Building Innovation Platforms to Drive Frictionless Experiences

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Spotting the Big Shifts

Categories of goods and services tend to transform in ways that have patterns, and leaders need to actively identify and embrace these patterns as they emerge. Disruptors have become more prevalent, and every so often these disrupters fundamentally change industries. For example, many Americans grew up with three main television networks (NBC, ABC, and CBS); these networks have been replaced with a myriad of additional ones plus a wide variety of streaming services that have encouraged younger generations to cut the cord from traditional television. These same Americans grew up dialing a telephone to call a taxi and paying cash for the ride, not ordering a ride-share via an application on a mobile phone and paying for it and rating the driver in the same way. They also grew up making and paying for long-distance calls rather than communicating via any of a variety of free applications; driving cars with internal combustion engines rather than all-electric models; and shopping in person at large malls rather than online via Amazon or Alibaba.

Most innovation scientists would agree that the current era is the time of greatest change in the history of mankind. Only four other eras might rival it; none in living memory. While the period of rapid innovation began well before COVID-19 struck, the pandemic has served to rapidly accelerate the pace of change both inside and outside healthcare. It can often be difficult, however, to see the change from within an industry. The leaders of most healthcare institutions, for example, tend to be protective of the status quo, often out of concern that change could jeopardize quality and safety. As a result, disruptive innovation often comes from outside the industry. For example, Jamie Dimon, Warren Buffett, and Jeff Bezos have teamed up to form Haven, with the goal of radically disrupting healthcare. These incredibly wealthy men are personally bankrolling something that has the future potential to be game-changing by offering cheaper, better care. Rather than working through existing health information technology platforms, they hired programmers who start from scratch using external platforms like Amazon Web services.

> "I've never seen anything like the past six months since the pandemic began. Organizations are trying new things, not just considering them. Business as usual simply doesn't exist any longer, as organizations in all sectors—government, philanthropic, and commercial—are trying things they probably should have done long ago." —Larry Keeley

Innovating in the Right Ways

Innovation needs to become a highly developed competence within healthcare organizations. Achieving that goal can be difficult, but it becomes much easier when myths are replaced with proven methods. The first step comes from recognizing two distinct categories of innovation: "improving the known" and "inventing the new." The first category generally describes the quality improvement (QI) programs at most healthcare organizations. These critically important QI activities should comprise about 92 to 95 percent of all innovation efforts. At the same time, organizational leaders should be routinely asking how to radically change services by inventing new ways to get things done. These efforts should comprise between five and eight percent of innovation-related activities. Most importantly, leaders must recognize that the same processes and practices cannot be used to achieve both ambitions.

Keeley and his research team analyzed more than 1,200 innovations over the past 250 years in search of ways to create successful innovations and instill a deep innovation competence within an organization. These innovations fall into 10 types that cluster into three categories (configuration, offering, and experience) and stem from three types of training. Configuration tends to be taught in business schools, offering in engineering schools, and experience in design schools. Consequently, innovating effectively requires a true team approach, with team members versed in these different disciplines. (See **Exhibit 1**.)
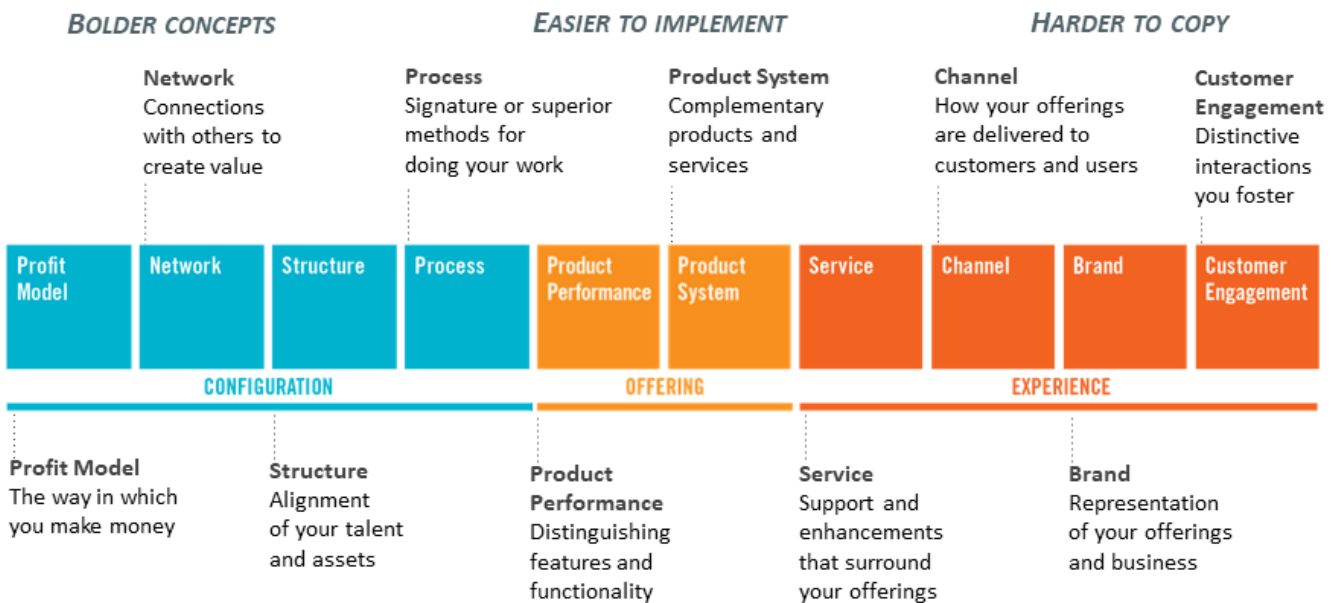

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Exhibit 1: Ten Types of Innovation

TEN TYPES OF INNOVATION

Successful innovators innovate beyond products and integrate 5+ types...

TEN TYPES OF INNOVATION

BOLDER CONCEPTS

Network Connections with others to create value

Process Signature or superior methods for doing your work

Product System Complementary products and services

EASIER TO IMPLEMENT

Channel How your offerings are delivered to customers and users

Customer Engagement Distinctive interactions you foster

HARDER TO COPY

| Profit Model | Network | Structure | Process | Product Performance | Product System | Service | Channel | Brand | Customer Engagement |

CONFIGURATION — OFFERING — EXPERIENCE

Profit Model The way in which you make money

Structure Alignment of your talent and assets

Product Performance Distinguishing features and functionality

Service Support and enhancements that surround your offerings

Brand Representation of your offerings and business

True breakthroughs combine five or more types of innovation and involve all three clusters. They combine talent from business, engineering, and design schools to configure assets differently to capture value (business-model-centric innovations), reinvent or recombine capabilities to create value (platform-centric innovations), and engage customers differently to deliver value (experience-centric innovations). (See **Exhibit 2**.)

Research suggests that the biggest and fastest-growing innovations share the following characteristics:
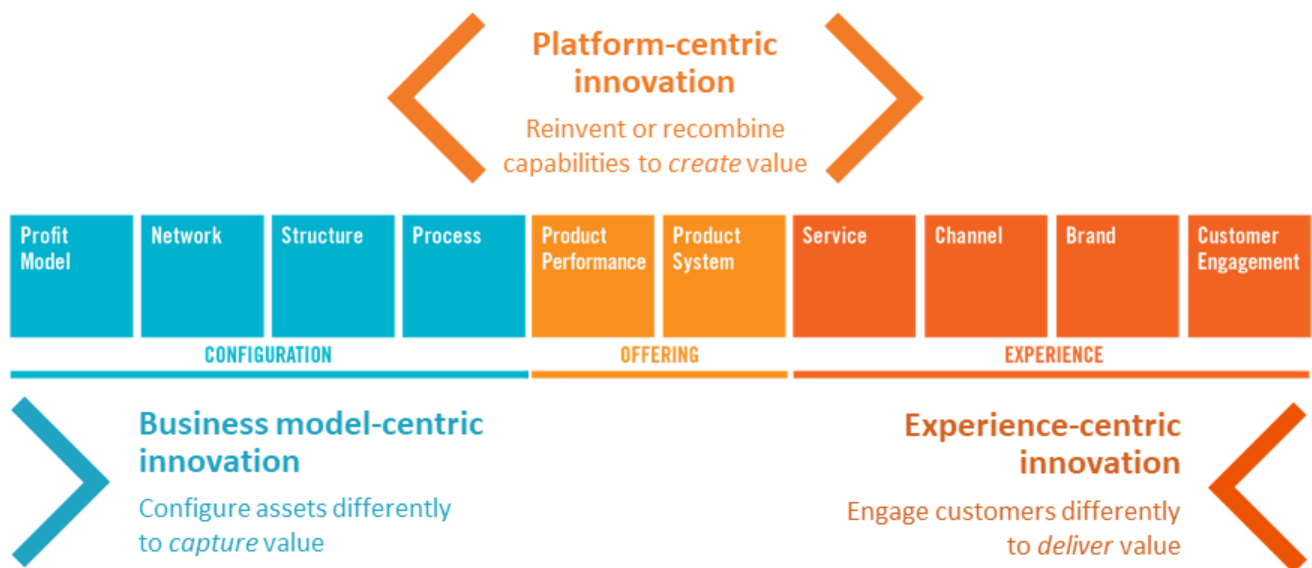
- **Culturally cool:** People talk about the innovations, finding them able to solve important problems while being fun to use.
- **Technically elegant:** The most successful innovations are surprisingly simple and elegant from a technological perspective. For example, a Tesla car has dramatic, interesting, and exciting functionality, yet is fairly simple from a design perspective.
- **Fair business model:** Innovations will not succeed unless customers perceive the underlying business model to be fair. Google's search engine, for example, dominates in part because it is free to users.

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Exhibit 2: Innovation Effectiveness

INNOVATION EFFECTIVENESS

Balanced breakthroughs use five or more types of innovation—and all three colors

Platform-centric innovation

Reinvent or recombine capabilities to *create* value

Profit Model	Network	Structure	Process	Product Performance	Product System	Service	Channel	Brand	Customer Engagement

CONFIGURATION — OFFERING — EXPERIENCE

Business model-centric innovation

Configure assets differently to *capture* value

Experience-centric innovation

Engage customers differently to *deliver* value

Innovating on the Right Things

Innovation needs to be bold and effective. Modern innovation is more about elegant integration than invention. The biggest innovations tend to be asset-light, fast, smart, connected, distributed, decentralized, shared, and open. Platforms matter a great deal, as all the "important stuff" cuts across companies and markets, using platforms to amplify return on investment by creating value in interesting and surprising ways. The least valuable of these business-to-consumer (B2C) platforms today are worth $40 billion, while business-to-business (B2B) platforms range in value from $60 billion to $450 billion. Examples include the following:

- **Google:** Google originally used nine types of innovation, and now employs 10 in its various business applications.
- **Kaiser Permanente (KP):** KP executed the largest implementation of an electronic health record (EHR) in history to improve patient care and quality through the identification and dissemination of best practices and other innovations. KP leaders, however, missed the importance of the business model shift, which allowed its vendor (Epic) to make most of the money.
- **MD Anderson:** The well-known cancer center used seven types of innovation to create an ecosystem to solve cancer as a complex problem.
- **Joslin Diabetes Center:** Developed in collaboration with Harvard Medical School, Joslin's program uses six types of innovation to drive deep behavioral change through cultural adaptation of the best care to specific patient populations, leading to lower costs and better outcomes.

> "Bold innovation doesn't have to be finished overnight. If you want to develop something that is 'bad ass,' take the time to do it right." —Larry Keeley

- **KP Medical School:** Debuting recently, this is one of the first truly different medical schools to open in a long time. The curriculum emphasizes team-based care and digital care delivery through data science.

Healthcare leaders need to get past the "techno-babble" that often accompanies EHRs and data analysis. At their most basic, EHRs generate integrated insights about patients and, through processes and protocols, streamline and automate compliance. Adding another layer to EHRs facilitates enhanced customer relationship management at the point of care, allowing clinicians to get to know patients as humans and deal with them graciously and effectively. By working with partners, health systems can go even farther, creating ecosystems that serve customers in unexpected, valuable ways.

The goal should be to integrate data and insights for frontline clinicians, giving them not only information on the specific patient in front of them, but also easy access to data and analytics on similar patients (allowing for predictive analytics based on patterns) and communities or systems (allowing for identification of outlier and population health patterns). The sooner health systems can integrate data in this way, the better they will perform.

Key Themes and Lessons

To be successful, health system leaders must be clear and focused about their ambitions with respect to innovation, picking two to four things on which to deliver. Those who have such clarity and focus will be roughly 20 times more likely to succeed than those who do not. When choosing targets, consider the six themes that innovation science suggests are critical drivers of improved healthcare experiences; being human-centered is central to all of them:

- Eliminate friction by getting things done right the first time and every time; patients will migrate to organizations that make things easy and seamless.
- Integrate insights about patients into implementation of solutions.
- Use data, artificial intelligence (AI), and predictive analytics to proactively identify care strategies for patients.
- Seamlessly integrate insurance, clinical care, and population health.
- Deliver effective care journeys that lead to longer and better lives.
- Transform care in layers for patients, communities, employers, and caregivers.

One or more of these themes lies at the core of every major breakthrough. As outlined below, these breakthroughs will increasingly focus on the following:

- Accelerating the development of ecosystems that make elegant use of cloud computing, partnerships, and rewards.
- Radically reducing the cost of managing costly chronic conditions through analytics and comprehensive visualizations that go well beyond today's capabilities.
- Harnessing strategies to reveal patient behavior through predictive tools that identify where and when shifts should be focused and whether these efforts are succeeding or failing.
- Identifying the need for business model shifts and developing better, smarter growth strategies and profit pools (e.g., charging for services differently, changing behavioral incentives).

Most importantly, perhaps, health system leaders need to be willing to move forward to avoid being left behind. They will increasingly need to say "yes" to ideas that in the past might have elicited a "maybe someday" response. The advent of COVID-19 only accelerates the need for such risk-taking, as both current disrupters and new ones are being mobilized to a massive degree.

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