What is your value proposition? And for whom?

Defining a value proposition is theoretically simple: It's about spelling out how customers will relate to what you offer. So, for AI solutions assisting medical diagnostics, typical value propositions consist of listing benefits ranging from performance practice improvements (error reduction, preventive detection, increased doctor-patient engagement, patient safety, etc.) to positive financial impacts thanks to more efficient administrative and clinical workflows or the ability to serve more patients. Yet, as evident as the gains brought by AI are, one has to admit that they don't quite sell like hot cakes. So, what's happening, and where can AI vendors augment the perceived value of their solutions?

The extant market trap

Markets are more likely to be made than to be found...

Many AI vendors have created their products in advanced economies to fulfill a need they hope will translate into a demand. However, while a majority of their target customers acknowledge that AI will be important or even very important to them within the next five years, they still don't buy massively despite gigantic hype and billions in sales and marketing expenses. A survey performed by the American College of Radiology in the United States showed that only 30% of radiologists were using AI in 2020.[1] Financial and regulatory challenges, real or more tenuous concerns about the maturity and reliability of current offerings, as well as organizational or attitudinal resistance are classic reasons for delayed buying decisions. In short, multiple contextual variables impede adoption. Consequently, many vendors realize that they can't reliably bank on their assumptions of a vast pre-established potential market running on auto-pilot. Aware of the fact that they must build opportunities rather than expect that these will simply arise, that markets are more likely to be made than to be found, vendors have to develop a more effectual and pragmatic approach.

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[1] Journal of the American College of Radiology, 2020 ACR Data Science Institute Artificial Intelligence Survey: https://www.acrdsi.org/ DSIBlog/2021/06/09/17/12/DSI-AI-Survey-Results#:~:text=Despite%20the%20AI%20hype%2C%20there,as%20part%20of%20their%20 practice.&text=Many%20radiologists%20plan%20to%20purchase,next%20one%20to%20five%20years

As they often experience some aspects of what Gartner calls the "trough of disillusionment," they have to bear in mind that the history of innovation shows over and over that innovative products rarely catch on like wild fire in established markets — in contrast to the fact that emerging economies can directly leapfrog towards new systems and devices, like what has happened with smart telephony or mobile banking for example. Generally speaking, innovative products fare better when they also form a new space, and eventually end up subsuming previous markets generated by older products and practices. The same will hold true with AI algorithms. By investigating how they could position their algorithms in less developed countries, AI vendors have the ability to promote the substantive value of their offering in a context devoid of most of the baggage that thwarts their efforts in "mature" markets. They face the contingencies of new unchartered territories, of course, but as they explore them, they can also fashion the channels capable of highlighting the significance and the impact of their products. In other words, instead of wondering how to distribute their product to succeed in an extant market configuration in which they can be perceived as the fifth wheel of the cart and have to tag along waiting to be recognized, AI entrepreneurs have the ability to build the context where their products will succeed and showcase their value.

Fashion the channels capable of highlightling the significance of your products…

The mission of HealthCare Konnect is to accompany AI entrepreneurs to explore the potential of new territories and co-create with them the framework that allows them to customize the attributes of their value proposition, which can differ depending on the actual characteristics of each of these emerging countries. In all cases, however, AI algorithms mean for them far more than taking over/enhancing current practices and complying with known pricing paradigms. They have a transformative functional, life-changing and social impact, which, as a consequence, allows AI vendors to revisit their pricing strategy. Paradoxically, the methodology AI vendors adopt in emerging countries could be applied back in developed regions and generate new opportunities.

From complementing current practices to transforming healthcare…

Active value creation: The attractiveness of emerging economies

Let's consider the case of Morocco. If you look at this country using developed countries' criteria, you may be tempted to say that given that there are only 700 radiologists (roughly one for 50,000 inhabitants), the market is "small." It's a fact that the United States are comparatively a much larger opportunity with its 34,000 radiologists (approximately one for 10,000 inhabitants), even if relatively low AI adoption puts a damper on optimistic forecasts. So, you may want to analyze opportunities using different lenses, and move from a stance by which you propose value hoping that customers will come to you (which, much to your chagrin, they don't in droves) to a stance by which you can create value in a country where everything needs to be done. Then, Morocco becomes an extraordinary prospecting field.

Changing the game: from proposing value to creating value…

The country is working at offering universal health coverage by the end of 2023. In the new government (elected in 2021), the "Ministry of Health" was renamed the "Ministry of Health and Social Protection" and works hand in hand with a new "Ministry of Digital Transition," whose mission is to facilitate the implementation of innovations nationally. Quite logically, the country is ready for an accelerated adoption of health-tech. Consider the dramatic value of AI in such a context! Sure, much of the overall infrastructure needs to be built, but that's precisely what HealthCare Konnect helps you do thanks to its considerable network of stakeholders and practical knowledge of the land. You'll quickly find that the perception of your value proposition is more conspicuous than in affluent areas.

As we were implementing a cervical cytology solution in Casablanca, our partner wanted to price its product based on the number of analyses performed, which would have generated about 40 euro/month (1 euro/analysis). However, during our interviews with a renowned professor, we understood that his biggest concern was that when he trained technicians to do the first reading for cervical cytology, they frequently quit to pursue their next jobs up the ladder because they realized they were in high demand. For him, the value of artificial intelligence is that it helps him build a robust process impervious to technician turnover: AI performs the first reading. AI changes the game!

The problems any given AI solution can solve differ depending on contextual realities and as a consequence, the perception of the value of the same algorithm can greatly vary. For example, we organized a roadshow for a partner who has developed a solution for neuroradiology assisting in stroke care. When we introduced it to radiologists in Switzerland, many told us that it could be useful for its ability to flag something they might have missed — but the solution came across as nice-to-have more than as a must-have. When we introduced it in Morocco where there is a shortage of neuroradiologists, we had a more enthusiastic feedback. Among the target groups that we interviewed, we talked to neurosurgeons. They told us that the shortage of specialists forces them to make medical decisions that would normally be the job of neuroradiologists. One of them happily told us, " this software is amazing; it is radiology for dummies – it can help us make more data-driven decisions when no radiologist is available." As a result, the right target group in this case is not only radiologists but also neurosurgeons, whom it assists in performing a first reading that will be confirmed by a neuroradiologist if/when available.

The unique healthcare fingerprint of each country...

Our laddering interview method allows us to bring out new possible relationships between stakeholders, identify new resources (like a new generation of entrepreneur-pathologists) and, by understanding how to match different logics with different situations, stages and iterations, build new chains of interactive commitments. Altogether, we can construct a novel healthcare fabric in which AI can become essential. Our approach is similar to what Professor Saras Sarasvathy describes in *Effectuation, Elements of Entrepreneurial Expertise*, as she analyzed the formation of new markets for new products: "Membership in the effectual network is not determined on the basis of who 'should' come on board but by who 'can' given the global constraint of transforming a[n extant] reality into a new market and the pool of local constraints that have been negotiated thus far." Instead of positioning AI based on past behaviors, we see that customers design new environments and adopt new behavioral patterns, creatively composing the attributes of value propositions that matter to them.

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