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ARTICLE **INNOVATION**

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Medtronic

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What Health Care Can Learn from the Transformation of Financial Services

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The U.S. healthcare system is undergoing a disruptive transformation as it shifts toward a [value-based model](#) that makes providers more accountable to their patients and payors. As players throughout the system scramble to adjust, they should look to the financial services industry which has undergone a similar transformation over the past 20 years as it has evolved to provide greater

transparency and accountability. The cultural and operational challenge for incumbent financial services firms was enormous. But as investors gained access to troves of information through the internet, and made more informed decisions on their own, financial services had no choice but to evolve. In response, these companies made three significant shifts in their offerings: (1) they turned services into products; (2) they improved convenience while lowering cost; and (3) they leveraged big data to provide tailored customer solutions.

Healthcare organizations should follow the lead of these pioneers as they transition to value-based care.

Turn services into products

Target date funds enable people to easily invest for their retirement. Clients simply select the year they plan to retire and buy that mutual fund, and enjoy the benefits of dynamic, lifetime asset allocation. Before target date funds existed, people had to meet with their financial advisors to change the asset allocation in their financial portfolios as they aged towards retirement. Target date funds turned asset allocation from a service that typically required in-person annual discussions into a “set it and forget it” product that lowered costs and increased convenience.

In health care, **Omada** has similarly turned services into a product, packaging complementary healthcare devices, services, and support into a turnkey offering it sells to employers and health insurance plans to help people lose weight and reduce their risk of type 2 diabetes or heart disease. When people sign up for Omada’s offering, they receive a wireless, digital bathroom scale, pedometer, resistance band, and tape measure. Customers are also paired with health coaches through a smartphone app who help guide them through health and wellness decisions throughout their day. By integrating devices and services with a well-designed digital platform and service experience, Omada has created an **effective** product that links participants’ engagement to their clinical outcomes.

Pillpack, a digital pharmacy “designed around your life,” turned the complex business of managing multiple prescriptions into an easy-to-use product. It sends subscribers customized packs of pills labelled with the date and time they’re to be taken, and its mobile app pushes reminders and provides access to 24/7 customer service. Pillpack turned prescription management from a clunky, disconnected series of services into an elegant product that decreases trips to the pharmacy, eliminates sorting and counting medications, and reduces the chance of missed or incorrect doses.

Increase convenience and reduce cost

Historically, if you wanted to meet with a broker you had to make an appointment and get to the broker during office hours. Today, of course, online brokers enable customers to manage their portfolio from home, any time, at a fraction of the cost of a traditional broker, and much more conveniently.

Just as online brokerages pioneered virtual financial services, [telehealth](#), which connects patients and clinicians by video and other digital technologies, enables patients to get a diagnosis, healthcare advice, and education, day or night, from the comfort of home. More than 10 million consumers benefited from telehealth use in 2014, and insurance carriers are increasingly covering these visits because they're both more convenient for their members and less expensive than office visits.

Leverage big data

[Mint](#) aggregates financial information from disparate sources including banks, brokerages, and credit card companies to provide users with a comprehensive view of their finances. Based on this data, it provides targeted money-management recommendations and advertisements for other financial products and services such as auto insurance, credit cards, and IRAs. By applying insights drawn from analysis of data from its 20 million users, Mint can recommend highly targeted financial products to individual customers that align with their financial goals.

Similarly, Memorial Sloan Kettering Cancer Center [partnered](#) with IBM Watson and Quest Diagnostics to apply big-data analytics to cancer diagnosis and treatment. After the genomic makeup of a patient's tumor is determined, Watson examines a vast and growing clinical trial and medical literature database and, applying rules created by leading oncologists, uncovers targeted treatment options for individual patients.

Over the past 20 years, financial services has become much more consumer-oriented, and today healthcare is following suit. But simply handing investors the yoke and having them fly the plane solo wasn't the right idea, and having consumers drive their own healthcare decisions without professional support isn't right either. As in financial services, effective consumerization in healthcare requires a collaborative partnership.

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