

# Sustainable Growth

Charting a Path in Healthcare's Crowded Marketplace



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## Executive Summary

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**I**n today's loud, crowded, and confused healthcare and life sciences market, the challenges to sustainable growth can be nearly impossible to overcome.

This is especially true for healthcare information technologies (HCIT) and health services leaders who are trying to grow their organizations while operating under outdated assumptions—and, given how things have changed in healthcare since the beginning of the pandemic, nearly all assumptions are outdated and need to be adjusted. To thrive, companies need to constantly evolve and stay ahead of the trends.

But that's not the only challenge. Solution and service companies also face a crowded marketplace in which their customers (payers, pharma, providers, self-insured employers, and/or consumers) are inundated with vendors seeking their time when there is too little of it. Further, investors today are more selective about their investments. For example, a recent [Fierce Healthcare article](#) noted that HCIT investments are expected to return to more modest 2019 levels after nearly doubling in 2021.

Engaging prospects and investors requires organizations to have and to clearly communicate their value proposition and ROI. Providers have invested millions in EHRs, and they face significant financial strains after the pandemic and in the face of inflation and workforce shortages. They need services and solutions that lower costs, improve efficiency, and

generate sufficient revenue streams to keep the lights on. Payers, meanwhile, face steep increases in medical and pharmacy costs and increased regulatory burdens that are squeezing their margins. Pharma executives need to efficiently recruit and retain patients in clinical trials, increase medication adherence and work with payers and providers to create access to needed drugs. And consumers want more cost-effective, convenient ways to maintain or improve their health.

Despite the challenges of the increasingly competitive climate, here's the good news: there are ways that HCIT companies and service providers can attract new customers. They just need to take the right approach. Here's what we recommend, based on successful engagements with our clients.

# 1 Understand The Market And The Competition

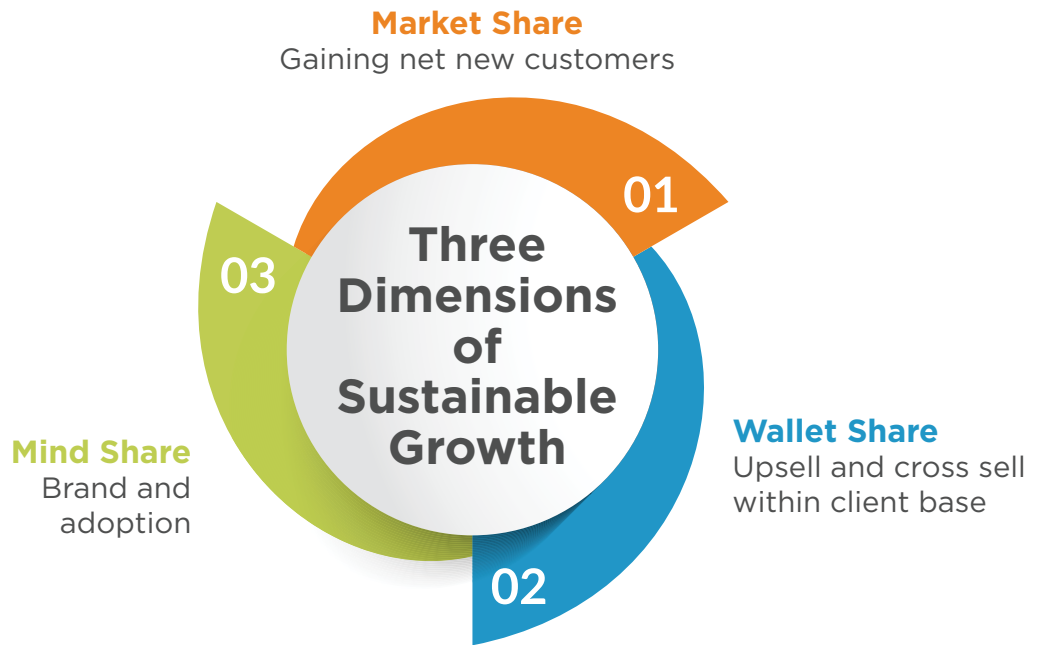
**The degree of market penetration should drive the growth strategy.**

Evaluating the market size and degree of market penetration should inform a company's go-to-market strategies and marketing priorities:

- **In a high-growth market with little competition**, companies should focus on brand building and thought leadership. Use cases and economic impact information will draw potential buyers and accelerate demand.
- **In a moderate-to-high growth market**, with a competitive landscape, companies must show strong differentiation that drives economic value to buyers.
- **In a nascent market**, with or without competition, companies must articulate specific use cases and their economic value, then craft clear messaging to succinctly communicate that value. Thought leadership that links capabilities to value and presents a compelling argument is then key to building brand recognition and adoption.



*Qualitative interviews with prospective buyers are one of the best ways companies can gain insights into key targets' pain points and needs.*



All organizations need to focus on three dimensions of growth: market share, wallet share, and mind share.

- **Market share.** Gaining market share is usually the first step. Even companies experiencing rapid market share growth should also seek opportunities to expand in other areas.
- **Wallet share.** To drive wallet share, companies should also consider entering new markets or providing new solutions for the existing market.
- **Mind share.** Expanding mind share is also critical to sales. Take the patient engagement market as an example: selling a patient or member engagement solution is only half the battle; companies must also get members or patients to adopt the solution to drive revenue growth.

The go-to-market strategy should consider all stakeholders—the market, customers, and end users—to drive growth across all of the dimensions. The product roadmap should also consider what innovations customers will need to continue using the product.

*To grow awareness, recognition, trust and credibility, smart leaders turn to thought leadership content.*

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## 2 Challenge Assumptions And Continually Adapt

**A company's biggest enemy might be its failure to adapt.**

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Once a company understands its market and how to approach it, it needs to consistently revisit that understanding. As new policies, competitors, technologies, and other solutions arise, companies must revisit and revise their growth strategies.

Here are four of our top recommendations:

- 1. Continually assess and reestablish targets.** HIT and service provider leaders should ask several questions. Does their company define growth as revenue—and, if so, how much year-over-year? Are they trying to flip the business? Is financial growth less important than growing brand awareness? Once they have clear answers to those questions, they need to define their targets. This includes selecting the right organizational profiles, understanding pain points, and defining how the solution addresses those points.
- 2. Draft the initial strategic plan.** Once the plan is drafted, leaders should take a break from thinking about it for a day or two. When they come back to it, they should imagine it's not their plan, but their primary competitor's plan. How does that make them think differently about it? They should revise accordingly.
- 3. Define assumptions—then redefine them.** Now it's time to take a big step back. What assumptions underlie that plan? Does the company sufficiently understand its prospects' top pain points? Does solving those pain points deliver clear economic value? Is it clear that the solution offers something new or unique? If the answers are yes, great. Given the speed at which markets are moving, leadership must ask these questions often.
- 4. Finalize the plan.** Leaders must then take that critical thinking and reapply it to the strategic growth plan. Whatever they do, they should not put it on the shelf. That plan has to be a living, working tool that they and their stakeholders live by—and take pains to update as often as the market changes.

*Prospective buyers will be most responsive to 'proof' in the form of concrete numbers that demonstrate tangible results in organizations like theirs.*

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# 3 Know The Audience

## Adopt their perspective.

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A highly successful go-to-market strategy requires a well-constructed brand-value story, elevated thought leadership content, and a strategically-grounded marketing communications campaign designed to increase awareness, reputation, and market share. This will allow companies to break through the vast array of empty promises and market noise to earn interest, consideration, and ultimately, a healthy pipeline of sales opportunities.

The first and most critical step in creating a successful marketing communications program is to understand the pain points and unmet needs of key prospects, as well as how these prospects view competitor solutions or services. Messaging about capabilities that aren't valued by the prospective audience wastes scarce time and space. Instead, leaders should ensure that their messaging clearly tells prospects how the solution meets their top needs and how they stand apart from the competition.

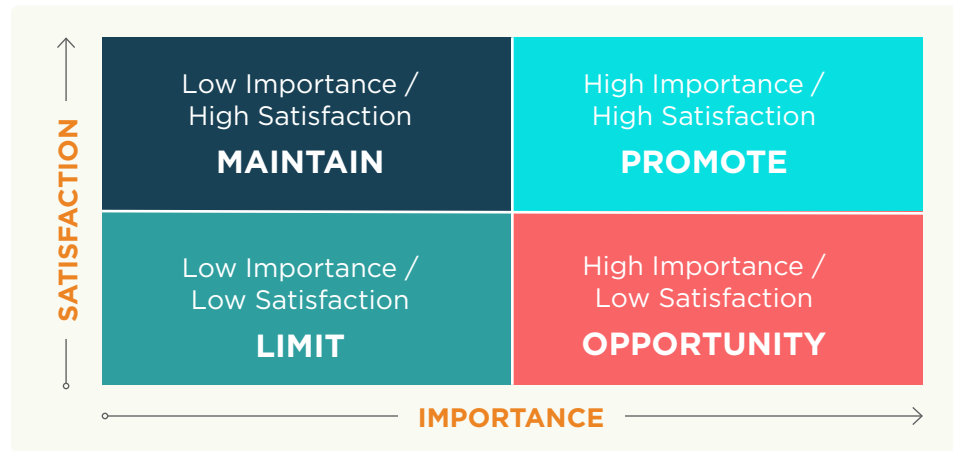
Qualitative interviews with prospective buyers are one of the best ways companies can gain insights into key targets' pain points and needs. These 'voice-of-market' interviews should be conducted by a company with deep experience in primary research and deep knowledge of the industry to uncover the most relevant insights. Often, the most compelling information gleaned from these interviews arises because of unexpected conversation detours.

**REMEMBER:** The goal of these interviews should be to understand the market, the target buyers, the context, and the problems. When creating the discussion guide, companies should continually revisit that goal and make sure it aligns.

The qualitative insights obtained from these interviews are rich and deep but provide single data points that can't be quantified with any degree of certainty. That's why quantitative studies (such as market surveys) are an important next step in understanding the market. Quantitative studies can substantiate qualitative insights and provide valuable information, such as insights related to market segmentation (including identifying the behaviors of certain market segments), market sizing, and stakeholder maps that inform tactical sales and marketing strategies.

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In its quantitative studies, Sage often deploys structured techniques, such as the Importance-Satisfaction Matrix shown here, to help define needs and opportunities. Data like this can guide the allocation of scarce time and financial resources, allowing companies to focus on capabilities and/or services that the market deems important.

Armed with these qualitative and quantitative insights, HCIT companies and service providers can:

- Construct their brand value story to connect potential customers to their organization's value and values.

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- Express their brand story on their website and in sales collateral ranging from presentations to product literature.

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- Ground the brand value story with credible proof points that are relevant to the needs of the target market.

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- Develop platforms of thought leadership that demonstrate their unique perspectives on important industry trends and topics (see also #5 below.)

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- Elevate brand awareness and reputation through a wide range of activities that cover paid, earned, owned, and social media.

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- Generate interest and demand through campaigns that credibly connect their capabilities to market pains and unmet needs.

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- Create a consultative selling platform that allows the sales team to engage in immediate conversations with prospects with credibility and authority.

# 4 Show The Unique Value Proposition

## Craft a strong product strategy.

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Once a service provider or HCIT company finishes the above tasks, it will be easier to create a solid product strategy. The product portfolio should articulate how solutions solve real unmet needs and challenges, and it should be tethered to an economic story strong enough to induce demand and compel buyers to seriously consider investment.

Rather than focus on features, functions, and technology, the most effective product strategies prioritize value and benefit. Companies should consider:

- What are the core unmet needs customers and the market are facing today? Unmet needs are often found within a workflow, such as when inefficiencies result in reduced quality, lost revenue, or dissatisfied patients or members.
- How are customers and the market measuring efficiencies? In other words, what needles can the HIT company move with its solutions?
- How do the use cases and metrics align with economic value? Economic value can be quantified in several ways, including improved revenue, lowered costs, improved quality and outcomes, retained patients, and time saved.

Prospective buyers will be most responsive to 'proof' in the form of concrete numbers that demonstrate tangible results in organizations like theirs. This is why economic impact models are incredibly valuable. They drive marketing leads by showing potential customers the value of solutions, and they advance the sales dialogue.

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# 5 Build Trust And Credibility

## Become a thought leader.

### What is Thought Leadership?

Spanning from articles to white papers to videos to social media, a thought leadership campaign features compelling content focused on delivering value rather than selling. The content should align with the company's solution or service and the needs of target buyers. For example, if a company provides a patient engagement product, the content might focus on how health systems can improve patient engagement. An effective thought leadership campaign is bolstered by a public relations campaign in which the content is featured and published in the trade media, which generates market awareness.

Most executives barely have time to stay on top of the current initiatives at their organizations, let alone spend time meeting with a steady stream of vendors. Among healthcare executives, for example, [a survey by the American College of Healthcare Executives found that workforce challenges related to the pandemic now top a long list of executives' concerns, on which they previously ranked financial challenges first.](#)

To grow awareness, recognition, trust and credibility, smart leaders turn to thought leadership content.

In an era of social media and short form content, it is perhaps counter-intuitive that executives continue to place so much value on thought leadership. Edelman and LinkedIn published their [4th Annual Thought Leadership Impact Study](#) in 2021, reporting on the findings of a survey of over 1,000 business executives across a range of industries and company sizes.

A number of the findings from this Thought Leadership Impact Study and its 2021 predecessor underscore the importance of developing thought leadership that is compelling, unique, credible, and attention-grabbing:

- **66%** of decision-makers say the pandemic spawned a huge increase in the amount of thought leadership in the market.
- **71%** say that less than half of available thought leadership provides valuable insights.
- **55%** say that if a piece of thought leadership does not pique their interest within the first minute, they'll move on.

### Accelerating the Sales Cycle

Source: 2021 and 2022 Thought Leadership Impact Studies

47%

of business leaders say thought leadership led them to discover and ultimately purchase

88%

say thought leadership can enhance their perceptions of an organization

48%

say thought leadership can influence their purchasing decisions

These studies also found that effective thought leadership can improve awareness and reputation and influence purchasing decisions:

- **47%** of buyers say thought leadership led them to discover and ultimately purchase from a company that was not considered to be among the leaders in a particular category.
- **88%** of decision-makers say thought leadership can be effective in enhancing their perceptions of an organization.
- **48%** say thought leadership can be effective in influencing their purchasing

## The Path to Sustainable Growth

Sustainable growth is challenging, especially in today's competitive market. But it doesn't have to be impossible or painful. Companies must be clear, honest, and humble about what they're offering and why it matters. That kind of honest self-assessment may not be easy, but it will be extremely effective. And it can help avoid the common trap of overpromising and under-delivering.

Once a company has crafted its differentiated position and messaging strategy, it can use an integrated, long-term thought leadership campaign to induce demand, advance its reputation, and accelerate deal cycles. This upfront investment in creating and clearly communicating your unique value will reap rewards that can and should last for years.

### ABOUT THE AUTHOR

Stephanie Kovalick is the Chief Strategy Officer; General Manager, Strategy, at Sage Growth Partners (SGP). She is responsible for building SGP's internal growth strategy as well as leading the strategy consulting team, which focuses on delivering value creation solutions to healthcare provider organizations, associations, healthcare technology and investors.

A recognized thought leader in the value-based care space, Stephanie is a leading healthcare authority with extensive workflow, product management and marketing experience in the healthcare payer, provider and health information technology sectors. She also has deep expertise in healthcare payment models and revenue cycle management.

Stephanie has been with Sage since 2015, and prior to her role here held leadership roles with Availity, LLC, and GE Healthcare.

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### ABOUT SAGE GROWTH PARTNERS

Sage Growth Partners is a healthcare advisory firm with deep expertise in market research, strategy, and communications. Founded in 2005, the company's extensive domain experience ensures that healthcare organizations thrive amid the complexities of a rapidly changing marketplace. Sage Growth Partners serves clients across the full healthcare spectrum, including GE Healthcare, ProgenyHealth, Kyruus, Best Buy Health, the National Minority Health Association, and Philips Healthcare. For more information, visit [sage-growth.com](http://sage-growth.com).



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