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**Assignment 11.1 - Disruptive Business Model Map**

In this digital era, many industrial companies are developing their business models to a value co-creation in order to be relevant in competition and maximise profits. Whereby there will be a developed relationships between partners (suppliers, competitors and outsiders) - providing key resources, products and services co-creation, network effects and access to customer; and customers - customer knowledge, customisation, products and services co-creation and network effects. The healthcare industry has been chosen by the author and further addresses the disruptive business model map that will be created to ensure either the outcomes are innovative or produces disruptive threats to the existing healthcare industry.

**What is your challenger business of healthcare?**

The healthcare industries have been re-imagined by advanced technologies in order to be fully engaged with customers, gain an advantage to compete and maximise revenues. These processes have resulted to challenges that the current businesses are facing but in order to tackle those challenges, there must be some new forms of ideas by a new business challenger that could possibly reinvent the healthcare industry by delivering the quality of potential excellence of a peak health. Business ideas like branding and designing membership programmes, marketing next-generation screenings, automations and treatments; designing the better experiences and environments to precise, intelligent and individualised healthcare will be offering new products and services to customer by allowing customers to think differently by using insight to create constructive tension in sale resulting in customer value.

**Who is the incumbent?**

Incumbents are normally less agile or innovative but they compete due to strong asset bases, well established brands, along with deep and longstanding with customers and other stakeholders. However, innovative business models are disrupting the healthcare status quo as more incumbents are constantly shaking up the market in areas of cost, regulation and even more; this transition has led to customisation as the healthcare industry is still quite weak in certain foundational areas as well as affordability, value and accelerated technological advance. The incumbents offer greater access to capital, strongly trusted brands, larger customer based, high quality of customer relationships and faster innovation capability. One of the incumbents is Apple as the company sees huge market opportunities by developing its app, services and wearable strategies in order to become customer’s personal health record and as Apple has massive advantage over other incumbents in the healthcare industry like hospitals and pharma: unlike drug companies and hospital group. Additionally, Apple does not have to chase reimbursements from health insurers but rather laser-focused on the patients experience and outcomes.

**Who is the target customer?**

Targeting audience is very critical success factor in healthcare brand strategy development as it ensures demographics (age, gender, family size, occupation, education and household income), psychographics (general personality, behavior, lifestyle of receptive to new ideas and innovation technologies) and behavior (the needs and wants of customers; level of knowledge, information sources, customer patterns to products and services). These developments will help target customers messages, approaches and channels or engagement. Therefore incumbents and challengers could take the advantage of social data to know everything they need to know about their audience to ensure audience segmentation in order to create unique and strategically tailored messaging and outreach, using the social data to generate a better marketing campaigns that will produces better outcomes or results.

**What is the value proposition of the new business idea?**

Notably, the value proposition is important to targeted customers (customer value drivers) and how the business can offer better products and services than its competitors. The new business idea of smart patient-services will help capture value with customer-centric solutions as an alternative business model to the traditional product focus; and it is driven by technologies that will empower patients to work with physicians to understand their own health risks and treatment options; and also allow them to take an active role in making their own decisions. Additionally the smart patient-services will provide experience (that will lead to a cure), empathy (making customers feel that the provider cares), efficiency (ensuring that customers won’t be kept waiting), economy (ensuring fair value) and empowerment (giving customers some degree of choice around their treatment plans).

**How does that displace the value of the incumbent?**

There are many challenges to the real value of the incumbent, as **developing an actionable insight from customer data** is a challenge whereby customers always want to be treated like people but not policy numbers, as customers want their health insurer to connect with them on a personal level, to be trusted advisor than can educate but not overwhelm them with information and choices; **managing customer interactions** is another challenge whereby customers are normally offered myriad interaction choices but enhancing their interaction plan and understanding all the touchpoints and interactions so that establishing a lifecycle-based interaction plans to optimise those interactions is difficult; **accessing external customer information** as a challenge in the sense that the healthcare industry is a data-driven environment, whereby data such as electronic health records, drug information, treatment histories and other data are sometimes not data mined or analysis in order to gain additional insight and take action on the basis of in-depth knowledge to acquire via mix of internal and external information; **communicating complex messages** is another challenge of how many languages are used between healthcare insurers and customers, which sometimes are confusing and adds complexity to the already complex relationship; and sometimes cause the healthcare businesses to overlooked the use of community forum, social networks, videos, co-branding and partner links when simplifying messages as it is important to ensure a consistent and clear messages between healthcare insurers and customers in order to gather insights that can create relevant and targeted messaging; and **being accountable to customers** is the last challenge whereby customers data need to be secured and protected but normally the healthcare insurers does not concentrate much on the third-parties companies of whether the customers data will be properly managed and secured or will be used for their own selfish gain.

**The value network**

In this digital era, value has becomes the central focus of healthcare businesses. Therefore there is the need for transitions to a payment system that will be based on the quality of patient care, new challenges and will allow healthcare providers to share payment risk, coordinate care and integrate quality measurement and reporting. Value network will allows the healthcare customers to buy and sell products as well as sharing of information. From stand-alone products to value-based solutions will supplement the traditional products offering with new products or services that are designed to improve the outcome of the health, reduce costs, or probably do both. The value-based solutions are incorporated with new digital capabilities as they will facilitate by combining the traditional consulting services in operating-room and patient management with the new tele-rehabilitation technologies that will allow the healthcare companies to provide personalised, clinician-supported physical therapy after surgery to patients in their own homes. In addition to, leveraging value measurement will bring about transparency of relevant, standardised and timely health outcomes data since collecting data is highly scalable and that will offer many opportunities for healthcare businesses to both collect data that demonstrates the superior value of products and services and allow for the development of new data-based offerings that focus on benchmarking and continuous improvement.

**Which of these are different from the incumbent?**

Incumbents are offering many opportunities such as greater access to capital, strongly trusted brands, larger customer based, high quality of customer relationships and faster innovation capability but the value network of value-based care delivery will build a fully integrated supplier and care provision franchises and that will provide a better go-to shop within a shop for a lager care delivery ecosystem by creating a multidisciplinary teams of doctors, nurse, dietitians, psychologists and healthcare administrative staff who will take a joint responsibility for the full cycle of care; and allow for a new market. This value-based care delivery is a barrier to incumbents if and only if they are willingly to own a care delivery of a given disease or condition and invest heavily.

**Two part test**

Lastly, the author’s idea is purely digital disruptive to the healthcare businesses since it offers a proper valued and engaged experience whereby customers are at the centre of the healthcare experience and are supported by a more coordinated healthcare team; proactive care of preventive and to treat chronic conditions whereby there is an emphasis on keeping customer healthy; healthcare providers are empowered by new technology, access to data and financial incentives to coordinate care across the entire healthcare ecosystem; data is analysed across healthcare providers business in order to identify specific health risks, improve healthcare coordination and enhance the healthcare businesses operations; and value is the new standard for healthcare insurance companies and healthcare providers and pay is based on quality and patient health improvements. In addition to, offering technologies, data and other assistance as well as financial rewards to allow customers find the right healthcare and save money.