

CPSC405

Case Analysis Two

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1. Explain the success and growth of mySugr using the Timmons Model from the textbook.

In order to use the Timmons Model, we first briefly review what it is. According to Timmons framework, the three critical factors of a successful venture are opportunities, resources and the entrepreneur with their team. The entrepreneur must search for the right opportunity and on finding it, shapes the opportunity into a high-potential venture by drawing up a team and gathering the required resources to capitalize on the opportunity¹. With the right balance of each factor, a business plan can then take form.

Opportunity

In the case of mySugr, we can understand potential opportunity by taking a look at the domain and context of the once fledgling telehealth industry. Diabetes prevalence was skyrocketing with fewer physicians specializing in the field, leading to increasingly frustrated patients². This was especially true in rural communities where patients would have to travel long distances to the specialty centers on top of waiting long wait times. Healthcare providers (HCPs) and patients both had differing views on what the ideal technology should look like which created a sense of disconnect. This disconnect between patients and HCPs presented an opportunity for entrepreneurs like the mySugr team to capitalize on.

Another opportunity factor was that, at the time, medical product giants (like Johnson & Johnson) took very long development cycles to push releases and were slow to innovate. Patients grew irritated with unkept promises and features that got tangled with multiple levels of bureaucracy leading to delays. This led to the creation of the #wearenotwaiting movement consisting of patients that lost faith in depending on slow, large companies. At a certain point, patient led innovation began taking place where technologically savvy patients added features to their products via hacks. The long developmental cycles of the medical industry provided another opportunity for companies like mySugr to exhibit patient led innovation.

¹ Timmons, Jeffrey, A.; Zacharakis, Andrew, and Spinelli, Stephen. (2004). Business Plans That Work: A Guide For Small Business. McGraw Hill.

² CPSC405/ENT1381 Mobile Health in Diabetes: mySugr's Monster Approach case study notes

There was also a generational shift when it came to HCPs. In the past, HCPs were very hesitant in adopting new technology. HCPs did not employ the use of resources on the internet due to fears of misinformation being potentially damaging to their careers. But healthcare was being transformed by the rapidly evolving landscape of digital health. Many young physicians began adopting new apps as part of their toolset, according to the case study. As such, mySugr could now use the support of technologically literate HCPs that recommended their app to users.

The mobile industry began to really explode in 2010 with the introduction of the iPhone and soon after the Android platform, which presented another opportunity for the mySugr team. This led to the sheer prevalence of mobile devices we see today that are capable enough to run sophisticated applications. The creation of mobile app stores allowed for the perfect distribution setup for mySugr to reach customers everywhere. Of course, availability was location specific and mySugr had to go through appropriate regulatory bodies for each region but since the app store was worldwide, so could mySugr be potentially which was a huge opportunity.

Overall, to briefly tie it together, timing played as a background opportunity to help all the pieces fit together. mySugr was able to seize the opportunity of disoriented patients at a time where there was a disconnect between HCPs, the medical industry was stagnant with respect to innovation and thanks to a technological generational shift happening, this led to mySugr being able to capitalize on all of these factors at the right time. This altogether constitutes for the opportunity vertex in Timmons Model which helped build a viable business plan for the mySugr team.

Entrepreneurial Team

The second factor according to Timmons Model involves the entrepreneur and the team. In mySugr's case, it is important to remember that some of the cofounders themselves were diabetic patients. As such, this allowed them deeper insight to the issue which led to a case of patient driven innovation. The core team also complimented on one another's role via the talent triangle. Frank Westermann took on the business acumen role via the CEO designation. He oversaw general company business practices and acted as a leader. Gerald Stangl and Fredrik Debono acted in the operational experience vertex. Gerald was focused delivering a user interface experience patients would appreciate while Fredrik focused on research and development. Finally, Michael Forisch added to the domain role by making sure their product complied with the appropriate regulations. He oversaw current landscape details and how their product would best fit in the market³.

The core group of entrepreneurs were also supported by a growing number of team members that contributed their own ideas to help make mySugr successful. The acquisition of people that had previous experience in the healthcare industry was beneficial and one such person, Anton Kittelberger, joined the team in hopes of bringing light to diabetes education. His unique style of education involved storytelling via animation which fit mySugr's design philosophies. mySugr Academy, which was part of the larger mySugr ecosystem, was largely Anton's contribution and it went on to become an insurer-reimbursed diabetes education app in parts of Europe⁴. With a core group of entrepreneurs that were supported by a likeminded team, many being diabetes sufferers themselves, it can be concluded that the second factor in Timmons Model was well satisfied.

³ <https://mysugr.com/team/>

⁴ CPSC405/ENTI381 Mobile Health in Diabetes: mySugr's Monster Approach case study notes

Resources

The third factor according to Timmons Model focuses on the resource availability for the venture. Entrepreneurship frugality dictates low overhead, high productivity and minimal ownership of capital assets yields maximum resource efficiency⁵. Because mySugr acted as lean start-up, their access to resources initially was fairly limited. One of their first tangible resources came in the form of angel investing via Johan Hansmann. According to the company website, he was an invaluable resource when it came to financial needs and more importantly acted as a mentor for the young company.

Another somewhat unlikely resource was their loyal and vocally active customer base. Although they did not offer anything in terms of monetary value, customer feedback helped shape a few of their products. mySugr employed a wish list for their growing userbase which gets referred to when shaping their product portfolio. When entering the education world of diabetes, they initially launched a trivia quiz style app. It resonated with the userbase as they provided positive feedback and let the mySugr team know they wanted more. In response, mySugr then launched mySugr Academy. In addition, users provided input on managing tasks for their children with diabetes. This led to mySugr Junior being launched. mySugr has a deep and unique relationship with their users where one of the cofounders, Fredrik, leads quarterly feedback sessions and users commented they felt part of developing the products. As such, mySugr is able to take the feedback of their users to shape their products which can be considered as a resource in the Timmons Model, helping the overall business plan.

2. *How would you scale this mobile health app? What key features would you include and why? What guiding principles would drive your design and interface? What would the business model look like and how would that compare to mySugr's current approach?*

Growth

In order to scale this application, I would focus on three main areas; addition of proprietary hardware, expansion into new international markets and creating corresponding relationships with each countries respective medical bodies.

The first area deals with product expansion. Although I will ensure that mySugr remains open to interfacing with other health devices, such as third party monitoring kits and pumps, the introduction of mySugr-specific hardware could prove lucrative in the next 2-3 years. This allows mySugr to control the customer service experience at a greater level which can eliminate sources of negativity. For example, currently if a user uses a third party device that isn't accurate in providing the data for their health needs, they may associate the app itself with being faulty. Similarly, third party health devices may not always work as seamlessly as users expect with their

⁵ Bygrave, W. D., Zacharakis, A., & Wise, S. (2007). *Entrepreneurship*. Hoboken, NJ: Wiley

mySugr app. The introduction of ‘premier’ diabetes monitoring hardware made solely to be used with the mySugr app would allow it to be extremely accurate and work flawlessly, which creates a better customer service experience. This would also increase their vertical integration and provide for another revenue stream instead of just selling the app.

Expansion into greater international markets is a natural progression for most successful companies as they grow. Penetrating additional markets, if done correctly, can yield greater profitability. Not only is international expansion beneficial at a monetary level, the fact that brand awareness and reputation increases are key points too. I would ensure that patients all over the world consider diabetes management synonymous with mySugr, and mySugr only.

It is also crucial to gain support from the larger medical bodies and partner with them. This would give the product greater legitimacy via actual proof since medical specialists would be endorsing it. By partnering with the medical field, patients would receive the peace of mind that mySugr indeed is a valid product that is able to accurately monitor their diabetes condition. It lets customers know that it’s not only self interested individuals who are selling the product, it is actually medical specialists and doctors as well. Partnering with the healthcare industry to a greater extent would also increase their patient outreach capacities and in turn gain more users.

Key Features

The two key features that I would continue to invest heavily in would be the unique, friendly app design and expanding into wearables support. The unique art design is one of mySugr’s most distinct, differentiating features when it comes to other competing products. The user interface being clean, slick and having gaming elements allows the users to keep themselves engaged in the app. The cartoony animation is tasteful enough to appeal to both the younger and older generation, akin to Pixar movies. I would continue to invest and enhance this further, adding a ‘points/experience’ feature that lets users ‘level up’ their profiles, further increasing engagement.

Another key feature I would add is Apple Watch/wearables support. Apple Watch specifically is supporting increasingly sophisticated sensors that may be able to monitor a person’s blood sugar levels. As such, this is a great opportunity for the mySugr app to support that platform. The wearables market is beginning to increase with health oriented products and mySugr should capitalize on the platform which is something their users may wear in the future, if they’re not already.

Guiding Principles

The key guiding principles I would take into account would be the accessibility of the products and the company’s care for their users/patients. I do admire mySugr’s current patient focused feedback initiative which lets them incorporate user ideas into their products, if feasible. Investing into your users is extremely important which shows them that you genuinely care about their wellbeing. Since mySugr has a development team that suffers from diabetes too, it gives users an additional level of trust. Maintaining such a level of commitment can be difficult as a company grows but I would ensure this cointegration with the users grows. Eventually, I’d like to host annual mySugr keynotes to update users on the current and future status of the company. This lets users ‘see’ the company rather than it being some distant corporate entity. This is an important guiding

principle to have and would also serve as a way to differentiate them from other medical companies.

Accessibility is another guiding principle I would follow. It's important to have a product in the lineup that is completely free which allows for the greatest market penetration. Allowing anyone to download the app for free lets users try it out and come to their own judgement about the app. As such, if your app is well-made, that free positive experience that was accessible could potentially lead to a sale. Stepping back, healthcare overall from a big picture perspective should be accessible and as such that principle would continue to be maintained here via providing the core app for free to all users.

Business Model

The business model revolves around two components; the revenue model and a cost model. Like mentioned, I would continue to adopt the freemium-premium model currently employed by mySugr. This model ensures the greatest market penetration, allowing for a large user install base which would be ideal for an ad generated revenue stream. Although ads can be seen as anti-user experience, they would have to be necessary in order to counteract the 30% cost of distribution app stores take. The freemium model also aligns with the guiding principles on accessibility and that everyone has access to the app.

In addition, I would introduce a new hardware product line which would present the company with another revenue stream, though obviously adding a corresponding factor in the cost model. The introduction of hardware would set to distinguish mySugr as the premier vendor for a diabetes medical product, that is supported already by well received software. It'd allow mySugr to be increasingly vertically integrated by designing both the software and hardware to ensure the highest quality customer service experience. This again supports the guiding principle that customers remain a top priority for mySugr and their products are designed to be best in class for diabetes patients.

Once the hardware was as well received as the software, partnering with medical experts and institutions would lead to greater reputation, recognition and adoption by a greater number of patients. By proving to them that our unique user friendly interface software aligns with equally high quality hardware, it'd potentially lead to doctors endorsing the product as a package. Eventually I'd want to ensure that when it comes to a product doctors can recommend when it comes to diabetes, mySugr is the one and only choice.

All of this combined links with the mentioned growth strategy while also adhering to the guiding principles on accessibility and customer experience, leading to a strong business model for future growth.

Comparison

The present approach the company is taking is somewhat similar to mine. They are expanding to a greater amount of countries while also partnering with large medical firms. Recently, they announced a partner with Roche which is a large multinational health company.

Although I can't comment on their future roadmap, currently where our differences seem to lie is their lack of hardware options, wearable support and a more engaged presence in the community through special keynote presentations. The lack of keynotes is understandable since they are not a large enough company yet, but I do believe they should invest into their own line of hardware products within the next 2-3 years while supporting wearable platforms like the Apple Watch. This would allow mySugr to diversify their product lineup create new revenue streams instead of simply relying on one.