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## EXECUTIVE SUMMARY – BUSINESS MODEL

### WP 6100: DEFINITION OF POSSIBLE BUSINESS MODELS AND SERVICES

### WP 6200: MARKET ANALYSIS FOR SPECIFIC SERVICES

This document contains the executive summary of the tasks and conclusions reached for the “Definition of possible Business Models and Services for the TEMIS products” which has been organized in two modules, according to the TEMIS Project structure, corresponding the first module to the WP 6100 “Definition of possible business models and services” and the second module to the WP 6200 “Market analysis for specific services”.

The whole project has been develop from October 2013 to April 2014, having been led by CONECTIC and outsourcing the technical support in business models to Smartpoint S.L, as planned in the TEMIS Project.

Throughout the modules, the fieldwork consisted of reviewing and analyzing 86 research papers related to personalized medicine and eHealth, 186 eHealth initiatives performed by organizations worldwide and European consortiums; 13 interviews with members of the TEMIS Consortium and external specialists, in-depth business model analysis and technological surveillance of specific 31 organizations currently developing initiatives similar to the TEMIS products and services and a survey conducted in order to determine the demand perception of healthcare professionals with a total of 85 respondents within the SUDOE Area.

The intermediate results have been presented and reviewed by the TEMIS Steering Committee in the Project Meetings held on October 1<sup>st</sup>, November 25<sup>th</sup> and February 6<sup>th</sup>, concluding the following.

The eHealth and Personalised medicine state-of-the-art analysis shows an emergent market with a very high business potential with more than 30 different kinds of players forming a complex scenario but with many possible combinations to define strategies and business models.

Due to that, numerous initiatives are arising day after day trying to lead the market or a small part of it but there are not dominant positions in the market so far, mainly because demand is not stably formed and only “early adopters” are embracing new technologies that are exposed to a fast obsolescence. Therefore, from a market point of view, uncertainty rules the industry.

Even so, five strategic groups have been identified (Big Players, eHealth Specialists, Performance Caregivers, Health Caregivers) together with five business model structures (Own initiatives, Global collaborations, Specialized long-term ventures, Project-driven Ecosystems, Open models).

From the demand perspective, both the interviews and the surveys conducted show unanimous interest in eHealth and its sure market integration, but not in the short time. Only low-risk experimental initiatives are acceptable for the Health professionals so far.

Circumscribing the scope of the products developed by TEMIS, there are slightly different situations between the Activity Monitoring solutions and the Parkinson Monitoring ones.

For Activity Monitoring, successful initiatives correspond to business models aimed at generalist and healthy groups, with high social and aesthetic approach but with low medical perspective. Thus, technology and sports companies are competing globally with pull strategies, attracting "early adopters". But at a medical level, there were no outstanding initiatives in the area that are consolidating SUDOE end users.

Regarding Parkinson Monitoring solutions, as a medical solution, only very specific projects one-to-one are being developed with a certain level of success, meaning the existence of a big latent market to capture.

Note that the health professionals are receptive to incorporate in the short-term solutions that give them information. That is, product is not the key. The information is. So that marketing and commercialization strategies shall focus on Parkinson or Cardiovascular information solutions more than a Kinect solution or a smart-clothe solution. Nowadays, internet portals and mobile apps are the best arguments from a product perspective.

There are also differences among diseases. Thus, cardiovascular diseases have demonstrated to be the most prone to adopt TEMIS solutions.

In this context of mismatch between supply and demand, TEMIS finds its strengths and opportunities in its medical expertise and a strong focus on the healthcare professionals, socializing the personalised medicine only among the final user, his relatives and caregivers and his healthcare professionals, approaching this groups through the TEMIS network and the Advisory Board.

On the contrary, TEMIS finds its weaknesses and threats in maintaining a permanent inertia of competitive time-to-market of the products (continuous research and commercialization solutions) with a compatible vision among partners.

Thus, nine strategic alternatives of commercialization have been identified and analyzed (seven through direct commercialization and two through indirect) resulting that the desired option by the TEMIS partners is represented by the Mission Strategy:

- Mission: TEMIS uses simple, innovative technologies to offer effective solutions for measuring and evaluating our physical activity.
- Vision: TEMIS aims to be a relevant solutions provider of monitoring and data management solutions for the Healthcare and Performance industry characterized by the highest technical and medical practice.
- Shared Values: Team-play, Flexibility and Customers centric approach.
- Core Competencies: Go-to-market and commercial know-how; Continuous research and development capabilities; Strategic alignment and Effective ecosystem.

According to TEMIS characteristics and the European eHealth industry situation, it is considered risky to implement in the short term a generalist approach. Therefore, it is recommended to start with specific solutions under an "medical information solution platform" for specific diseases, evolving step by step to the generalist platform desired by the consortium participants and with the next three services: Customizable Activity Monitoring and decision support solutions; Parkinson patients movement prescription and evaluation; Clinical and Pharma trials (in the mid-term).

To do so, it is necessary to face two vectors: operational and structural.

- Operational needs: to build stable business models for the products and solutions of TEMIS is necessary to get from the market the real competitive level, aligned with the mission of TEMIS of providing affordable solutions, in comparison with the of the market.
- Structural needs: it is necessary to ensure the unification of individual visions regarding the role of each organization within TEMIS and raise from the beginning the legal model of intellectual property and economic share.

As a result of the above, a specialized penetration strategy arises - getting success stories with Cardiovascular and Parkinson institutions - prior to its expansion to be a more generalist player.

To do this, three phases of deployment arises, organized in two strategic axis (Market development and Organizational Consolidation) with nine strategic lines:

- A first phase ensuring success stories with a very specific population segment, desirably elderly people institutions, since that they both need Activity monitoring and Parkinson monitoring, proposing to establish ad-hoc projects to organizations specialized in this segment of population. In this phase, legal and economic aspects should be defined.
- Given the uncertainty of the market, the TEMIS solutions and the need for coordinating the structural aspects, a milestone of brainstorming with the Advisory board is recommended, after the first phase, to update the development of the second phase: the consolidation phase. In this second phase, the long-term juridical form of the relationship among partners should be defined.
- In the third phase, TEMIS should focus on ensuring its long-term competitive positioning by fostering continuous innovation.

Finally, according to the information reported by the partners and taking into account the information available by the time of this final executive summary, with information pending to come from the ongoing trials, it has been developed an economic forecast to determine the feasibility of the initiative.

With an estimated costs of 58.000€ for a project of 10 Kinects and 50 t-shirts and considering incomes enough to support a minimum structure and R&D activities to reach the sustainable competitiveness, it would be necessary to get from 3 to 8 similar projects every year to reach the break-even point, depending on the mark-up of the project (30%-75%).

Therefore, considering good technical results from the ongoing trials and assuming that competitive prices will be achieved, the Consortium will be able to be profitable by itself. Otherwise, TEMIS shall look for third-part funding. In this case, TEMIS meets the criteria to opt to new public funds that could help to finance structure costs or new R&D activities needed to stay competitive in the market.