The Innovator's Prescription:

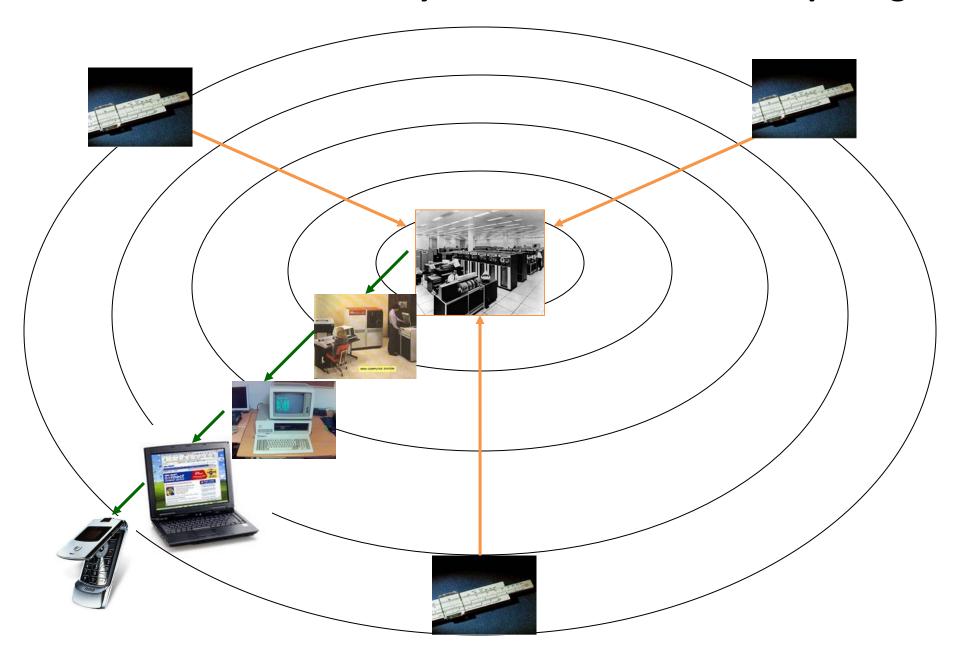
How Disruptive Innovation Can Fix Health Care



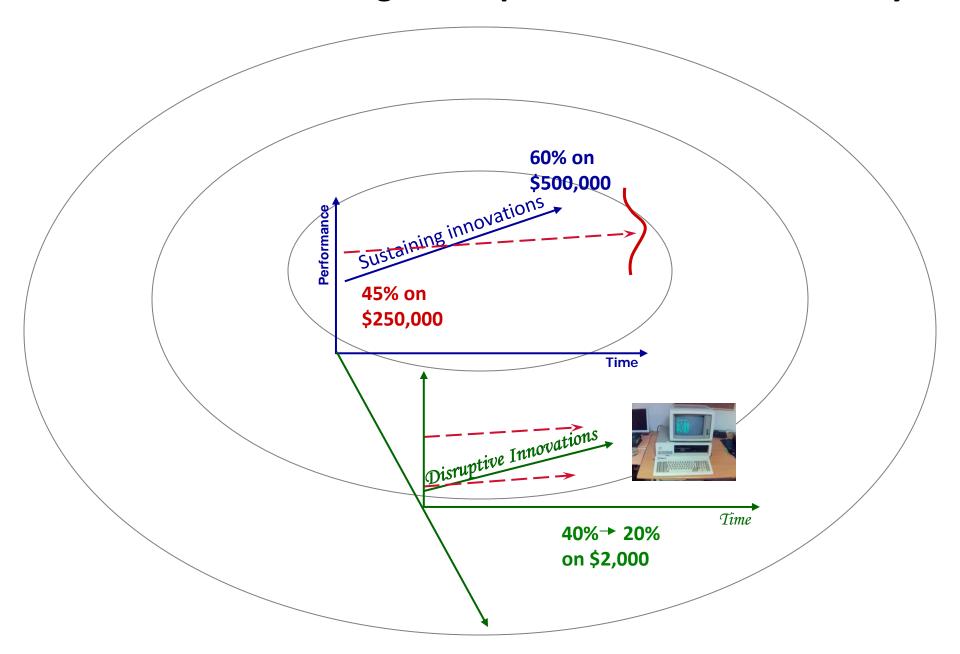
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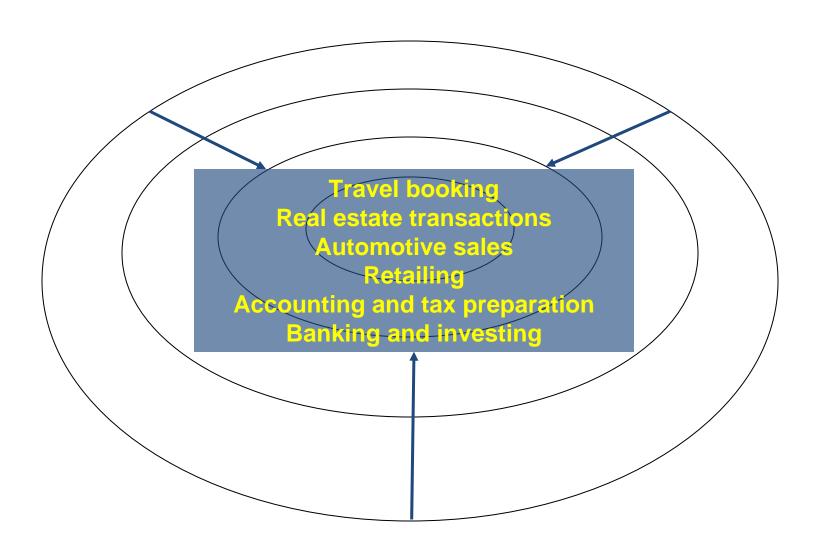
Centralization followed by decentralization in computing



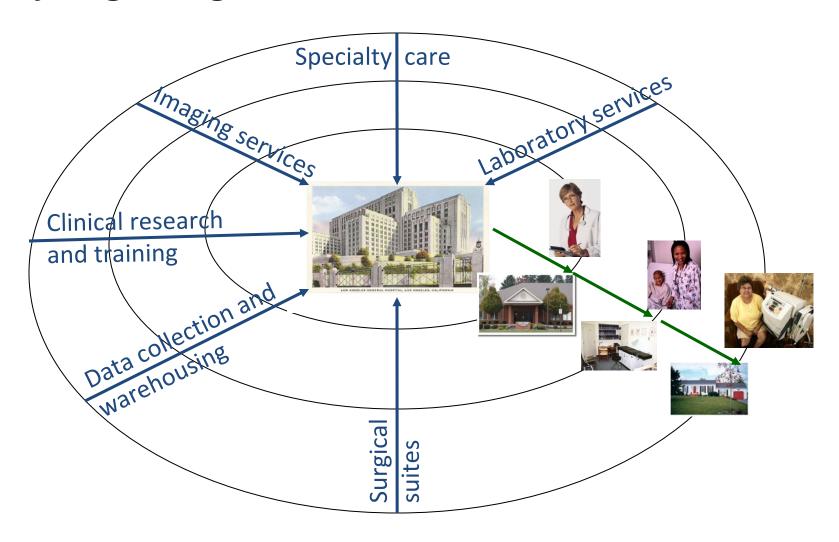
Decentralization through disruption leads to accessibility



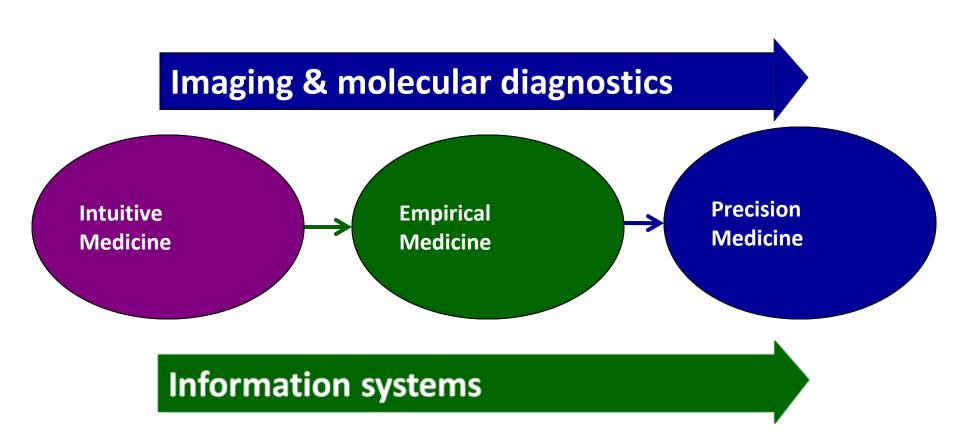
Decentralization is common in service industries



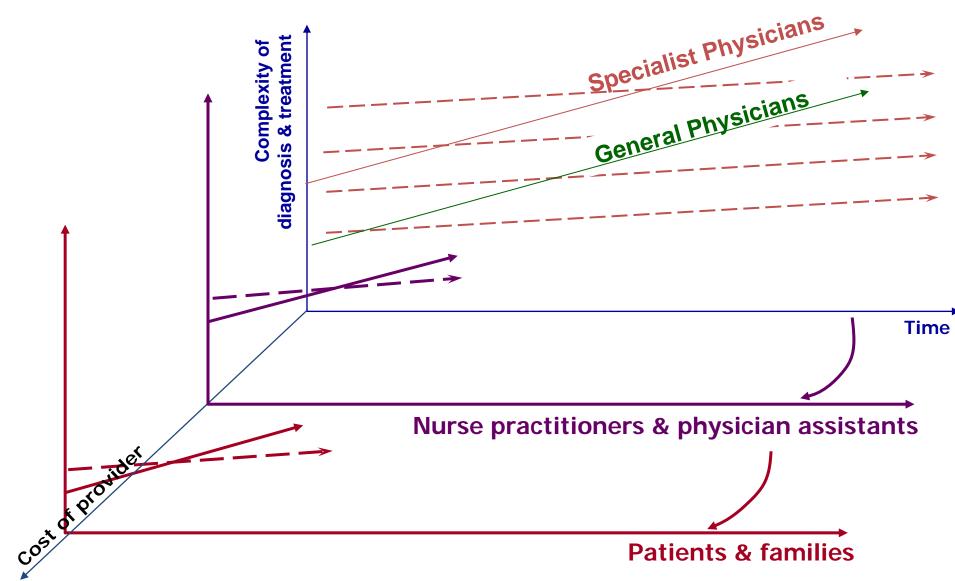
The decentralization that follows centralization is only beginning in healthcare



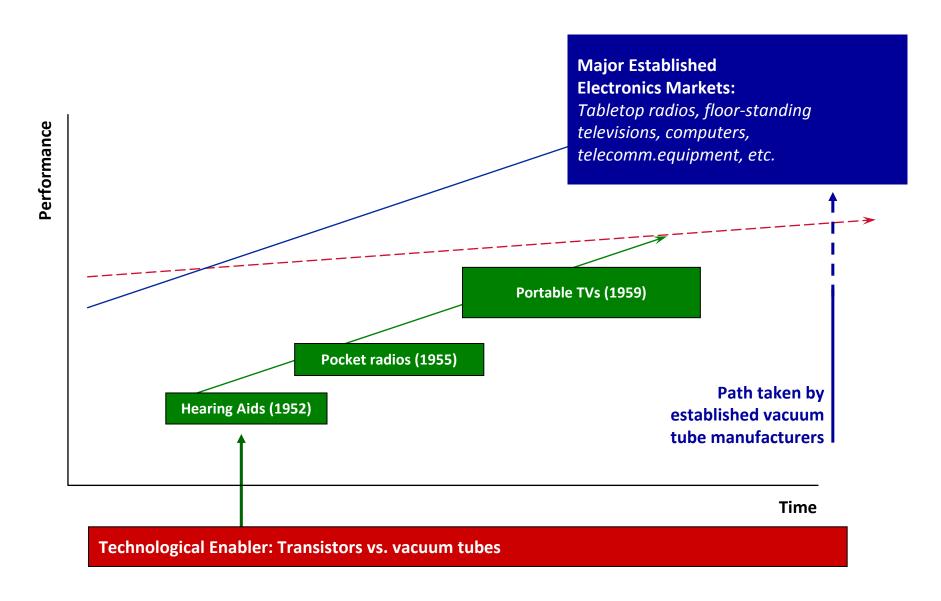
Disruption is facilitated when historically valuable (and expensive) expertise becomes commoditized



Technologies enable disruption by commoditizing expertise



It is often futile to cram new technologies into old business models



What is a business model, and how is it built?

THE VALUE PROPOSITION:

A product that helps customers do more effectively, conveniently & affordably a job they've been trying to do

RESOURCES:

People, technology, products, facilities, equipment, brands, and cash that are required to deliver this value proposition to the targeted customers

PROFIT FORMULA:

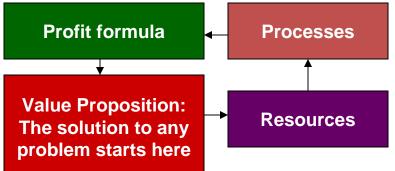
Assets & fixed cost structure, and the margins & velocity required to cover them

PROCESSES:

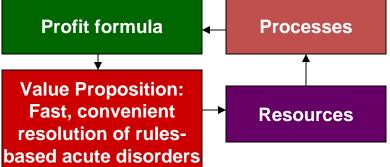
Ways of working together to address recurrent tasks in a consistent way: training, development, manufacturing, budgeting, planning, etc.

Disruptive business model innovation in physicians' practices









Most health systems are expensive conflations of three types of business models



Solution Shops

- Consulting firms
- High-end law firms
- R&D organizations
- Diagnostic & intuitive activities of hospitals

Value-adding process businesses

- Manufacturing
- Education
- Food services
- Medical procedures following diagnosis

Facilitated Networks

- Telecommunications
- Insurance
- eBay
- Provider and patient communities

Fee for service

Fee for outcome

Fee for Membership

Future Disruption of Health Care Delivery

Solution Shops

Value-Adding Process
Businesses

Facilitated User Networks











patientslikeme^{*}

Generalist physicians disrupt specialist physicians

Non-physicians disrupt health care physicians

Patients disrupt health care providers

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