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Lecture 2 The Value Proposition

Who I am...

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Startups in the Medical Sciences

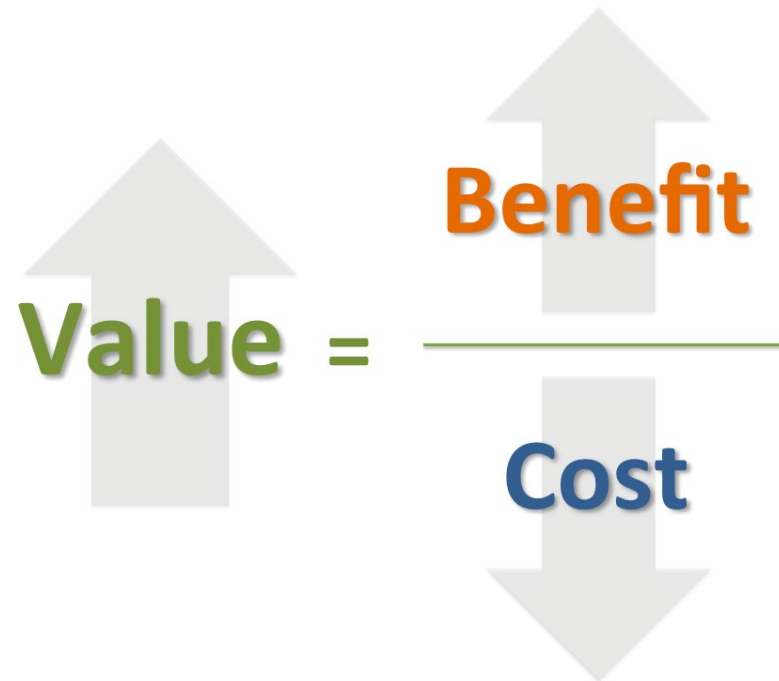
The Bridge Between Lab and Industry

Value Proposition

Textbook Definition:

Concise statement of the benefits that a company is delivering to customers who buy its products or services. It serves as a declaration of intent, both inside the company and in the marketplace.

The Better Definition:



Winning Value Propositions

		Price		
		More	The same	Less
Benefits	More	More for more	More for the same	More for less
	The same			The same for less
	Less			Less for much less

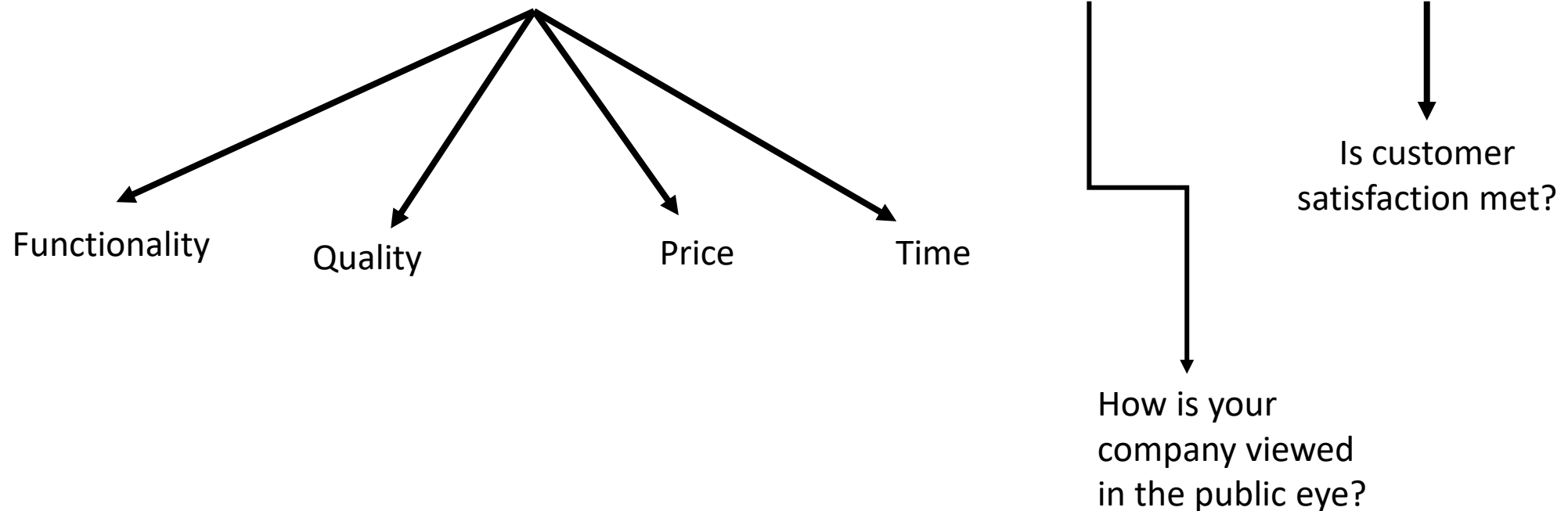
These are winning value propositions.

These are losing value propositions.



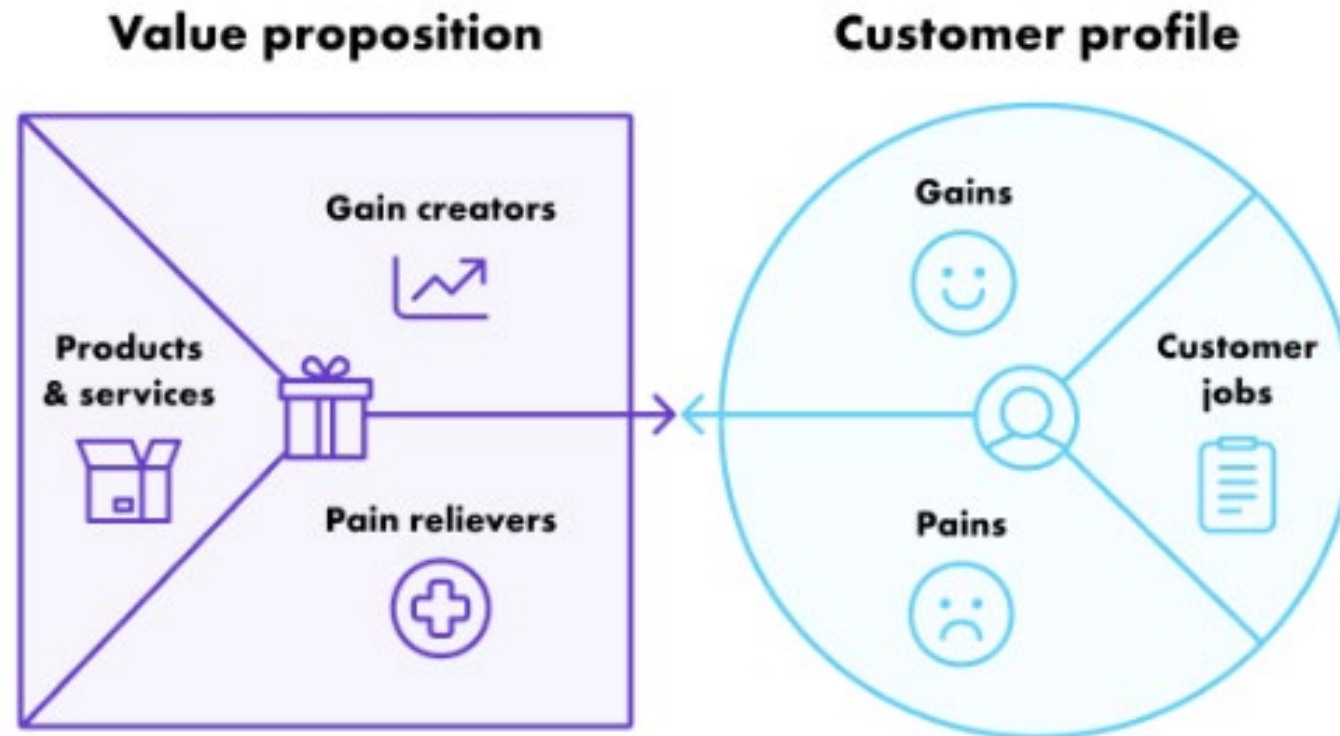
The 'Expanded' Value Proposition

$$\text{VALUE} = \text{Product / Service Attributes} + \text{Image} + \text{Relationship}$$



Value Proposition Canvas

Understand the customers' needs and the products solution



Optimal for presenting to external stakeholders



The 'Customer' in question

WHO is your customer?

- The Individual/Part PURCHASING the product/service

Ex. Suppose we develop a novel therapeutic ultrasound device for detecting breast cancer,

- The patient is NOT our customer
- The hospital - radiology department is our customer
 - We need to sell them the device so that they can use it to improve their healthcare practice



How do you CREATE Value?

- **Solving Unique Problems**

- Target NICHE market needs (areas that big companies avoid)

- **Innovation**

- Disrupt the current market, create new trends

- **Agility**

- Startups can adapt quickly to market changes and customer feedback

- **Collaborative Ecosystems**

- Foster collaborations, creating value through partnerships with other startups, research institutions, or larger corporations.



How do you DISPLAY Value?

Marketing in the medical sciences landscape is not your typical advertising scheme

- We cannot create a 30 second super bowl add for our ultrasound machine (we are reaching the wrong customer!)

Instead...**Companies display their value through data**

- Prior clinical trials or studies proving efficacy
- Supplemented with company sales reps and medical science liaisons



23andMe Value Proposition



SOLVING UNIQUE PROBLEMS Lack of Human genomic information directly linked to disease inheritance	INNOVATION Personalized Health Reports
AGILITY Adaptive business model which could alter strategy based on changing regulations	COLLABORATIVE ECOSYSTEM Provided insightful genomic data to institutions and pharmaceutical companies for research



Research and Social Impact



Anne Wojcicki [@annewoj23](#) · Jun 30

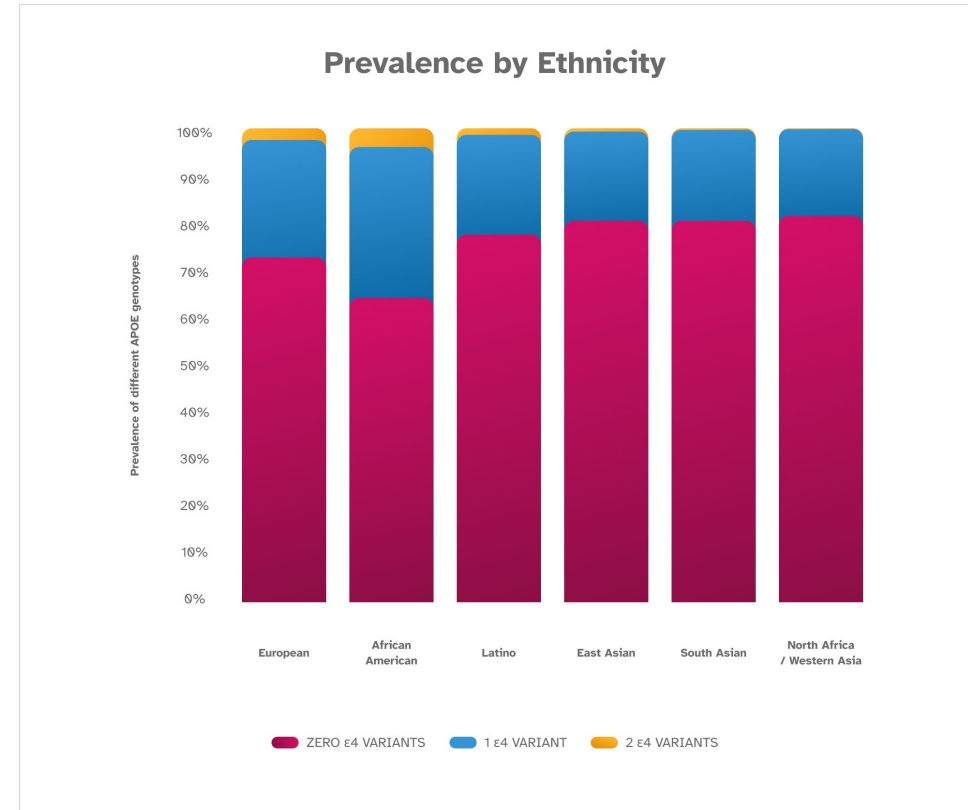
My data makes a difference! I have contributed to 46 publications. Bam!
[@23andMe](#)



Have you contributed?

My participation in 23andMe research fueled this many published discoveries.

[23andme.com](#)



HEALTH NEWS

DNA test company 23andMe now fueling medical research



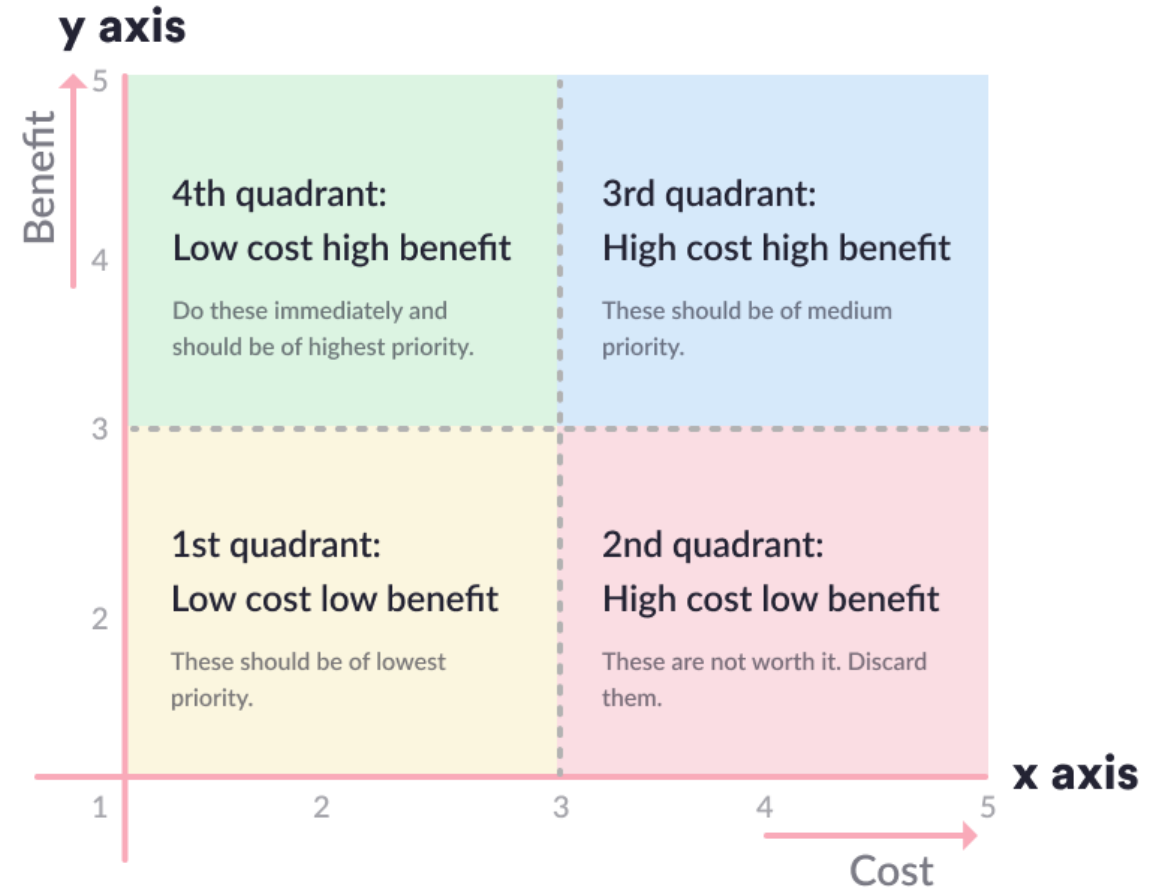
The Cost Benefit Analysis

What is the best Quadrant?

What is the worst Quadrant?

Cost Effectiveness:

- Net costs divided by changes in health outcomes



Example of Cost-Benefit Analysis

OSA – Obstructive sleep apnea – inability to breathe through nose while sleeping, causes snoring and possible insomnia

Treatment ->	CPAP (Current Standard of Care)	Inspire Sleep Device Surgery
Initial Cost	\$1,600	\$15,000
Yearly maintenance	\$900	~\$0 (lasts 8 years)
Total Cost (10 years projected)	$\$1,600 + \$900 * 8 = \$8,800$	$15,000 + 15,000 * (2/8) = \$18,750$

What are we missing?

- *Efficacy of treatment*
- *Patient outcomes*
- *Regulation and Government decisions*



Health Technology Assessment - HTA

- Report that measures the direct and indirect consequences of new interventions or technologies being used in practice.
- The Report is used by decision makers and stakeholders to assess if the intervention/technology should be implemented
- HTA are **required** for **drugs/vaccines** in Canada
- HTA are **optional** for **medical devices** in Canada
 - But highly recommended



CADTH – HTA Regulatory Body



Canadian Agency for Drugs and Technologies in Health

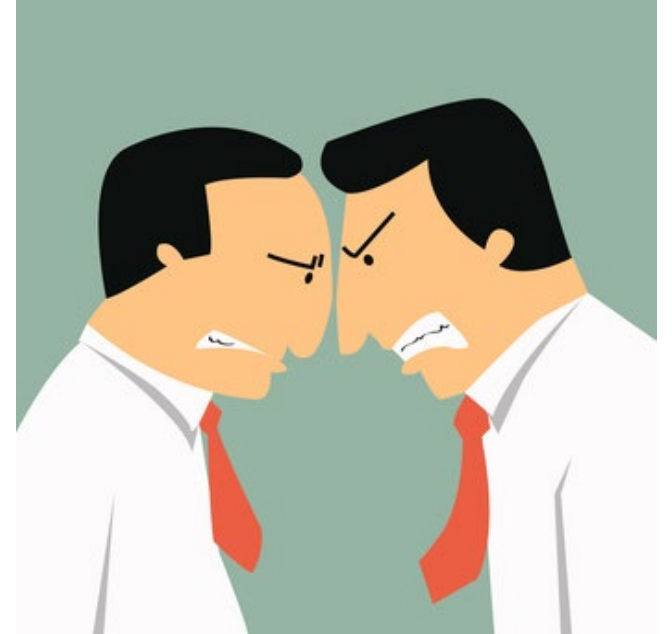
- Provides research and analyses in the form of HTA's for healthcare decision makers
- CADTH will either recommend / not recommend at the end of report



The problem with Startups in 2023...

Everyone is competing against each other!!!

- Startups tackle the same issue, companies working in parallel towards the solution
- Imagine if companies pooled resources (funding, manpower, data) to tackle solution
 - Decrease time (increased benefit) therefore increased **value**



96 AI companies building the next generation of radiology tech

March 31, 2023



[Artificial Intelligence](#)

[Care Delivery & Navigation](#)

[Client Intelligence](#)

[Expert Intelligence](#)

[Healthcare & Life Sciences](#)

[Market Map](#)

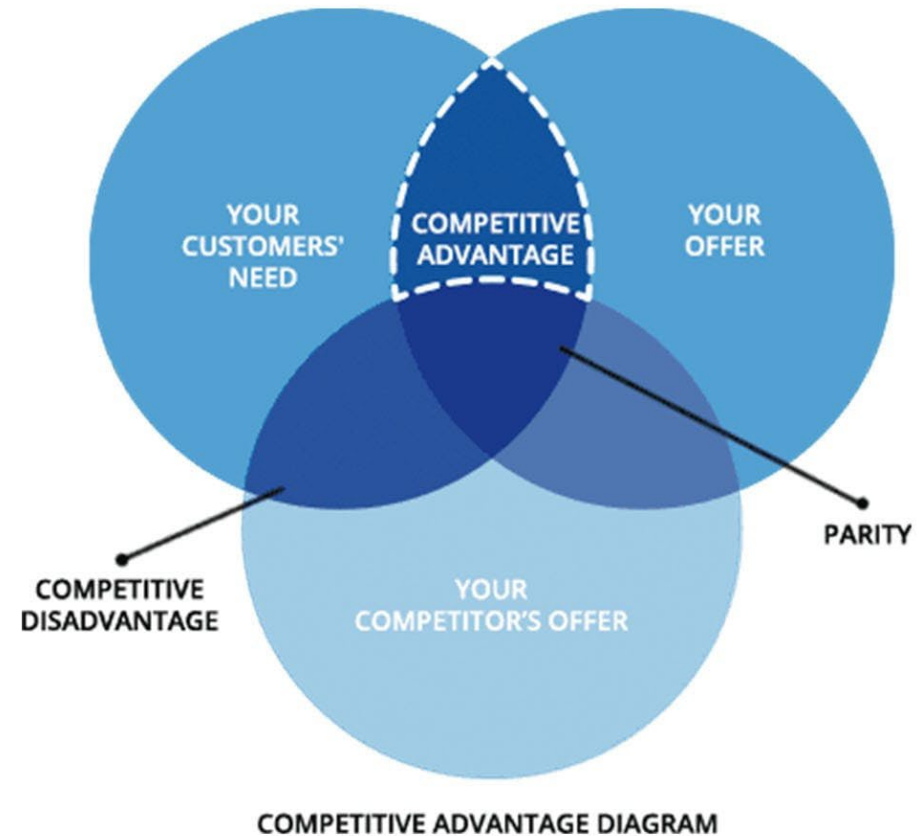
[Monitoring, Imaging, & Diagnostics](#)



How does Competition Affect Value

Birth of Competitive Advantage

- Factors/Characteristics of a company to compete more effectively than its competition



Psychology behind effective VP

- It is key to describe the value that you will be offering to all parties related
 - Internal Stakeholders
 - External Stakeholders
 - Customers
- Alignment of personality and goals leads to greater connection with your stakeholders

UNDERSTAND
YOUR IMPACT

How will you affect clinical
decision-making as a
Researcher? Physician?
Industry Professional?



Psychology behind effective VP

Internal Stakeholders

Alignment with Mission
Employee Satisfaction
Intrinsic Motivation

Customers

Accomplish Unmet Needs
Simplicity

External Stakeholders

Trust
Investor Relations
Partnership Curation

*Notice the emphasis on **emotion**
within both internal/external
stakeholders*



Empathy and Active Listening

Main Goals:

- 1 - Understand Perspectives:** Helps in understanding different perspectives and needs
- 2 - Build Relationships:** Aids in building stronger relationships with stakeholders
- 3 - Innovative Solutions:** Encourages thinking from different angles, potentially leading to more innovative solutions

Tips to improve Empathy and Active Listening

Pay Attention to Non-Verbal Cues
Create Conversational Feedback Loops
Ask Open-Ended Questions

Importance?

Better Understanding with stakeholders
Avoiding Misunderstandings
Enhanced Collaboration



Believe in your product!!!

We have recently seen the rise of "Exit Culture", Especially in startups within the biotechnology and biopharmaceutical spaces

- Many ideas, while backed with evidence and intellectual protection are not feasible in the market
- Investors are sold on the "next big innovation" while inventors are just interested in raising capital to increase their value for a future exit

Belief in the product/service is what creates value...

- This situation will be revisited later in the course and how it has altered funding and capital within the biotech space





End of Lecture 2

Next up Lecture 3: Markets and Industries