Rockin' HIT Sales

Episode Transcript

Why Health IT Pilots Fail to Scale — and How to Design Ones That Do

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Transcript edited lightly for clarity and readability. Intro and outro omitted.

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David Hacker (01:11)
Dr. Katzen, welcome to Rockin' HIT Sales. It's an honor and a pleasure to have you join the podcast today.

Barry Katzen (01:19)
Thank you very much. It's a pleasure to be here. I look forward to the conversation.

David Hacker (01:23)
We're going to go ahead and get started. If you had to describe your role to someone outside of healthcare as Chief Medical Innovation Officer, how would you describe it, and what are you responsible for?

Barry Katzen (01:27)
It's an interesting question. I'm responsible for leading our innovation program, Baptist Health Innovations. The program was initiated about six or seven years ago with a very specific purpose. I don't necessarily lead, control, or direct all aspects of innovation within the health system; rather, I lead the Baptist Health Innovations program. It's a programmatic approach to innovation within healthcare.

David Hacker (02:10)
Over the years, I'm sure you've seen patterns that made you interested in fixing the proverbial pilot-that-never-scales problem. Can you explain that?

Barry Katzen (02:13)
Fundamentally, within innovation, we're trying to take ideas, implement them, hopefully move them along a commercializable pathway, and ultimately introduce innovative ideas into a health system. One challenge is

developing a pilot that will actually prove proof of concept if it's an early-stage device, or ultimately prove clinical value if the question is introducing a product, idea, or process into the health system. One of my responsibilities is to make sure that if we're going to do a pilot, it is heavily focused, with very clear desired outcomes and metrics that lead to a determination when that pilot is finished.

David Hacker (03:10)
When a new technology comes onto your radar, what has to be true before you consider it worth a serious evaluation?

Barry Katzen (03:16)
When looking at new ideas or a potential pilot of a product or concept, we need to make sure it satisfies an unmet need. New ideas and technologies have to be directed at filling an unmet need, and that unmet need has to be something of interest to the health system, either from an operational standpoint or in terms of bringing direct benefit to patient care.

David Hacker (03:51)
You've seen and spoken to a lot of vendors. What do they routinely underestimate about getting to yes, whether that is getting the sale through the system or getting the pilot through the system?

Barry Katzen (04:05)
I'd partition this into two different types of companies or products. One is early stage, where a company is still considered a startup or is just beginning commercialization. The other is an established company that is already fully engaged in commercialization and is looking for proof of concept within the healthcare system to get into the supply chain.

For early-stage companies, they very frequently underestimate the degree of work and effort required to conduct a pilot. Depending on their stage of development, the pilot may involve an IRB and the conduct of research. The rigor involved in a pilot that includes a research trial, even if it is limited or low risk, is often underestimated by startups.

For more established companies, there is frequently an underestimation of the level of proof that needs to result from the pilot. Is the pilot being done to prove cost reduction? Clinical benefit? What are the metrics? That leads to an underestimation of how much structure a pilot may require. A company may think, "We're just going to put this in and trial it," without fully understanding that on our side, we are going to need proof of concept and proof of claims.

David Hacker (05:53)
My next question was about what a well-designed pilot looks like, but you've done a great job describing that. What do you see as the key difference between something that starts as a pilot and stays in pilot mode forever versus something that earns the right to scale across the health system?

Barry Katzen (06:12)
That is why it is so important to establish parameters and metrics on the front end. It goes back to trial design and pilot design. We generally don't want things to get stuck as pilots. We want to come to a conclusion.

If a pilot is successful, it could possibly be scaled and used throughout the system, or it might be something that can be used in one part of the system. For instance, a product might be useful in the ambulatory space of a health system but not as useful in the inpatient environment. Understanding the ultimate goals and the target audience is important from the front end.

David Hacker (07:06)
Can you de-identify an example where a pilot had good results on paper but didn't really scale? What was the blocker that stopped it from scaling?

Barry Katzen (07:06)

That's a great question. From the innovation program, our responsibility is developing and managing innovation within the health system, but at the co-creation level and the front-end level.

We began a co-creation project with a company to develop a surgical optimization model. This is a huge problem in health systems: making the OR more efficient. We ultimately developed the product not in the major teaching hospital, but within smaller hospitals. We developed a product that was quite useful and commercializable.

Then the next question became whether the health system would acquire it, disseminate it, and scale it across the organization. It turned out the answer was no because of some competitive issues within the health system. However, the product was ultimately useful and was applied to other aspects of the OR environment, particularly in the ambulatory space.

Whether a product gets moved into supply chain and disseminated throughout a health system depends on factors beyond whether the product works. It may involve competitive considerations or other contracts. I separate those into two processes: one is the pilot proving efficacy and value; the other is acceptance by the organization and dissemination within the organization. They are two separate problems that need to be addressed.

David Hacker (09:01)
You've seen co-development and commercialization partnerships from the inside. When does it make sense for a health system to co-develop with a company rather than just buying a solution and becoming a customer?

Barry Katzen (09:01)
Co-development is an exercise that involves a lot of commitment. One thing we've learned is that within a large health system, there are parts of the organization that are much more conducive to innovation and other parts that are more comfortable with a product that has already been proven, acquired by other health systems, and has evidence behind it.

We tend to focus co-creation on developing products that don't exist in the marketplace. It depends on which part of the organization is more amenable to true innovation, and that relates to how innovation itself is defined.

Within a complex healthcare delivery organization, there are pockets that are very receptive to co-creation and development of new products, and there are other parts of the organization that need the comfort level of knowing a product has already been developed. Co-creation takes a lot of commitment. It also requires commitment to the possibility of failure, because co-creation is not always successful.

If you are looking for guarantees of success, you are better off going through supply chain with established products. If you are looking to co-create a product that is customized to your needs or fills a need that does not exist, and you have the tolerance and patience to go through co-creation, then that is the right direction.

David Hacker (10:46)
If the product meets the needs you described, are there elements or characteristics that tell you the company is going to be a good long-term partner?

Barry Katzen (11:04)
That is where we separate innovation from supply chain and acquisition. From my role as Chief Medical Innovation Officer, when I'm looking at companies that are trying to truly innovate, companies need to be willing to commit resources and be well enough funded to sustain the innovation process. Before we start an innovation project, we want to make sure we have a partner with enough financial backing and enough stick-to-it-ness to go through the trials and tribulations of innovation.

On the supply chain side, if somebody is looking for a commercial partnership, that belongs in another sphere of our organization. It is going to involve supply chain. As Chief Innovation Officer, I'm more focused on the innovation side and risk-taking.

David Hacker (12:04)
I have just a couple more questions. It's what I refer to as my lightning wrap: the last two quick hits. First, what is one thing you wish Health IT vendors would stop doing when they approach a health system?

Barry Katzen (12:08)
On the innovation side, I find that some companies are more interested in marketing a product before they have actually developed it. That doesn't work in innovation. You have to focus on understanding the steps necessary to bring something to market.

The biggest issue is that healthcare is a highly regulated environment. It is very different from developing products for the consumer space. Products need to meet certain regulatory requirements. Companies frequently think, "If I can get this product through FDA approval, then I'm done and can go ahead and market it." But healthcare systems need to see more proof of concept, more clinical proof, and proof of value.

That is my number one pet peeve: dealing with early-stage companies that are trying to shortcut the path to marketing and end up marketing a product that is not fully proven. It is also a very important cause of failure in the innovation space. One of the things vendors can do is get the right clinical input first.

David Hacker (13:40)
What is one thing you wish more vendors would start doing that would immediately make your job easier?

Barry Katzen (13:52)
Involving healthcare systems at early stages of development will ensure greater success on the back end. If you have a health system involved in product development on the front end, and it is successful in a successful healthcare system, you are going to be more likely to have commercial success in the end.

David Hacker (14:12)
Dr. Barry Katzen, thank you very much for joining Rockin' HIT Sales. We appreciate your input, and I'm sure listeners are going to value the thoughts you shared today. Thank you again for joining Rockin' HIT Sales.

Barry Katzen (14:19)
Thank you very much. I hope it proves of value to people who are interested in accelerating their products.