1. Porter’s Five Forces Model suggests -

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **New Entrants**  Doctor on demand, Google helpouts  Threat - Low | **Suppliers**  Physicians, nurses, hospitals,  pharmacies  Threat - High | **Customers**  Patients, insurance companies  Threat - High | **Substitutes**  Telehealth checkups, online medical services  Threat - Low | **Traditional Rivals**  Teladoc, MDLive, Hospitals  Threat - High |

I do think that online healthcare is feasible due to following reasons, but it has pitfalls too:

PROS -Convenience of using it from anywhere, anytime, less costly most of the times, Average low waiting time

CONS –Struggle to provide services due to shortage of doctors, Difficult to get accustomed to technology (for elderly people), Privacy concerns

Thus, the stakeholders could first get hesitant but over the period would become familiar and use AW.

1. YES, but as AW was using B2B as their main business model, it would need a different approach for DTC. Challenges:
2. Marketing to direct customers, encouraging customers to use online services, under-utilization
3. Pricing strategy, promotions
4. Meeting the increased demand for physicians

Solution: They can target tech-savvy people, mothers, people with a high deductible plan. Also, low introductory price, free trials, they can give discounts on a routine checkup for family, a Free first consultation offers, Low cost for the first 5 mins and then increase the cost. Extensive use of OCG.

3. I do think that these new initiatives can help American Well positively as DTE involves the fortune 500 which can be beneficial and help make the business profitable. Tying up with Fortune 500 can serve as publicity or indirect marketing. I would recommend American Well to have a strategic alliance with Delivery networks, pharmacies and drugstores extensively. As the case study suggests, it can also generate revenue through licensing fees. Also, the related diversification is one of my recommendations to help create brand awareness (use of rite-aid [case study suggest], other drugstores etc.)

4. As we can see, out of 1.2b visits (315M population) thus on average each person visits 4 times and 56% of visits were to PCPs where the cost incurred is $88 and online it’s $28(nearly 31.81%). Thus, on average, Online Care saves $60. As given, an insurer with low costs for in-person PCP is $75 and online is $25 with a saving of $50. For the high cost, it’s $100 for in-person PCP and $30 for Online, saving becomes $70.

1. For 50,000 employees, as per exhibit 7a, 2.5% turns to online so 2.5% of 50000 = 1250

Employees per hour wage are given on an average of $30, average OC time given is 10 mins

Thus 30/60=0.5 and 0.5\*10=$5

If goes offline, typically loses 2 hours which means 60$

So, the saving is 55$ and the total saving becomes 55$\*1250=$68750. Thus, as per above, $68750\*4=$275,000(annually)

1. Flat fee of $49 and AW’s $16 and $2 malpractice gets cut so the physician’s financial incentive becomes $31.
2. As per Exhibit 6 & 7b and assumptions made:

