



(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



Grow & develop  
strong sales team  
and PCA team



Diversify  
industry  
exposure -  
currently 20  
industries

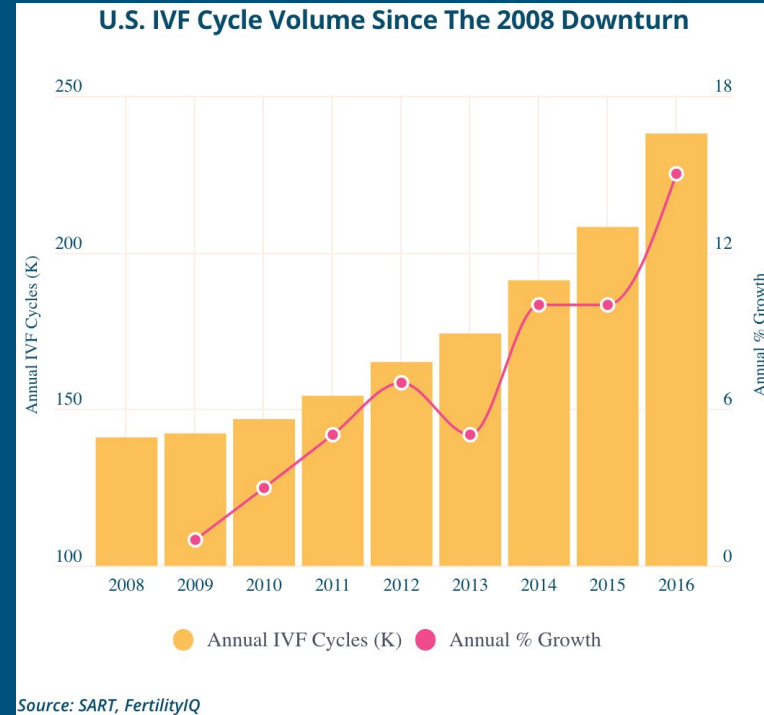


Build national  
provider & lab  
network with  
focus on  
superior  
outcomes

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

# 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 logo for Kindbody, featuring the word "kindbody" in a lowercase, monospaced font. The letters "o" and "d" are stylized with a double-circle or "o" shape. The logo is positioned on a yellow rectangular background.The logo for Carrot, featuring the word "CARROT" in a bold, orange, sans-serif font. Below it, the tagline "fertility benefits for modern companies" is written in a smaller, lowercase, sans-serif font. The logo is positioned on a white rectangular background.The logo for Oviahealth, featuring the word "oviahealth" in a lowercase, sans-serif font. A small "TM" trademark symbol is to the right of the word. Below the text is a horizontal bar composed of three segments: orange, teal, and green. The logo is positioned on a white rectangular background.

- 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	<p>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></p> <p><b>NEW YORK STATE:</b> New York IVF and Fertility Preservation Law, effective Jan. 1, 2020:</p> <ol style="list-style-type: none"><li>1) Mandates fully insured, large group employer plans cover 3 IVF cycles for infertility treatment</li><li>2) Mandates all individual plans &amp; fully insured employer plans cover fertility preservation treatments when infertility could result from medical intervention (e.g. radiation, surgery)</li></ol>
FEDERAL LAWS	<p><b>FEDERAL EMPLOYEE RETIREMENT INCOME SECURITY ACT (ERISA)</b> - self-insured employers exempt from state-level insurance mandates</p>
MEDICAID REGULATIONS	<p><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></p>
ADVOCACY	<p>A number of bills have been introduced related to infertility issues including - infertility coverage (MS, KY, NE, OK, OR), fertility fraud, parentage, and more.</p>

# SWOT Analysis

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

# Key Strategic Issues

---

1	<b>Become profitable</b> Currently operating at a net loss.
2	<b>Diversify customer base</b> 87 client total but 2-3 have an outsized influence on the number of covered lives.
3	<b>Expand revenue streams</b> Majority of revenue growth comes from adding new clients.
4	<b>Negotiating with providers</b> 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.

# 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 many 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.

# 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!

