

URL: <https://ecorner.stanford.edu/clips/building-a-business-in-a-highly-regulated-industry/>

General Catalyst managing director Hemant Taneja explains how to create novel business models in highly regulated industries like healthcare. He key, he finds, is to focus on a market segment where the needs of all stakeholders — the payers, the decisionmakers, and the end users — are closely aligned. Leveraging early opportunities to demonstrate success through alignment, he advises, can lead to broader impact.



## Transcript

- In healthcare ventures like Livongo 00:00:06,490 and other sectors that have significant gate keeping licensing requirements, regulation, stuff like that, how do you approach introducing novel business models - Yeah.. 00:00:14,560 - which is a customer first model 00:00:19,040 that may not easily be accepted in that existing systems? - It is such a great question.. 00:00:26,240 And the business models that are in these industries have a lot to do with, you know, where they end up.. So advertising is a misaligned business model, right? Who pays and who benefits are two different stakeholders.. Healthcare is even worse, who pays, who benefits, who decides, are different stakeholders often.. So one of the things we have always thought about a lot, is where are those leverage points in the system where there's alignment of those stakeholders? So when we started Livongo, for example, we went to the self-insured employers because they were taking their own risk and we could go to them and say, here's the clinical ROI, here's the improvement in lifestyle of your employees, and here's the financial savings.. So if you make that decision, you benefit across the board in using the service.. And so I think the key is to find these leverage points where there is alignment for even if it's a small sliver of the overall market demonstrate success.. And if you have shown economic as well as in this case, clinical benefits, others will follow.. And it's exactly what happened there and that has become a little bit of a playbook in this industry because I meet lots of companies out there, Livongo for X, where X is a persona, if Livongo was serving for diabetics..

And I think just that leverage point identification is really really important...