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### Background

Low levels of physical activity are responsible for $117B in total health care costs. Diseases such as Type 2 Diabetes to Heart Disease are a large part preventable. Just *moderate* amounts of exercise can mitigate a large amount of the risk associated with these diseases. Fitness applications have grown popular. Estimated size is $16B and is projected to grow another 30% YoY over the next 7 years.

### Problem

As a healthcare provider, it’s in our best interest to look to reduce our costs where we can. Just on our 12.2 million subscriber base, an estimated 2 million of our customers have these conditions. At $350 per subscriber, that is a potential savings of up to $700 million. It’s a win-win scenario as with an application, we can also potentially attract more subscribers to our plans while reducing our cost per customer.

### Goals

* Build an applications that allows subscribers to easily track their fitness and food intake
* Decrease our cost per customer over a span of five years with a focus on patients with conditions like Type 2 Diabetes
* Increase our subscriber base using our application as an attraction vs other providers

### Success Metrics

* Short term: Downloaded by 25% of existing patients (becoming users)
* Short term: 75% of users set goals (subscribers who have downloaded application)
* Long term: Reduce overall at risk patient costs by 25% (patient operating costs)
* Long term: Increase patient base by 10% (number of users of our health care plan)

### Key Features & Scope

|  |  |  |
| --- | --- | --- |
| Priority | Feature | Description |
| P0 | Registration that syncs with existing patient account | * Need to be able to sync patient information to the application * Only current subscribers to our plans or patients can use the application |
| P0 | Initial database of exercise plans and diet plans | * Initial plans need to be adaptable to at least 5 types of users with some additional flexibility for those who might want to mix & match |
| P0 | Ability to enter progress and track (weight, food intake, etc.) | * Users should be able to enter their food intake / exercise progress seamlessly * Data should be saved locally and then uploaded to the cloud automatically when possible * Goals should be tracked based on the progress the user makes which feeds into the reward system |
| P0 | Basic reward system | * Users should be able to redeem rewards that are codes delivered straight to the application to use elsewhere |
| P1 | Search for individual exercises or recipes | * Users can search for the individual components of plans if there is something in particular, they are interested in |
| P | Personalized recommendation system | * Based on some preferences and the patients existing information, the application should be able to recommend |
| P2 | Send recommendation to others | * If users enjoy a particular exercise or recipe, they should be able to share to others using the application |
| P2 | User created exercises or recipes | * Users should be able to submit their own variations of exercises / plans or recipes / diets |

### Core UX Flow

[Prototype](https://www.figma.com/proto/UbbazwRLW3st63SYJp5YhP/Udacity-PM-V2?node-id=1%3A278&scaling=min-zoom)

### Target Market

The estimated overall market size is 209 million American adults x $3501 per customer = $73B in preventive costs. The immediate market for our company is our existing subscribers which is 12.2 million. We currently have operating costs of $81.1B which amounts to about $6,650 per customer. Using a conservative estimate of reducing costs of 2 million of our subscribers, we can potentially save $700 million which amounts to increasing our operating income by almost 25%. Additional revenue can be gained if we gain health care coverage for more adults because of the appeal of the application.

The market for fitness applications is robust as the current North American market has a value of $17B with projected CAGR of 31% for the next 7 years2. We do not have any direct competitors, but there are two main identified fitness application competitors: MyFitnessPal and Apple Health. MyFitnessPal generated $120 mio in revenue in 2018. MyFitnessPal has an estimated 80 million users. The application is used to track calories through exercise and diet, it also allows users to set goals based on these counters.

Apple Health application does not report directly its revenue as it is overall part of the generic Apple application set that comes pre-downloaded with every IPhone. The application tracks movement and can connect with other applications or devices.

### Marketing and Pricing

Our three marketing channels are advertising on our own web portal, advertising on Instagram, and adding a share button to the application. Given the purpose of our application the first target users are our own existing subscribers. Therefore, it makes most sense to reach them through where all of them need to sign in to access their own healthcare. The secondary markets are those who are already covered and we can potentially convert to our health care plans. Instagram is the home to all fitness and health trends which is an ideal way to reach those who might not be under our health care plans yet. Finally, if our own users share their progress with others, those who are not under our plans might look into it if they see progress from people, they know first-hand.

Because of the nature of the application, we do not have a revenue target, more so a cost savings target. The main target for the long term is to reduce the at-risk patient costs by 25% which is an overall savings of $700 mio. We realize that we will not be able to capture the entire $350 per patient in saving for every one of our patients, so we have made the reasonable assumption of $175 per the 2 million customers we believe are at risk for these preventable diseases. The main strategy is to make sure the application is to be downloaded and interacted with by as many of our patients as possible through our marketing.

### 

Please see file “Marketing Guide” for further detail and further Pricing Strategy.

### Launch Checklist

* Discuss with engineering team regarding action plan of potential bugs that come up during first few weeks of launch
* Discuss with legal team about ADA compliance throughout the entire process and rollout of the application
* Discuss with marketing team about how to make sure every single one of our existing subscribers are made aware of this application
* Discuss with customer support team the general questions that they might get asked regarding setting goals and rewards system
* Discuss with sales team to reach out to vendors about promoting our application in exchange for using their rewards

### Risk Factors

* Database of exercise and diets failure
  + Everything needs to be uploaded and backed up locally
* Log in failures or data breach
  + Double verification through SMS for all users
* Lack of user retention – users do not follow through with their goals
  + Incentivize with further rewards, look into competitions or raffles based on progress towards goals for qualification
  + Overall look for ways to add interaction

### Training Guide for Sales and Customer Support

**Please see file “Training Guide for Sales and Customer Support”**

### Launch Email

**Please see file “Launch Email”**

### Post Launch

In order to address the issue that only 10% of our users are using push notifications for the application, we need to incentivize users to allow notifications. What can be done is using a reward that can only be redeemed if push notifications are allowed for a certain amount of time which can be used to tagged along with the normal rewards. We can make a slight reduction in the normal rewards to compensate. I believe that something along the lines of $20 in worth should be enough to incentivize people to change their settings. Success metric will be measuring how many people allow push notifications after a 5-week period similar which we can then compare to 5-week period we have had the application release thus far. Ideally, we want to see a significant increase in users who allow for notifications at least 75% vs 10% we saw so far. Based on the reward, I think that we will achieve this notification of a reward effectively worth $20.

Sources: 1https://www.marketresearchfuture.com/reports/ﬁtness-app-market-1405

2https://www.cdc.gov/chronicdisease/resources/publications/factsheets/physical-activity.htm