1. According to the models taught in a class:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **New Entrants**  Large organizations  Threat - Low | **Suppliers**  Data Suppliers such as insurers, health-care providers, etc.  Threat - High | **Customers**  Employers, health plan providers and state governments  Threat - High | **Substitutes**  App, technological advancements  Threat - Low | **Rivals**  ClearCost Health, Change HealthCare, Healthcare Blue Book, etc.  Threat - High |

Also, the model is imitable and not rare, but having value such as significant cost saving and cloud-based services.

**PROS** – 1. B2B Model helps in generating revenue by subscription, also having professional services.

2. Quality provision and low cost to customers.

3. Transparency.

**CONS** – 1. Dependency on data sharing suppliers.

2. High competition and pricing strategies issue due to other companies doing the diversification.

1. The Castlight was letting employers set their reference price, but it had pros and cons with it as follows:

**PROS** – 1. It was helping Castlight increase its customer base along with the revenue through B2B subscription plans.

2. It was already in practice such as by CalPERS, so more reliable.

3. It had data availability and the tools to analyze the data.

4. Bringing change in the dynamics around health care consumption.

**CONS** – 1. Data issues as it did not own the data rather was on sharing basis (contracts, agreements).

2. Competition was also one of the issues as the model was imitable and others were replicating it.

3. gag-clause was a barrier.

4. Proper execution is needed to avoid consumer confusion.

1. I believe that Castlight should focus on employers with a large number of employees, large health plan providers as they have more market power. But they should also focus on smaller self-insured and medium employers, a health plan that provides administrative services. For this, it needs to conduct thorough analyses as focusing on these segments can result in varying marketing and implementation costs. The heavy investment in marketing can be seen in Exhibit 5 thus it needs to be handled carefully. Also, they need to balance existing and new customer segments, to maximize the value of implemented solutions.
2. The main competitors are ClearCost Health, Change HealthCare, Healthcare Blue Book and Heal Sparq, etc. The similarity lies in between all of them which can increase the competition multifold. The competitors are also focusing on making it easier for customers to access their services, providing quality and convenience of setting the prices accordingly. As well as comprehensive, technology-based solutions from these competitors are the key issues. Thus, according to me, Castlight should also focus on technology-based solutions more. It’s already been doing so by facilitating web and mobile-based applications to create value and stand ahead of these competitors. But as we can see from Exhibit 5, Castlight is heavily investing in R&D, which somewhere needs to be considered and used for a more customer-centric app building approach and serve unique features than competitors.
3. As per the case study, the main data access issue that’s being faced is ownership of the data. The data is very important w.r.t the customer base and eventually the revenue. Thus, as mentioned in the case study, entering a long-term data-sharing agreement with health plan providers would be beneficial in order to get hold of the data. But doing so has a pitfall, which is – exclusivity provision at the cost of eliminating potential customers. Thus, looking at this, to not limit the growth potential, the company may practice aggregating the data to do its analysis that will also maintain the exclusivity and data. The masking will still be done but the data can get aggregated or morphed.
4. I believe that if the right values are put in and efforts are made, Castlight may achieve its dream. The company has already brought a change in the healthcare industry by introducing its business model. It focused on changing the healthcare industry structure, by unleashing the power of market forces through transparency and better alignment of economic incentives among employers, healthcare consumers, etc. The company, by providing a reference-based pricing model and app, has brought not only affordability, easy decision-making capability but also transparency. It helps customers to look for options and select what is best for them. Being more thoughtful about the needs and customer perspective, the company may achieve its dream.