



The Implications of the Increasing Speed and Scale of Disruption in Healthcare

By **Nicholas Webb**, Author, Futurist, Innovation Expert, Adjunct Professor, and CEO of *LeaderLogic, LLC*

This article is a summary of a presentation from The Governance Institute's virtual 2020 System Forum.

Understanding Disruption

COVID-19 has accelerated three major shifts that were already under way, shifts that affect everything about a health system's internal enterprise and its patients and customers:

- **Hyper-consumerization:** Consumerism has been growing for many years, but the movement has accelerated rapidly. Patients are demanding completely different experiences and entrepreneurs are rising to the challenge.
- **Enabling technologies and connection architecture:** The importance of AI, connection architecture that allows for continuous patient monitoring, and other enabling technologies cannot be overstated. Health systems must look well beyond EHRs when thinking about the use of technologies.
- **Rapid changes in economic and value models:** Going well beyond "value-based" care, these changes fundamentally alter the economic ecosystem, with patients defining value in a whole new way.

In short, healthcare is experiencing "disruption," a widely used term that is seldom understood clearly. Disruption is the speed with which organizations move away from legacy systems, as well as the magnitude of the change being made. Disruption is not a "burning" platform, but rather a movement to an entirely new platform that looks quite different from the old one. Disruption should be a wake-up call for healthcare leaders. While many aspects of legacy systems may still work quite well, leaders who maintain their focus on them will be unable to eliminate friction or deliver great patient experiences, and hence will lose out to disruptive innovators.

The Innovation Mandate: Delivering “Moments” of Medicine

Health system leaders must understand innovation and figure out how to do it well. At its core, innovation is the creation of new value that serves an organization’s mission and customers. Innovation is, by definition, something new to an organization, and leaders must have a plan in place to create such newness. Innovation has become especially critical during the COVID-19 era, a time when virtually everything is completely different.

“Everything is different in the COVID-19 economy. Organizations that fail will be those committed to sameness in a time of differentness.” —Nicholas Webb

Organizations that are winning in the COVID-19 economy harness innovation to deliver the following:

- **Exceptional customer experiences:** Patients with such experiences routinely rate their health systems and providers highly and often improve their medication compliance and other health-related behaviors.
- **Scalable profitability and growth:** Successful organizations have a clear path to sustainable financial success.
- **Actionable insights:** Organizations gain these insights through real-world experiences with a range of consumers who provide rapid feedback on what they love and hate across five well-defined virtual and in-person touchpoints (discussed in more detail below).

In industry after industry, the most successful organizations become “experience architects,” delivering beautiful “moments” with consumers. To understand the importance of the customer experience, it is important to look back at the evolution of what has now become the experience economy. As depicted in **Exhibit 1** on the following page, economies started out based on commodities, with everyone selling identical goods (i.e., the “same stuff”). This era transitioned to one in which companies competed by trying to provide differentiated goods or “better stuff.” Eventually this time gave way to the advent of selling similar services, then to an era of disruption and differentiation of those services, and finally to today’s experience economy.

Exhibit 1: The Evolution of The Experience Economy



“It’s an exciting time to serve patients and families. But success requires moving away from legacy systems and embracing hyper consumerization.” —Nicholas Webb

The disruptive era in the economy was fueled by technology that enables consumers to buy virtually anything, at any time, at any level of quality, at any price, with just a few clicks or finger taps on a device. Competing in this “free, perfect, and now” economy can be quite difficult, and the need to do so has only been accelerated by COVID-19. Thus, creating beautiful moments has become the “secret sauce” for many companies. In fact, 85 percent of the top brands win through the design of their customers’ experiences, including Amazon, Spotify, Netflix, and Apple:

- **Amazon:** Virtually everything available on Amazon can be bought somewhere else, yet the company seems to “own” the retail universe. Amazon has become expert at delivering beautiful merchandise moments across touch points with all types of

consumers. They have dramatically enhanced the online shopping experience by eliminating virtually all friction. For example, the “buy now” button eliminated the need to place items in the cart. This minor change had a massive financial impact, as have the services and benefits associated with Amazon Prime.

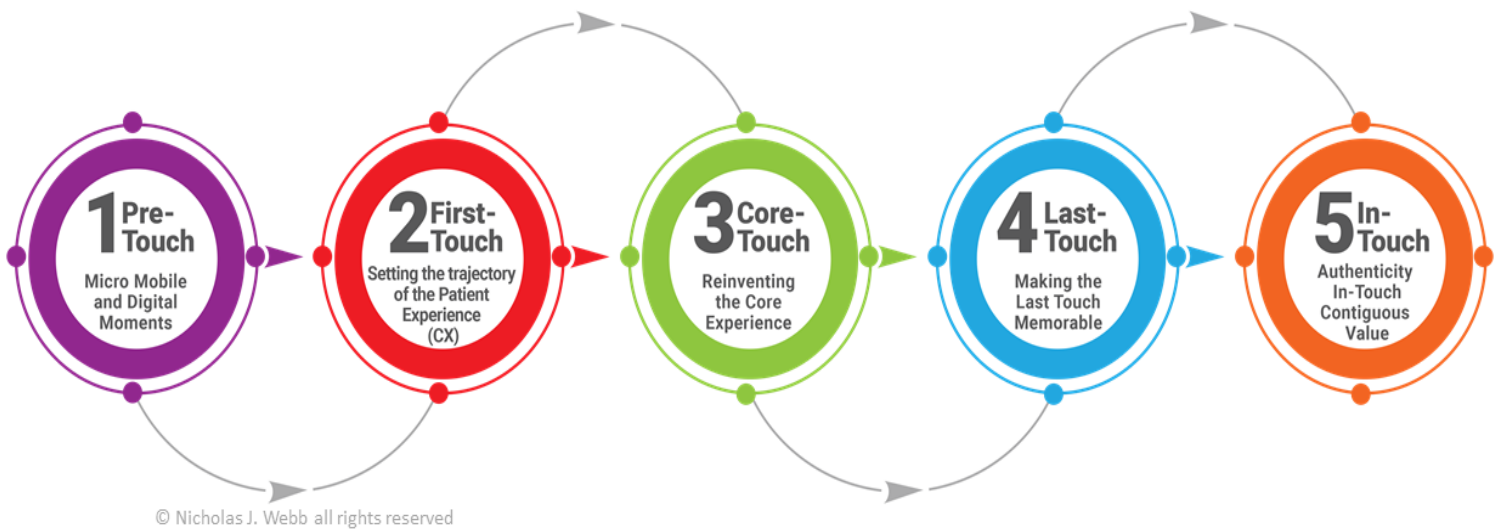
- **Spotify:** Spotify “owns” the music industry because the company understands its customers at the level of the individual persona. For example, Spotify uses technology (bots) to pay attention to the kind of music individuals listen to and like, and then sends a daily customized play list, creating a “moment of music” for the customer.
- **Netflix:** Like Spotify, Netflix creates moments by recommending movies and television shows based on individual viewing habits. Like Amazon, Netflix has eliminated friction; for example, the company eliminated the need to press the “play trailer” button by automatically playing them after a few moments of inactivity.
- **Apple:** Apple has created moments for decades. The journey began with computers, when it replaced the ridiculousness of having to write code to complete what should be a simple task (such as printing a document) with easy-to-understand picture icons. This change eliminated tremendous friction and confusion among customers. Today, Apple store employees politely query customers as they walk in the door so that they can quickly understand each individual persona type and then service needs accordingly. In an era where most retailers are downsizing, Apple continues to have one in-store associate for every one to two customers. The goal is to eliminate wait times, precisely meet needs, and make it easy to spend money.

Healthcare remains saddled by friction that must be identified, understood, and eliminated. Doing so not only improves customer service, but also reduces waste and increases efficiency and throughput by allowing employees to be more productive. The best healthcare organizations understand the need for change. For example, when COVID-19 hit, Scripps quickly scaled up its ability to provide telemedicine visits and consultations, going from offering just a handful to 3,500 per day. Through AI and other technologies (including one that can analyze head and eye movements to gauge patient lucidity), these visits have become true moments of medicine. Going forward, providers will do incredible things via telemedicine, particularly as more equipment and technologies are distributed into the homes of patients. While telemedicine cannot replace all in-person care, much more can be done remotely, and health systems need to invest significantly in this area.

For those that do not, the failure to change will have profound consequences as disruptive innovators exploit this lack of action. For example, while many ophthalmologist and optometrist offices continue to insist on in-person appointments, make it difficult to schedule them, and force patients to endure long in-office wait times, disrupters now offer online visits that provide instant visits, complete with refraction and a resulting prescription. These companies eliminate the need for patients to drive to and from an office and endure long waits. They have achieved customer approval ratings of 99 percent, something unheard of in the healthcare arena. The same types of innovations are happening with hearing care, much to the dismay of audiologists still insisting on in-person care. Similarly, Smile Direct has taken significant share from orthodontist offices that charge significantly more money and force patients to ensure multiple in-person visits.

Some of the so-called disrupters in healthcare are being disrupted themselves. CVS has been a leading innovator in enhancing customer experiences, but now PillPack (part of Amazon) provides pre-packaged, pre-sorted drugs to patients that provide the exact pills they need, making obtaining medications and complying with prescribed regimens much easier.

Exhibit 2: Innovation Across the Patient Journey



“Succeeding in the COVID-19 economy is shockingly easy. The hard part is believing that the disruption is real and making the financial and spiritual commitment to the path forward.” —Nicholas Webb

Meeting Needs at Each of Five Touchpoints

Customers understand their healthcare providers in and around five distinct digital and in-person touchpoints, as shown in **Exhibit 2** on the previous page.

Health systems must innovate across this entire journey, beginning with digital interactions that occur prior to care and continuing with follow-up services. Success requires understanding each individual’s persona based on what they like and dislike (not their demographic profile), combined with formal strategies to make each of these touchpoints an incredible experience. The journey begins with great pre-touch Web sites and other technologies that dispense valuable information, continues with excellent first- and core-touch services that value patients as humans, and ends with comprehensive last-touch and follow-up services that are memorable and promote continued engagement.

Visit www.governanceinstitute.com/page/Vid_System_Forum_2020 to see all the presentations from The Governance Institute’s virtual 2020 System Forum.

