Core and Stimulate Progress in the Business Model 395

- About the Editors** 401

- About the Case Authors** 403

- Acknowledgment** 407

- Key Terms and Definitions** 409

- Sources** 413

- Index** 425

Introduction

Why, What?

“Never go to a doctor whose office plants have died.”

—Erma Bombeck

Over the years we conducted a quest to identify inspiring organizations in all kinds of sectors and learn from their brilliant business models.¹ That is a quest based on our fascination with organizations that truly make a difference in their spheres of influence. These are companies that do not wonder how to compete, but rather what to compete for²; businesses whose *raison d’être* is to change their own environment, sector, or even the world; companies that change the rules of the game and turn entire markets upside down; organizations that sincerely know how to rise above their own self-interest to create value for their customers and society. Paradoxically, it is because of this approach that they also become very successful for employees and shareholders. Simply put, companies like these make all parties concerned happy, which in turn results in value for the business.

We are looking for and have identified companies that are characterized by pioneering, self-reinforcing value creation for all stakeholders. The non-negotiable in the selection is that the value creation had to be measurable and demonstrable. We are looking specifically for businesses that have four distinct attributes: those that are profitable, enjoy very loyal customers, have very satisfied employees, and make a contribution to society. Businesses that create value in this way are what we define as brilliant. When our selection of companies that put up awfully good numbers expanded, we posed the question as to whether these businesses have even more in common. How do these companies succeed in achieving this position? Brilliant

¹The results thereof are recorded in the book *Brilliant Business Models* by Kemperman et al. (2013).

²Spence and Rushing (2009).

business models turn out to be unique in three aspects, each of which was rolled out in phases over time:

1. *They are vision-driven:* They started from the conviction that things really have to be different. Brilliant business models are driven from the *inside out* by their ambition to change the world. It is not good enough for them to merely meet existing market needs from the *outside in*; they themselves want to be the source of new markets and needs. Subsequently, they have brought their brand positioning in line with their vision.
2. *They persevere in the business model:* They are conspicuous by their entrepreneurship and creativity. Businesses with brilliant business models are really focused on implementing their vision. The ambitions and brand promises are embedded structurally and extremely consistently in the business operations, the organization, and the cooperation with partners. In this way it has been possible for these ambitions and promises to be fulfilled in a sustainable, distinctive, and profitable manner.
3. *They are pioneers for and by stakeholders:* Based on these first two aspects, they changed the market, the lives of stakeholders, and the rules of the game in the business sector. Brilliant business models make the impossible possible by breaking through conventions and creating surprising paradoxes. This is visible not only in what the businesses do for their stakeholders but also in what the stakeholders do in turn for the businesses.

In brief, a brilliant business model ensues from the company's vision and positioning. Subsequently, that must be consistently converted, embedded, and adhered to in the business model (not always an easy task). Then that has to result in success for and by stakeholders. That is why these are prepared in turn to give back more and to invest time, energy, money, or material in your company. This consequently results in a self-reinforcing and self-financing spiral. The organization can broaden its impact for customers and society and further itself at the same time. This is exceptional and valuable. In this way it is possible for an organization to become a platform where customers, employees, and shareholders work together in such a way that society also benefits from this. The advantage this provides is that the world becomes better in a way that organizes and finances itself. It need not be organized by the government and financed with taxpayers' money. The right type of company can make a contribution to mutually resolve substantial societal issues.

And Now Healthcare

We took the quest for brilliant business models a level deeper, this time within healthcare! And then we did so from an inverted perspective. We had observed that there are organizations that create breakthroughs to make the world a better place, while increasing value for all stakeholders simultaneously. We wondered what areas were truly in need for these sorts of organizations. So we did not look at random

brilliant businesses and then investigate how they strive to change the world. On the contrary, we took the change in the world we want to see as starting point and asked ourselves which brilliant business models could help us in achieving this. Within health, this involves the huge challenge to make and keep qualitatively good health-care affordable and accessible to as many people as possible. Additionally it is demanded that this is done while simultaneously creating value for different stakeholders. In healthcare, this concerns the widely shared ambition to realize the triple aim: How do we improve the patient experience of care and the health of populations while reducing the per capita cost of healthcare?³ So we concluded that health-care was definitely in need for the sort of brilliant business models we had seen in different sectors.

As our quest now originated in the ambition to improve healthcare and health in general, we first formulated which breakthroughs that requires. In the process, we focused on the necessary breakthroughs in healthcare in the West and in the world in general. We certainly included inspiring examples from developing countries, but looked not so much at the specific, non-medical breakthroughs required in these countries where it concerns, for instance, clean water, sewerage systems, and nutrition. Based on the international changes required, we looked for businesses and organizations that are accomplishing this. After all, they provide inspiring examples for actually implementing the desired breakthroughs.

In the past few years, we have had the privilege of often working together with individuals who share the ambition to improve healthcare and health in general. Like us, they are fascinated by organizations that make a contribution in a brilliant way, people who are generally employed in roles relating to the provision of health-care, as professional in a management position or in an advisory capacity. We wondered which breakthroughs are necessary in healthcare and which organizations are accomplishing this and consequently provide an inspiring example. As such, it made sense to pose the following two questions to all of them:

- Which breakthroughs are necessary to improve healthcare and health in general?
- On the global level, what are the most inspiring organizations that accomplish these breakthroughs and therefore could serve as examples of best practice?

We posed these two questions hundreds of times. Sometimes they were an item on the agenda. More often than not, we posed them at the start or end of a discussion or rather casually during lunch or on a coffee break. That resulted in growing piles of literature, reports, and presentations on improving healthcare and health in general. In addition, the number of pieces of scrap paper, business cards, and texts with the names of potential brilliant business models grew steadily. We were also able to tempt a number of our discussion partners to not only think along with us but also put their thoughts down on paper. We challenged them to delve into an organization that inspires them, an organization that they think is truly brilliant and then to submit a case description thereof.

³Berwick et al. (2008) and Institute for healthcare improvement (2012).

The selected organizations have been described based on a fixed conceptual framework developed to describe and create brilliant business models. Online and offline co-creation was employed. Joint writers' and editors' evenings were organized, and we continued our collaborative effort on www.wikibusinessmodels.com. Ultimately, of more than 300 possible case organizations on the long list, 20 were selected for inclusion in this publication. This book and the online community are our way of bundling and sharing all the experiences in a structured manner. It is our hope that it helps readers make their own contribution to improving healthcare and health in general.

The editorial team:

Jeroen Kemperman

Jeroen Geelhoed

Jennifer op't Hoog

P.S.: Just as co-creation and inspiration never cease, so we also desire to continuously improve. We will continue compiling new cases and therefore want to invite and challenge you to share the case of your own favorite brilliant business model.

Guide for Your Reading Enjoyment

We hope that you will find reading this book as enjoyable and fascinating as we—the editors and the case authors—did researching and writing it. We recommend that readers focus their energies in particular on reading what is currently the most interesting topic to them and will consequently excite or energize them the most.¹ That is what they are the most open to and it requires the least effort. In other words, that always yields the best return on investment. In order to make that possible, we have shaped this book in such a way that it can be read sequentially and as a collage. It consists of the following parts:

- *Part I: The framework for brilliant business models in healthcare.* The discussion revolves in Part I, Chaps. 1–3, around the conceptual business framework used to analyze and describe brilliant business models. This model is used in healthcare and beyond. This ties in with broad business terms, such as customers, markets, and positioning. In compliance with the aspects of brilliant business models, we first dwell on the vision and brand positioning that form the foundation for the business model. It is on this basis that a closer look is taken at the market segments, customer value, delivery, and operation that form the building blocks of the business model itself. Then the focus turns to the value that the business model provides for customers, shareholders, employees, and society—and what is received in return. This is an important consideration, for a business model only qualifies as brilliant if it actually results in value creation. Chapter 4 subsequently ponders developments in healthcare. We conclude here that independent of the healthcare system, the same fundamental challenges are visible throughout the world. Our attention then turns to five breakthroughs that are prerequisites to keeping healthcare qualitatively good, broadly accessible, and affordable.
- *Part II: Cases of brilliant business models in healthcare.* Attention is paid in Part II, Chaps. 5–9, to the required breakthroughs and the corresponding brilliant business models. This is the focal point and highlight of this book. We repeatedly

¹This is inspired by the Montessori method of education (1967).

dwell on one of the five necessary breakthroughs and the kind of organizations that demand them. Then, for each breakthrough, four cases are developed of organizations that accomplish this in an inspiring manner somewhere in the world either now or at some point in the past. These descriptions have been drawn up based on the framework for brilliant business models discussed in Part I. In other words, for each case, the vision and brand positioning, the consistent adherence to the business model, and the resultant value creation for stakeholders are explained. Chapter 10 concludes this section by pondering the lessons drawn from the 20 cases. Reflections and insights are given for building brilliant business models that have a positive impact on healthcare and health in general. We logically proceed with a step-by-step expansion of vision, from business model to value creation.

Readers may decide to start, stop, and skip subject matter at their discretion. To start with, Chaps. 1–3 can be skipped if you want to go directly to practical experiences. The cases can also be scanned by studying the infographics in them; you can always decide later whether to read the entire text or not.

For instance, if you are most curious about a certain case in Part II, you might start by scanning that section first. We then hope that you will look at the next case, focusing, for instance, on the same breakthrough (the same chapter), and then continue reading from there. If at some point you find that the need arises to take a step back and get more in-depth information, then you will need to leaf backward. If you need to gain insight into the conceptual model used in our research, go to Chaps. 1–3, or look below in the abridged reproduction as boxed text. For more insight into the challenges facing healthcare, turn to Chap. 4; for more in-depth information, go to the first section of the five chapters from Part II featuring four cases.

For those who want to proceed as quickly as possible with building a brilliant business model, we recommend selecting one inspiring case from the book that is close to your own practical situation. You can then share it with colleagues to discuss what can be learnt from it for your own organization and/or go ahead online to create your own brilliant business model.

We hope you enjoy reading this book.

Conceptual Framework for Brilliant Business Models

The conceptual framework used to analyze and describe brilliant business models is described in Part I. In short, a historic, existing, accentuated, and new brilliant business model can be described and built with the following figure:

