



(Names hidden for privacy)

Company Background

- Founded in 2015
- Offers comprehensive fertility benefit plans to large, self-insured employers, covering employees for services such as:
 - Screening tests
 - In-vitro fertilization (IVF)
 - Egg freezing
 - Medications
- Build and maintain provider & lab network accessible through its benefit plans
- Patient Care Advocates (PCA's) serve beneficiaries
- Sales team recruits client employers
- 87 clients, including:
 - Google
 - Facebook
 - Unilever
 - Genentech
- ~1.5M covered lives
- #30 on CNBC's Disruptor 50 List in 2019

Mission: *"Our mission is to make any member's dream of parenthood come true through a healthy, timely, and supported fertility and family building journey."*

Existing Strategy

Add large, self-insured companies with higher earning employees

Raise capital
- \$99.5M venture capital funding
- \$130M IPO on 10/25/2019



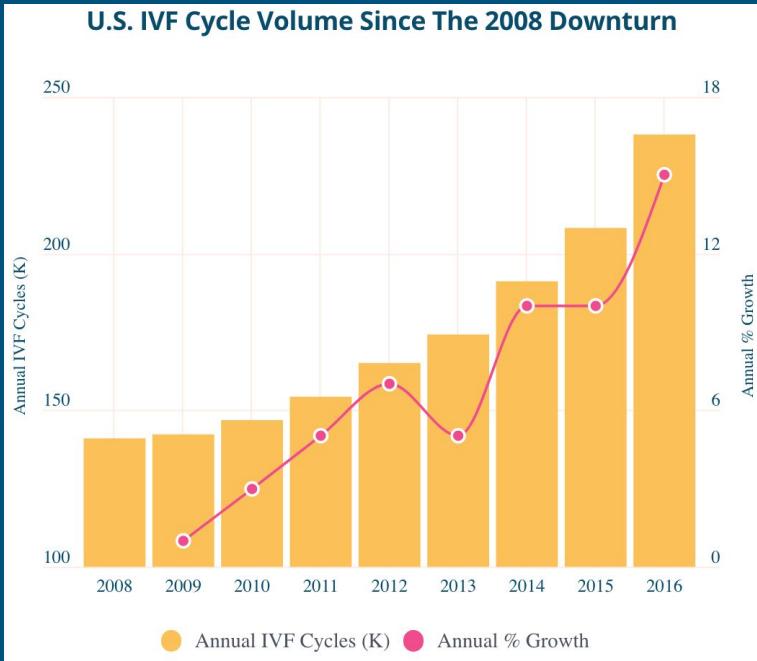
Collect real-time data to develop insights & improve care process

Diversify industry exposure - currently 20 industries

Build national provider & lab network with focus on superior outcomes

Industry Context

- The number of large and small companies offering fertility benefits has been increasing dramatically over the past few years.
- A growing number of people are seeking fertility treatment services.
- Many individuals still pay for a large portion of these services out-of-pocket.
- Consulting, banking, and technology companies typically offer the most generous fertility benefits to their employees.



Industry Context



- The global fertility services market is projected to grow to \$27 million in 2026, up from \$13.5 million in 2018.
- Progyny has competitors also working with employers to offer fertility benefits packages to their employees.
 - Carrot works with similar large, self-insured companies.
- New entrant = insurance companies?

Policy Context

STATE LAWS	Since the 1980s, 16 states (AR, CA, CT, DE, HI, IL, LA, MD, MA, MT, NJ, NY, OH, RI, TX, WV) have passed laws that <u>require insurers to either cover or offer coverage for infertility diagnosis and treatment.</u> NEW YORK STATE: New York IVF and Fertility Preservation Law, effective Jan. 1, 2020: 1) Mandates fully insured, large group employer plans cover 3 IVF cycles for infertility treatment 2) Mandates all individual plans & fully insured employer plans cover fertility preservation treatments when infertility could result from medical intervention (e.g. radiation, surgery)
FEDERAL LAWS	FEDERAL EMPLOYEE RETIREMENT INCOME SECURITY ACT (ERISA) - self-insured employers exempt from state-level insurance mandates
MEDICAID REGULATIONS	<u>No federal requirements</u> for state Medicaid programs to cover infertility testing or treatment. Only 9 states cover diagnostic testing and <u>no state covers treatments</u> .
ADVOCACY	A number of bills have been introduced related to infertility issues including - infertility coverage (MS, KY, NE, OK, OR), fertility fraud, parentage, and more.

SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none">• Superior outcomes & lower costs• Prestigious, national provider network• Growth in client adds & benefits utilization• No long-term debt & low debt burden overall• Data and insights on treatments & outcomes• ~30% of in-network providers participate in 0 or 1 conventional insurance networks• First-mover advantage	<ul style="list-style-type: none">• Heavy reliance on a few clients for outsized share of revenue• Future profitability uncertain• Market share very small (~2%)• Seasonality of sales• Revenue growth mostly from client adds• Limited ability to reduce provider reimbursements
Opportunities	Threats
<ul style="list-style-type: none">• Infertility is a major market (1 in 8 couples)• Increase in non-traditional paths to parenthood (single by choice, LGBT+)• Public & nonprofit sectors; fully-insured groups• Diversify product/service offerings	<ul style="list-style-type: none">• Existing large insurers may copy their model• Similar fertility-focused insurers• Providers demanding higher reimbursement• Macroeconomic factors - coronavirus and possible recession

Key Strategic Issues

1	Become profitable Currently operating at a net loss.
2	Diversify customer base 87 client total but 2-3 have an outsized influence on the number of covered lives.
3	Expand revenue streams Majority of revenue growth comes from adding new clients.
4	Negotiating with providers Need to negotiate lower reimbursement rates with providers when contracts expire.

Option 1

"Business As Usual"

Continue to target large, socially progressive organization with a highly educated workforce. Keep sales team and management's focus the same.

- Progyny's strategy has been successful so far and helped them gain important customers and go public.
- Continuing to grow by signing new clients has a high potential for success.
- Main issue: company's existing health insurance contracts could restrict growth.

Option 2

"Brand of The People"

Target a well-known brand that does not have such an 'elite' reputation or technically skilled workforce but still known for offering benefits. Targets could include Costco or Starbucks.

- Adding an additional large employer would be a quick way add covered lives.
- Expand the image of who Progyny serves and bring fertility benefits to underserved populations.
- Main issue: does not solve Progyny's need to diversify customer base.

Option 3

"Grow Small"

Focus on signing smaller organizations that are looking for additional benefits to offer their employees. This may require creating a new insurance product.

- Signing many, smaller employers would help Progyny expand their reach and diversify their customer base.
- Fertility benefits could help smaller employers retain employees in a tight labor market.
- Main issue: depending on size, smaller employers may not be able to have a self-insured contract with Progyny.

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Action Plan

Short term (months 1-6)

- Assess the market - identify a regional target where benefits may be offered and meet with smaller brands to determine interest in Progyny's product
- Consider creating a new product - smaller employers may require a less costly and comprehensive product
 - Consider: can Progyny provide this product without compromising outcomes and their mission?
- Assess ability to start selling to fully-insured employers

Action Plan

Medium term (months 6-24)

- Begin new marketing strategy targeting smaller brands in the target region
 - Increase size of marketing workforce, focusing on people with experience selling to small businesses
- Consider offering additional benefits or decreased cost for employers willing to sign multi-year contracts
 - Continued emphasis on diversity and stability of client makeup

Action Plan

Long term (months 24+)

- Expand out of the initial regional target - start selling to smaller businesses in new regions and nationwide

Contingency Plan

- Failure occurs if small businesses have no interest in offering fertility benefits (determined during months 1-6)
- Option 2: “Brand of the people”
 - Pros
 - Continued focus on expanding customer base
 - Adds more lives and more revenue quickly
 - Already an existing model for pairing with large companies
 - Cons
 - Does not diversify sources of revenue - Progyny still remains vulnerable if a few large clients end the relationship
 - Does not push Progyny to diversify product offerings or begin working with fully-insured businesses

Thank you!
