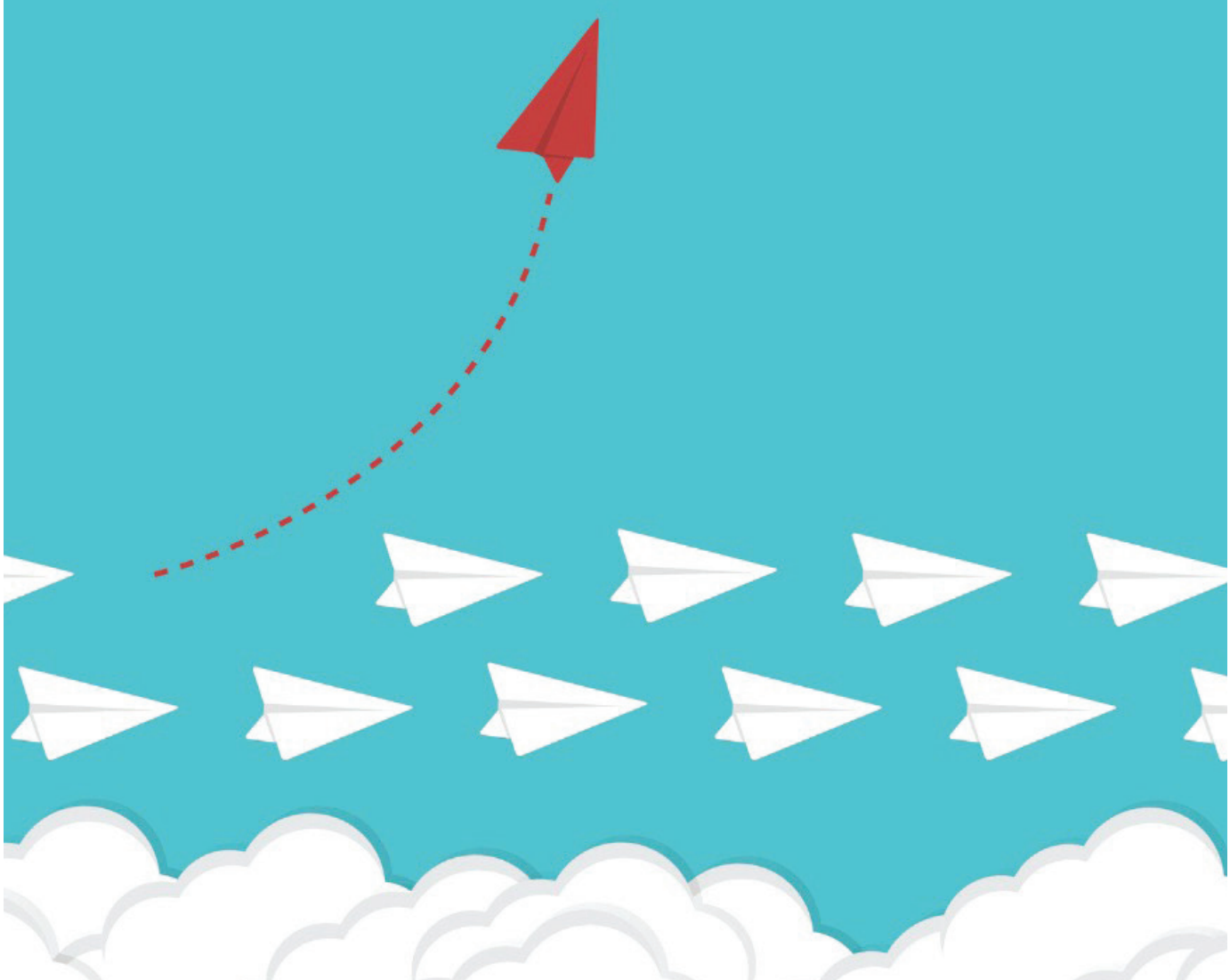
VEIN therapy NEWS
FEBRUARY/MARCH 2018
VEINTHERAPYNEWS.COM

How To Fly High Over the Sea of Sameness

PART I



By James R. Williams
and Tracy Thirion

Imagine shopping for a new car. You approach the largest dealership in town. The lot is packed with new cars. However, as you draw closer, you notice they are the same brand, same model, equipped with the same options and even share the same color. Before becoming the prey of the approaching salesperson, you speed off – confused. Down the street is another dealership. With a quick glance you notice the same thing – all identical cars, and even the salesperson looks the same.

How do you make a choice? Do you even have a choice? There must be something that differentiates one car from another or at least one dealer from the next, right? Maybe. Maybe not.

Obviously, an exaggerated example, but can you see the treatment of chronic venous insufficiency (CVI) falling victim to this scenario and being tagged a commodity like grain, precious metals, electricity, oil or natural gas? I'd argue it's not only possible, but it's already begun to take place.

Vein treatment offerings are sounding more and more alike. Words like "no surgery, no hospitalization, virtually pain-free and back on your feet the same day" are peppered into every vein specialist's website. These words are true, and they are important, but their importance is diminished when every practice promotes this same message. What may seem like a differentiator to the provider has become an assumed requirement of the patient. "Covered by most insurance and specializing in varicose veins as well as cosmetic spider veins" are also a given and not a mark of distinction.

With good outcomes becoming almost ubiquitous, some attempt to differentiate based on the patient experience they create. However, these attempts to promise a better patient experience often fail to put space between competitors, due to a lack of credible data points that are meaningful to prospective patients.

To further complicate things, we are all targeting the same patient segment. Estimates suggest there are more than 30M people in the United States with CVI – yet only about 1.9M people at any given time are seeking treatment. Arguably, most, if not all vein specialists are targeting this 1.9M segment because it's comprised of people who mostly understand they have CVI, recognize the effect it has on their quality of life and as such, are most prepared to receive treatments.

RED OCEAN STRATEGY	BLUE OCEAN STRATEGY
Red with bloody, cut-throat competition.	Blue with depth of opportunity and growth.
Existing markets with defined industry boundaries.	Unknown, unexplored markets with no competition.
Beat competition. Steal market share.	Create new demand. Competition is irrelevant.
Make the value-cost trade-off.	Break the value-cost trade-off.

In short, it's easier going after this segment than the less motivated 28.1M. So, not only are we promoting the same message, we are all targeting the same prospective patient and as an industry we look more like the fictitious car dealer above than not.

DISRUPTIVE INNOVATION

As vein specialists, how do we step out of the commodity trap? How do we create a sustainable point of differentiation in a "Sea of Sameness"? How do we reach beyond the small segment who are looking for treatment? How do we create messaging that resonates with them? How do we elevate awareness amidst the noise and complication of healthcare? How do we get past the fear or ambivalence of treatment? How do we balance the importance of vein disease treatment with the allure of cosmetic benefits? What is the right business model? How do we innovate on the medical experience? How do we elevate the patient experience?

These are questions many don't ask themselves if they're comfortable with their business and not feeling the pain (yet). You might not have a sense of urgency to break your own business apart and shake things up. These are easier questions for those feeling the inertia of a cluttered category, where it's hard to stand out and there is no desire to be part of the Sea of Sameness. There are no easy answers. It's not about working harder, longer or smarter. That just won't do. Not enough. What is required is innovation, specifically disruptive innovation.

The Department of Commerce Advisory Committee on Measuring Innovation in the 21st Century Economy defines innovation as *"the design, invention, development, and/or implementation of new or altered products, services, processes, systems, organizational structures, or business models for creating new value for customers and financial returns for the firm."* Innovation can extend beyond improved products, services or processes. It can also include new organizational models, methods of service delivery, ways of relating to customers and approaches to marketing.

Not too long ago we saw the single greatest disruptive innovation to hit the treatment of CVI ever. In 1999, the FDA approved RFA, VNUS Closure for the treatment of varicose veins. Not only did it replace surgical stripping as the gold standard, but its quality outcomes helped bring needed credibility to the disease state as well as the industry. Insurance companies began to cover the treatment that over time created a groundswell of demand. The number of vein specialists proliferated to meet this demand and within 10 years there were multiple companies with more than 30 centers each throughout the country.

> **"Vulnerability is the birthplace of creativity, innovation, and change."**
> ***–Brene Brown***

U.S. healthcare in general has a long-standing record of innovation focused on diagnostic procedures, therapies, drugs and devices. However, we've done little to innovate the way we package, deliver and talk about our care. As we look forward, especially in the treatment of CVI, innovation will likely come from:

- Strategically integrated organizational platforms
- Further advancement of operating models that can maximize economic scale

- Sophisticated research to better understand what triggers a patient to receive treatment
- Increased use of technology to enhance patient communication
- Streamlined care plans with an emphasis on patient experience
- Greater use of big data and analytics to manage our business.

> "When all think alike, then no one is thinking."
> –Walter Lippman

LATERAL THINKING

The concept of innovation is relatively easy to understand: New ideas that change a product or service so much so that it changes a consumer perception, behavior and expectation. But how does one actually innovate?

You can innovate by looking at your problem statements head-on, or you can meander sideways for inspiration. This might sound daunting, but consider the small steps that can lead to big ideas. Southwest Airlines (SWA) went into a competitive industry, and instead of playing in the red ocean[1] of big city hubs, they went to B and C markets and tapped into a much bigger, underserved population. They considered their competition not to be other airlines, but cars, trains and buses. They were selling "freedom" and they built their experience, pricing and messaging accordingly.

They innovated by eliminating industry "must haves" to support their brand promise of freedom. No seat assignments, no change fees, no bag fees, no first class. They innovated by adding simple elements that cost the same or less than other airlines, adding FUN, with casual uniforms and peanuts as well as entertaining and happy flight attendant announcements.

They did NOT break the most important industry rules, like having seatbelts, or maintaining high safety standards. They were renowned for their employee happy hours and gregarious CEO, and they were proud that while they didn't pay the best in the industry, they had more than 20 years without layoffs of their employee family.

That cultish mindset of being "different" was contagious to customers, who wear the SWA brand badge with pride. Now, SWA is an airline that flies from A to B using planes with no major differences in technology. However, their hub and spoke approach helps them reach an underserved population, and their unique brand voice gives them a competitive edge. The SWA brand stands out amidst every stuffy airline charging thousands for business class seats, building trust with a loyal customer base who chooses SWA because of its unique brand experience, policies and culture.

SO, WHAT DOES ALL THIS MEAN TO VEIN SPECIALISTS?

The way to disrupt our own business is to look outside of it, take our blinders off and break our own rules.

- What are all the rules of how a vein treatment business is built?
- What are the rules about treatment? About cost? About payment?
- What assumptions do we make about what patients know, understand and care about? What if we're wrong — how would we speak to them differently?
- What rules are we following just because that's how we've always done it, or because that's what the industry does or that's what patients expect?
- What could we add to the experience that would surprise and delight them?
- What labels, descriptions or attributes do we use simply because it makes sense to us as providers but not to the patients?
- What could we get rid of that is not providing added value, or is a nuisance?
- What could we easily add or modify that could surprise or delight patients or employees?
- What industry outside of healthcare had the same challenges, were similarly commoditized, but managed to break free from the Sea of Sameness? How can we lift and shift that thinking to our own industry?
- What other industry could we learn from? For instance, and staying with our automobile theme, what could we learn from a Formula 1 pit crew about how we intake, treat and follow up with patients to make the best use of their time?

In a category that has been commoditized, where players are chasing the same segment of customers, with near-parity experiences and playing by the rules of the status quo, we are ripe for disruption.

So, what can you do? Of course, you can do nothing, sitting comfortably in the business you're in, with the hopes that some new medical technology will come along that can be your "new news" that will give you your next bump. Or, you can plan for your own disruption. Because the question around disruption is not *IF* it will happen, but *WHEN*.

Would you rather be like Southwest, who found blue ocean[1] where the other airlines weren't looking? Or would you rather be like the taxi companies who had captive consumers, but ignored consistent customer pain points, then got disrupted by Uber? Or like Kodak who got blindsided by digital? Or how similar hotel brands were disrupted by Airbnb? They all took their customers for granted, myopically focused on the rules and the norms of their businesses, and limited themselves from imagining how they would put themselves out of business.

Like our fictitious car dealer, the opportunity for us to create something fresh and resonant is right in front of us. By going outside of our industry to collect inspiration, by challenging the industry norms that we follow, by looking through a lateral lens, we can elevate the patient experience and change our businesses for the ultimate win-win and leave this Sea of Sameness behind. **VTN**

FOOTNOTE

[1]A phrase coined by W. Chan and Renee Mauborgne in their best-selling book of the same name, which depicts new, uncontested market space, that makes competitors irrelevant, as opposed to "red ocean," which

> "A mind that opens to a new idea never returns to its original size."
> –Albert Einstein

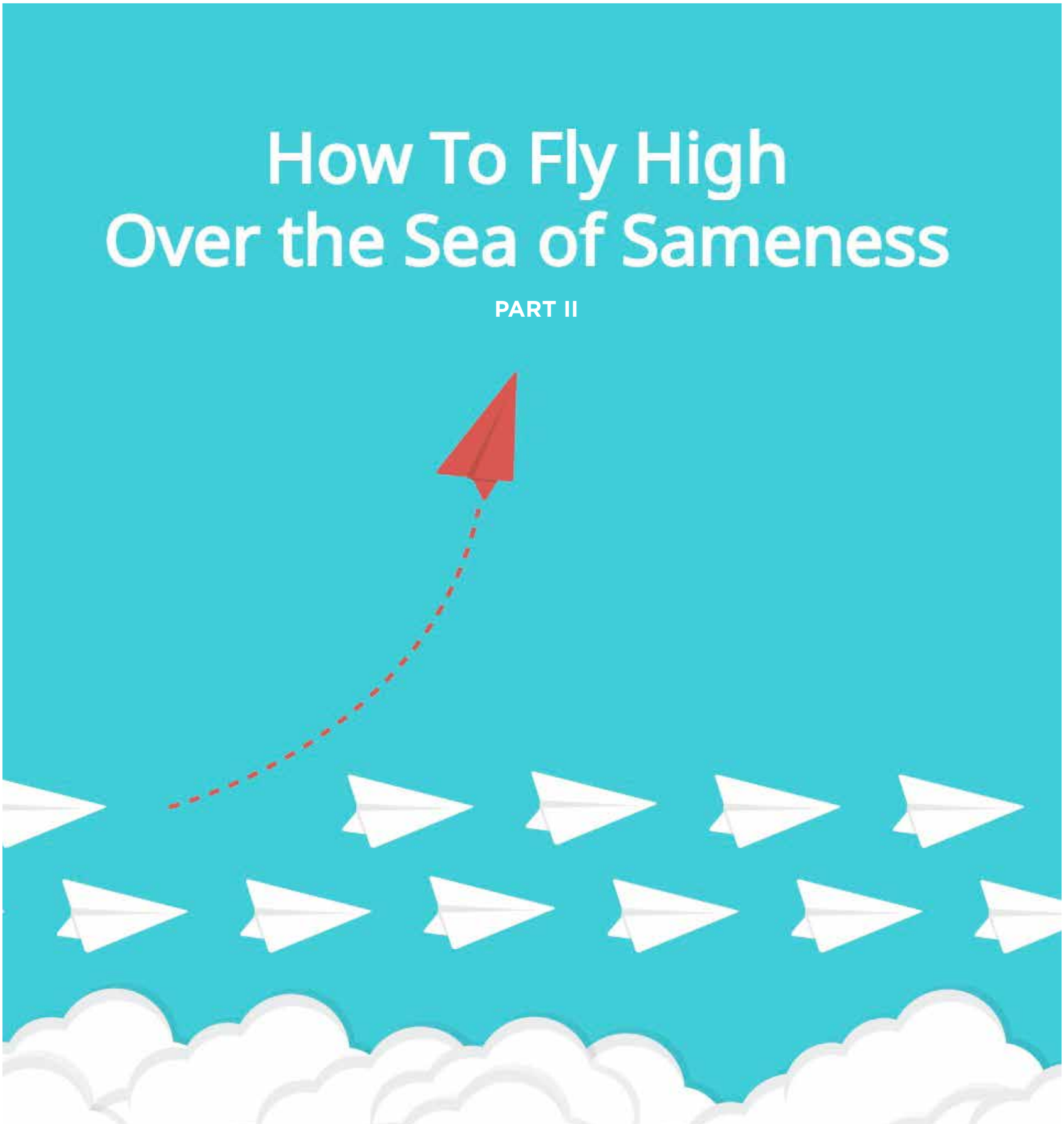
is derived from the image of bloody waters because of an abundance of aggressive competition.

James R. Williams *has more than 30 years of experience building regional/national healthcare companies and executing successful exit strategies. His primary focus is disruptive outpatient spaces including LASIK, Varicose Vein Disease, Proton Therapy and other Cancer Treatment modalities. As president of Miller Vein, he is leading the development of a rapid growth strategy combined with a strong, supporting operational infrastructure. Additionally, he is an advisor to numerous healthcare companies and private equity investors.*

Tracy Thirion *has 20 years of experience in brand strategy and innovation. She helps clients take a new perspective to problem solving by bringing in outside inspiration and tools. As CEO of innovation agency Bamboo Worldwide, Thirion leads a team of experts in "white space" innovation, who help brands such as Yellow Tail wine, Starbucks, YUM!, Wrigley, Perrigo Pharmaceuticals and Miller Vein identify new territories to expand their offerings. As a mentor to startup incubators, she also loves to help visionaries' big ideas take root.*

How To Fly High Over the Sea of Sameness

PART II



What is the role of conformity in vein treatment?

By James R. Williams

Healthcare bleeds conformity. And for the most part, for good reason. Physicians are trained to rely on statistically proven techniques to treat a condition. These techniques become the gold standard. Physicians are taught not to deviate from these standards until empirical evidence of another approach produces better results. This is considered good medicine.

However, it's just the beginning of the extraordinary level of conformity within our healthcare system.

The seemingly endless list of regulatory agencies creates even more conformity by enforcing standards designed to protect the patient and control the way healthcare is delivered. Insurance companies create a different level of conformity. Physicians are often instructed by payors as to which conditions are covered; what symptoms must be present; under what terms coverage will be approved; and what other hoops must be jumped through to ensure payment. In the most extreme examples, the practice of medicine seems to be based on conforming to payor requirements and not on what is taught in medical school.

According to Beran T.N., Kaba A., Caird J., and McLaughlin K. (2014) there is evidence of potentially detrimental conformity within medical schools and residency training whereby basic peer pressure is preventing students from challenging or questioning information that seems incorrect.

CONFORMITY AFFECTS INNOVATION

Every layer of conformity, no matter how well intended, is a major barrier to innovation. How does one stand out when we are expected to blend in? How do you disrupt an industry with innovation when conformity is expected, and non-conformity is often opposed or even penalized?

Despite a long record of innovation in the areas of diagnostic procedures, therapies, drugs and devices, there has been very little innovation in provider care models and patient experience. It's no wonder that we have been slow to disrupt other areas of healthcare, such as the way it's packaged, delivered and communicated – we face constraints and conformity at every single touchpoint.

HERE'S THE GOOD NEWS

Innovations don't have to break the entire system to create breakthrough value. Even the slightest innovation can trigger larger innovations down the line and improve patient care, the provider experience, and payor value.

You might be asking "but what does that look like?"

I have more than 30 years of experience in building and growing companies within traditional as well as non-traditional healthcare spaces. I'm going to share a few examples of disruption and its impact on patient care, access and overall business value.

Disrupt Your Budget Process (and then some)

I was part of a large physical medicine and rehabilitation system early in my career. While approaching the budget cycle for the next year, we noted that the traditional departmental-based budget not only discouraged collaboration among departments but encouraged them to compete against each other for the biggest budget.

With that, the budget was radically transposed (or innovated) from a departmental format to service line groupings such as Spinal Cord, Brain Injury, Stroke, etc. Gone were departments such as Physical Therapy, Occupational Therapy and Speech. This required the department managers to remove themselves from the comfort of their silos and work together through the continuum and across the former departmental lines for the greater good of the patient.

When the new Brain Injury Service Line was asked to identify the biggest force that could create the biggest change for them (positive or negative) over the next 3 to 5 years, they collectively replied that the advent of air bags and seat belt laws would create a (fortunate) decline in patients over the coming years. (This took place in the early 1990s).

The Orthopedic Service Line was most concerned with how Physical Therapy prior to and immediately following hip or knee replacement could affect inpatient rehabilitation length of stay and even admissions over time. (How true was that vison – patients are now ambulating just an hour after surgery and many times in an outpatient surgical center).

It was insights like this that were bred by a simple but innovative change to budgeting. Instead of selfishly thinking in silos, all department managers worked together to envision a future that just wasn't visible under the old way of doing business. But this view of the future was just the start of our innovation. Armed with this realistic expectation of a declining patient base, we innovated a new treatment model that:

- captured a new segment of patients,
- expanded our geographic market,
- delivered an entirely new level of care, and
- created greater brand awareness beyond our hospital walls.

We did this by developing joint ventures with nursing homes and converting a section of beds to sub-acute status. These units fueled new growth and helped mitigate the effects of air bags, seat belts and pre- and post-surgical physical therapy while delivering needed services to those who needed them most.

Innovate the Way You View Your Competition

I was part of an eyecare start-up that acquired ophthalmology practices, practice-based optical shops and ambulatory surgical centers. We ramped up quickly and saw even more explosive growth with the FDA approval of LASIK. Very quickly we saw optometrists as the biggest competitor and barrier to success. It was simple. Optometrists wanted to sell glasses while we wanted to make them obsolete.

Rather than compete with the optometrists, we considered them a partner. Optometrists were offered the opportunity to perform the extensive pre-procedure testing and evaluation, as well as the post-procedure follow up.

These were value-added services that earned the optometrist a co-management fee that often exceeded the lifetime margin generated from the average patient. This also helped better

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retain the patient with the optometrist, so they could continue to perform annual exams, as well as sell the occasional sunglasses. This was a relatively simple innovation with win-win results and, in fact, was one of the key drivers that led to our biggest break-through – a successful initial public offering.

Innovate Medical Coverage

It's equally important to discuss failures in innovation. Sometimes it's a bad idea, but sometimes it's just not the right execution, or the right time. This was an idea we just couldn't make work, but maybe it will inspire you to think of a new twist that could.

I was part of a development group that created the largest network of Cyberknife Cancer Centers in the United States. Cyberknife is a form of radiation oncology known as Stereotactic Body Radiotherapy or SBRT. Our company competed against a long list of urologists who owned their own radiation oncology equipment and were able to refer their prostate cancer patients directly to this technology through the in-office Stark Law exception.

Their technology was referred to as intensity-modulated radiotherapy or IMRT. To make it even more competitively challenging, the largest payor in the region covered the urologist's IMRT, but not the SBRT that we used.

Adding to this frustration, IMRT was paid on a fee-for-service basis. This meant each of the 44 fractions or treatments were covered by payors. SBRT could treat that same patient and deliver comparable outcomes with only 5 treatments and we would have been satisfied accepting 50 percent of the IMRT reimbursement.

My partners and I developed an innovative pilot study that was presented to the largest payor. This study would:

- promote more active surveillance and less radiation,
- deliver more 5-fraction SBRT when radiation therapy is needed,
- replace the FFS with a case rate,
- incorporate pay for performance to ensure quality outcomes and patient satisfaction, as well as
- shift the risk from the payor to the provider.

The patient would benefit from more active surveillance meaning less radiation, as well as the convenience and less risk of 5 versus 44 separate treatments. The payor would benefit from decreased reimbursement and the shift of risk from themselves to the provider. Based on a pilot study goal of 254 patients, payor savers were projected at $5.7M!

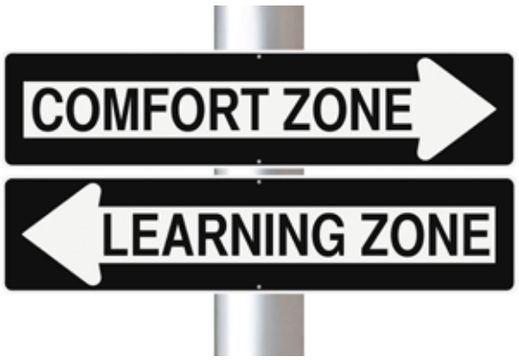
When we finally walked into the meeting with the payor's decision-maker, we thought it was a slam dunk. How could they say no to such a sound proposal?

Well, they did say no. When pressed for reasoning, they simply told us this is not a top priority and the dollar amount was not significant enough.

Sometimes even the best innovations fail. This one failed because we were solving a problem that was important to us, but one which our biggest stakeholder did not think was important enough to solve.

And for those of you who thought this story sounded familiar, it should.

We see this same phenomenon occurring in vein disease where one provider will consolidate treatments while another will spread treatment out over time, by ablating individual branches or worse, even parts of branches, over multiple,



separately reimbursed visits. it's not good for patients and it's not good for payors, yet it continues.

BRINGING INNOVATION INTO CHRONIC VENOUS INSUFFICIENCY

While working within the necessary conformity that keeps patients safe, where can we innovate the treatment of chronic venous insufficiency (CVI)?

Perhaps we first need to conduct a self-assessment. If we were each to look into the mirror, we'd likely see some striking similarities. We as an industry have fallen victim to conformity just like many other areas of medicine. In fact, I would argue that conformity has such a tight grip on us that the treatment of CVI is now a commodity.

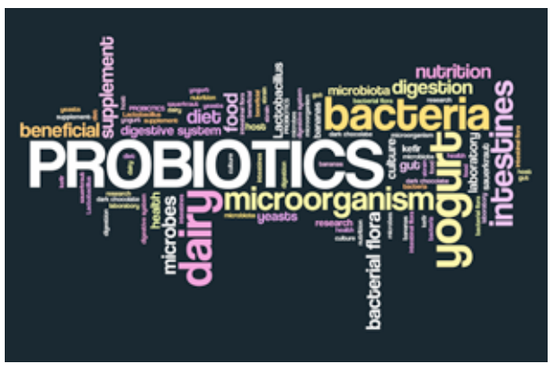
Thermal ablation is producing excellent and almost ubiquitous results, making it nearly impossible to differentiate ourselves based on outcomes. We all promote the same value proposition of being "virtually pain free." "covered by insurance" and "no downtime." We all tout our "patient experience," but are any of us really doing anything remarkable?

We are even targeting the same patient. Estimates suggest there are more than 30M people in the United States with CVI, yet only about 1.9M people at any given time are seeking treatment. Arguably, most, if not all vein specialists are targeting this 1.9M segment because it's comprised of people who mostly understand they have CVI, recognize the affect it has on their quality of life, and as such, are most motivated to receive treatment. For these reasons it's also the easiest segment to target.

DISRUPT OR BE DISRUPTED

I believe that we as an industry are comfortably fishing in a shallow clear pond of 1.9M people, rather than venturing out to the dark, deep waters to reach the larger 28.1M people.

A great example of being too comfortable is how ride-sharing was able to completely disrupt the taxi industry. Taxi drivers were quite happy. They had predictable hours as well as a predictable cost/margin structure and medallions that they



could sell for retirement. That all got disrupted by outsiders who solved for problems that taxi drivers were not thinking about. These disrupters focused on two stakeholders – taxi customers and people who were looking for extra, flexible income.

Lyft and Uber replaced these "skilled" drivers with other drivers who were thrilled to have this extra income. They replaced branded taxis with cars. They elevated the experience with on-demand technology. And they did all of this for a lower price. Taxi drivers did not realize they were disposable. They are scrambling to compete while some are sadly left with medallions that are now worthless.

Similarly, we've gotten too comfortable with the predictable flow of those 1.9M people and we are ripe for disruption. Our healthcare system is complicated and it's difficult to disrupt, but it doesn't mean we should stop trying.

The history of CVI treatment has taken us from the medieval and only partially effective surgical stripping, to thermal ablation, to new non-thermal, non-tumescent techniques. With this advancement in technology we have far better outcomes and greater convenience for the patient ,as well as less pain and no recovery. Yet after all this progression, we are still only reaching about 1/20th of the population.

To innovate our staid industry, we need to get uncomfortable. I suggest we start with two questions:

1) **If the lowest hanging 1.9M people disappeared tomorrow, what would you do? Would you reach the 28.1M people, and if so, HOW?**

Who are these people? Why don't they seek treatment? Are there sub-segments of the 28.1M that are more inclined than others to seek treatment? Why? What could motivate them? Is there a different delivery model that is more effective? Is there an alternative treatment or product that could be introduced to them and lead to subsequent treatment? What do they know about vein disease? Where are their gaps in knowledge? What motivates them?

2) **Next, if we shifted our assumptions about patient attitudes, to one where patients see CVI treatment as entirely elective, regardless of the medical complexity and quality of life what would you do differently? How would we create a "want" for vein treatment versus a "need?"**

We don't need to look far to find parallel worlds where patients have developed a strong desire or want for health far beyond those who need a solution.

Look at the growth of "gut health," now one of the top areas for research and product innovation in the direct to consumer and over the counter spaces. If you were to look at the revenue generated 10 years ago by providers who were specifically caring for the severe symptoms of gut health, such as Diverticulitis or Crohn's Disease, for example, you would think the "need" focused pond is very limited. Now, look at what totally unrelated industries did to reach consumers and create a powerful "want" that exceeds the need.

Companies in totally different industries created an awareness for gut health that drove consumer awareness and motivation with different messaging, different solutions, and different payor models. Two major categories made gut health a "want" for consumers:

- **Probiotics/Digestive Supplements:** There has been an explosive growth in the probiotics industry in the past five years as well as in the number of supplements displacing vitamins on shelves.

- **Greek Yogurt:** Chobani's dynamic launch into the stratosphere marketed totally different benefits. As a result, the Greek yogurt category commanded more fridge space in most grocery stores, disrupting Dannon and other giants, leaving them to quickly try to follow with digestive health benefit claims.

We not only have an opportunity to disrupt the treatment of CVI, we have a pressing need to do so. We have great examples of innovation all around us. Let's use these as a source of inspiration to fuel our future with positive disruption. The greatest innovations are those that leave a reaction of "what a simple concept, why didn't I think of that?" Sharing a ride is as simple as it gets. It's the artful execution that is the breakthrough.

Everyone who has a part in the treatment of CVI from front office staff to med techs to physicians and administrators can influence and bring about innovation and likely already have some great ideas.

Your patients are a wealth of knowledge – ask them why they think such few people seek treatment and what you could do differently to change that.

Perhaps, our professional associations could lead a unified effort across our industry. At a minimum they could appoint work groups and/or dedicate time at annual conferences for this discussion.

These are small first steps, but over time can lead to much needed innovation and will hopefully spare us from going the way of our taxi drivers. **VTN**

*Many thanks and credit to **Tracy Thirion**, innovation consultant, Bamboo Worldwide for her contributions to this article.*

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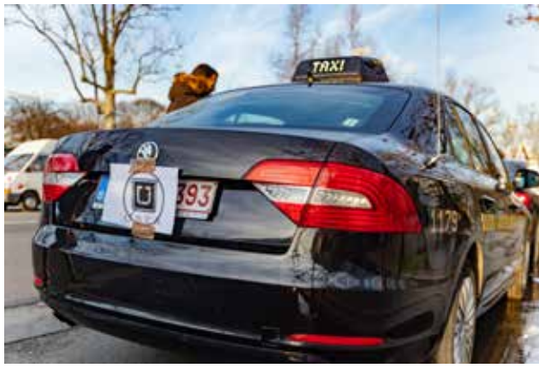

A great example of being too comfortable is how ride-sharing was able to completely disrupt the taxi industry. Taxi drivers were quite happy and did not realize they were disposable until Uber and Lyft came along.