Philips Health Suite Digital Platform

Q1.

Philips is a traditional pipe business and is now (as of 2014) foraying into platform business within health care domain. The ecosystem features a multisided platform involving all stakeholders (listed below) collaborating on developing apps, exchanging high value information and sharing research information. Let us now identify the stakeholders in the case and categorize them as below.

Owner – Philips Health Tech – they are the owner of the platform

Provider – Mobile phone app interface – the platform provided for the ecosystem.

Producers – Philips app developers and third party app developers – they create/produce the apps based on open rules architecture and data shared by Philips.

Consumers – patients, doctors, clinics, health care providers, hospitals, diagnostic centers, home care organizations and pharmacies. – They are the users of the app and consumes the information for decision making and research purposes. Patient management app is for patients to record their records.

External interactions – high value exchange of data between all consumers (patients, doctors, care providers) in the ecosystem through different apps.

Resource orchestration and value to the ecosystem – orchestrate the resources and create value to all stakeholders in the ecosystem.

Competition – Open based architecture, data and rules available to the public and apps that are patient facing (patient relationship management) will provide competitive edge and inimitable assets. GE and Siemens are the main competitors in this space, but Philips believe their approach of being open based and patient emphasis will give them an edge.

Motivation driving the platform's creation:

It is estimated that the healthcare spending will rise to $4.5 trillion by 2020 and half of the US population will be suffering from the chronic diseases. The ACA act led to a shift towards fee for value models rather than fee for service models. The health care providers needed better metrics of patients in order to track the quality of care and outcomes of the patients. The platform which solves all these challenges and forms a link among all stakeholders is imperative and Philips has envisioned a digital platform called HSDP. This platform encompasses all the phases of customer journey from healthy living, prevention, diagnosis, treatment, recovery and home care. Philips intends to create an ecosystem where the information flows freely among all the participants and ultimately creates value to them. This is motivation behind the idea of the platform creation.

Q2.

A new stakeholder, insurance companies is being introduced into the ecosystem. It is very important that the stakeholders reach a critical mass for the platform to be successful. So, it is a good idea to add relevant stakeholder like insurance companies, who has a significant say in the health care domain. Let us now discuss various networking effects arising out of this new addition into the HSDP ecosystem.

Same side networking effects –

The insurance company can publicize this to its peers in the market and in turn motivate other insurance companies also to join the ecosystem. This can be both positive and negative depending upon the feedback it spreads in the market. If it is negative, the others might be reluctant to join when Philips directly reaches them through its marketing channel. Also, it can spearhead the negative word of mouth to other insurance companies as well and it is obvious that negative goes wild fire than the positive feed. There is a possibility that the participating insurance company might initiate few apps leveraging the existing system to attract more users and integrate with the platform. This will create a forum kind of place where they can make announcement of their policies, benefits and other Medicare aids.

Cross side networking effects –

The insurance companies mostly deals with health care providers, doctors and patients. They will influence their customers and stakeholders to join the ecosystem. This will introduce more players into the platform and the chain will move forward to include large base of different stakeholders. Unlike same side networking effect, the cross side pulls huge base into the system as it can bring in different segments of the health care domain. Like same side networking effect, even cross side networking effect can be both positive and negative depending on the experience the insurance company had with the platform. The social media via Facebook, instagram, LinkedIn, etc. will play a crucial role in marketing the system and in turn adding the new customers. They can post reviews on the internet in the social media and through collective intelligence, people would stand a better chance to opt.

Network effects depends on the size of the market. The availability of the platform and the information the stakeholder looks for also determines the scaling of the network. If the ecosystem fails to deliver the expectations every time, the possibility of exit or moving to the competitor ecosystem follows. So, it is a double edged sword to be able to leverage networking effects, the platform should be well prepared for the size of the network and the performance of the IT infrastructure to well support the scale of the users.

Q3.

The regulation of the data privacy is inevitable and the same has been taken care by the cloud providers in the market. There are solutions like private cloud and hybrid cloud available in the market. As Philips has tied up with a public cloud provider like AWS, I can recommend them to switch to a hybrid cloud provider like IBM. Here, the data will be hosted privately in the data centers of the Philips and the processing will be deployed into the public cloud. Hence, the third party app developers/vendors will not have availability to the actual data but they can still leverage the public cloud by implementing state of the art machine learning algorithms, big data analytics software and other cloud based technologies. This ensures that they are complaint with the law and at the same time able to contribute to the ecosystem.

Suppose, there is a killer app done by a vendor which really requires the data, then Philips can consider merger or acquisition if they are small fish in the market. Ultimately, the app can be done even without real streaming of the data, but with the sample data sets. The scalability of the data can be handled by performing load tests by the app developers. So, the regulatory pushback from the law is not really a setback or barrier to the initiative but can be easily surmountable with the proper strategic planning. The real barrier though can be with technological partner. As it has built technological alliances with Salesforce, AWS, Pivotal, the poor performance of these companies can lead to poor execution and impact to the platform. However coming to the data storage, it can be stored anywhere inside Philip's own private data centers.