Preventative Healthy Habits Application

Kaiser Permanente

Product Owner: Nikola Georgiev



Background

Why Are We Here?

- •Only 1 in 4 US adults and 1 in 5 high school students get the recommended levels of physical activity source
- Sedentary lifestyles:
 - increase all causes of mortality double the risk of cardiovascular diseases, diabetes, obesity, increase the risks of colon cancer, high blood pressure, osteoporosis, lipid disorders, depression and anxiety.
- Physical activity market is estimated to be \$1.1 trillion in 2023 and growing source

Prevent health issues with app that people love

Business Case

Initial Focus

Where are we starting?

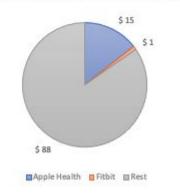
•This matches our company goals of improving health and lives while generating stable revenue while jumping into a stable-growing market.

Opportunity

What's the problem?

- •We are looking to enter into the preventative care space to help our patient base increase physical activity and improve on healthy habits.
- •This market is rapidly growing (estimated \$287 Billion by 2027) source
- TAM: \$ 104 B
 - 260 mil adults in US x \$ 400 per customer per year
- Apple Health
 - Revenue \$15 billion, saturation 10.6%
- Fitbit
 - Revenue \$1.13 billion, saturation 0.8%

TAM and competitors coverage in billions



Proposal

What's Our Solution?

- •We currently have 12.2 million customers with operating costs of \$81.8B
- •We plan to build a fitness application that will be offered in the Freemium business model to our customers
- Main goal is to prevent health issues
- ·It will also include:
- Reward system for meeting goals
- Health monitoring and tracking

Return On Investment

What can we do?

- •We aim to generate revenue from savings and from premium features from our app (~ average \$150 per customer, savings \$140, premium \$10)
- •We aim to get 15% (1.83 mio) of our customer base to use it in three years
- •Estimated revenue **first year** (5% of our customer base 0.61 mio)
- **\$91.5** million = 610 000 * \$150

Estimated revenue **third year** (15% of our customer base 1.83 mio)

- **\$274.5** million = 1 830 000 * \$150

Return On Investment

What can we do?

- Estimated costs \$ 100 mio / three years
- \$ 30 mio development and existing processes adjustments
- \$ 40 mio sales activities (marketing, sales personal)
- \$ 30 mio support and customer care

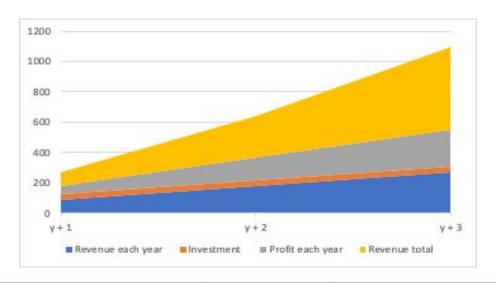
Result

Investment Gain	\$449,000,000.00
ROI	449.00%
Annualized ROI	76.41%
Investment Length	3.00 years



ROI = ((\$91.5 mio + \$183 mio + \$274.5 mio) - \$100 mio) / \$100 mio

Return On Investment in \$ mio



Year	Revenue each year	Investment	Profit each year	Revenue total
y + 1	92	33	58	92
y + 2	183	33	150	275
y + 3	275	33	241	549

Measurement

How will we know if we're successful?

- □ Usage rate of active customers growing by 610 000 each year (first to third)
- □ Customer retention rate higher than 90%
- □ Conversion from free to paid subscription at least 15%
- □ Average Revenue per User (ARPU) > \$150 (including savings)

Competitors

Fitbit

Recently acquired by Google



- Known for its popular fitness trackers
- Fitbit has attempted to build an Apple Watch competitor
- Fitbit has added more active users every year, even as its lost market share and revenue
- Part of the Google hardware division from 2019

•Revenue 2020 \$1.13 billion

• Profit 2020 (\$190 million)

Active users 2020 31 million

*Parentheses indicates loss

MyFitnessPal

Under Armour is looking to sell MyFitnessPal



- One of the most popular calorie trackers, with a database of food products
- •In 2015, Under Armour acquired the company for \$475 million
- •The past five years have seen steady revenue and usage growth
- •Under Armour has struggled to build out its connected fitness segment after multiple failures

•Revenue 2020 \$128 million

•Profit 2019 \$17 million

•Active users 2020 200 million

Our Advantages

Why are we better?

- •We can connect our business model to generate savings
- Actual customer base with regular connection
- Trackable and proven results

Roadmap and Vision

Roadmap Pillars

Where do we go from here?

- •Build a easy to use Fitness app that will help our existing client base to prevent health problems
- Track and visualize customer success
- Monitor health improvements
- Make people more healthy

Track and visualize customer success

Make customer happy

- Tracking of progress
- •Good looking game like visualisation
- Ranking system
- Celebrate success, success metrics and sharing features

Monitor health improvements

Show them their health

- Ability to create individual goals
- Ability to track them alone or together with doctor/our representative
- ·Creation of individual plans based on the goals

Make people more healthy

Without many changes in their life

- •Based on their initial health score prepare plan that will make their lives more healthier
- Exercise schedule, suggestions, and notifications
- Food tracking, suggestions, and notifications

Both clearly stating possible good outcomes

Where do we go from here?

Widening the scope

- Bigger market coverage -> acquire new customers
- •Seamless process together with selected doctors/consultants, pharmacies, etc.
- Business model reused in other countries -> globalization