

Health Tuesday: Challenge to sell/purchase cloud based AI products

Jarkko Niemelä

Chief Product Officer



MVision AI - Jarkko Niemelä

Contents

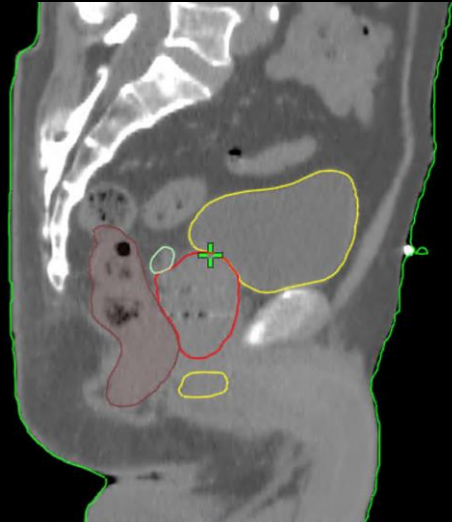
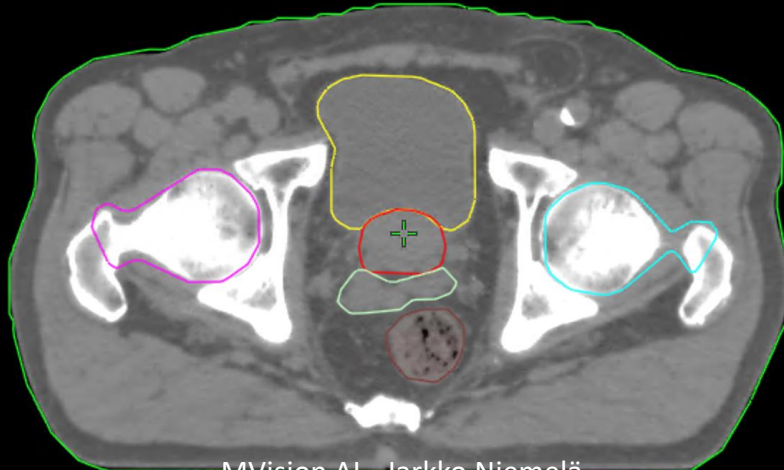
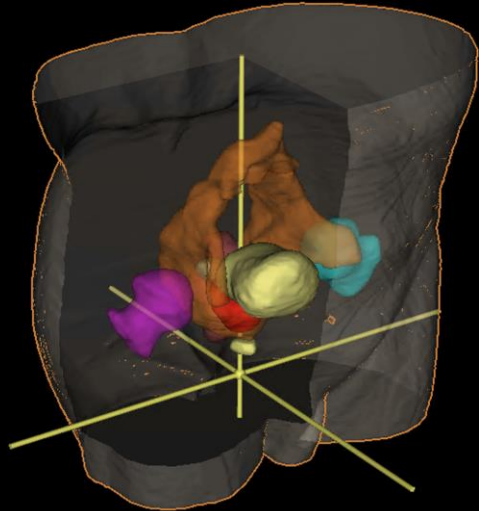
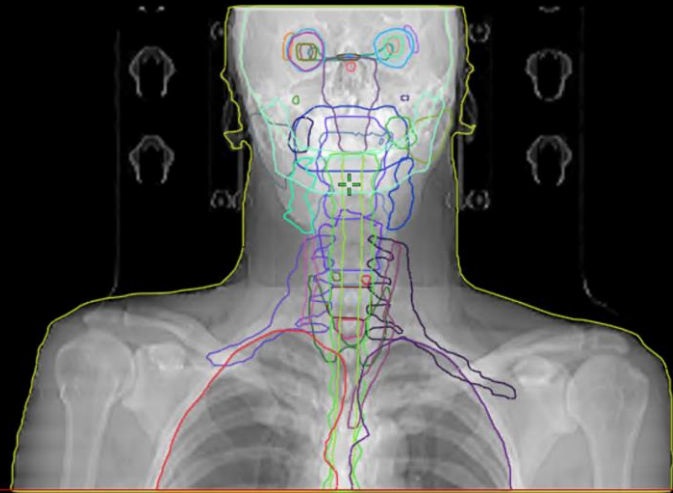
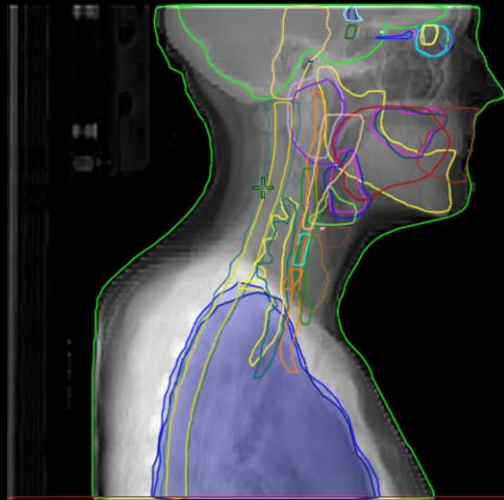
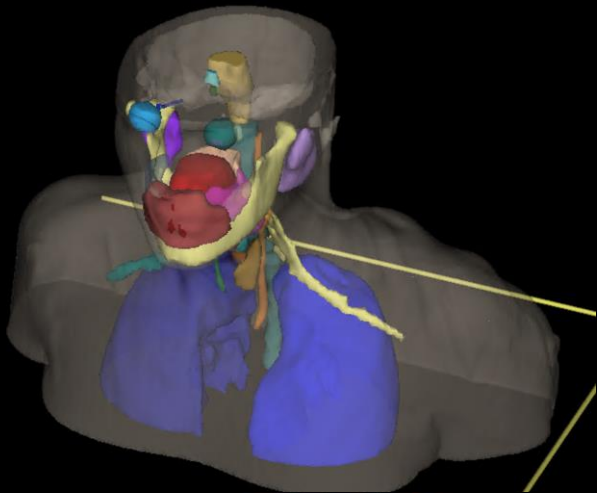
- About speaker and our company
- Challenges in selling from our point-of-view
- Procurement budgeting in clinics
- How to sell innovations?
- Innovative public procurement with and without tendering

MVision first two years

- MVision est. 09/2017
- First funding round 02/2018
- First CE-mark 01/2019
- First revenues 12/2019
- Second funding round 12/2019
- Next two years: scaling business

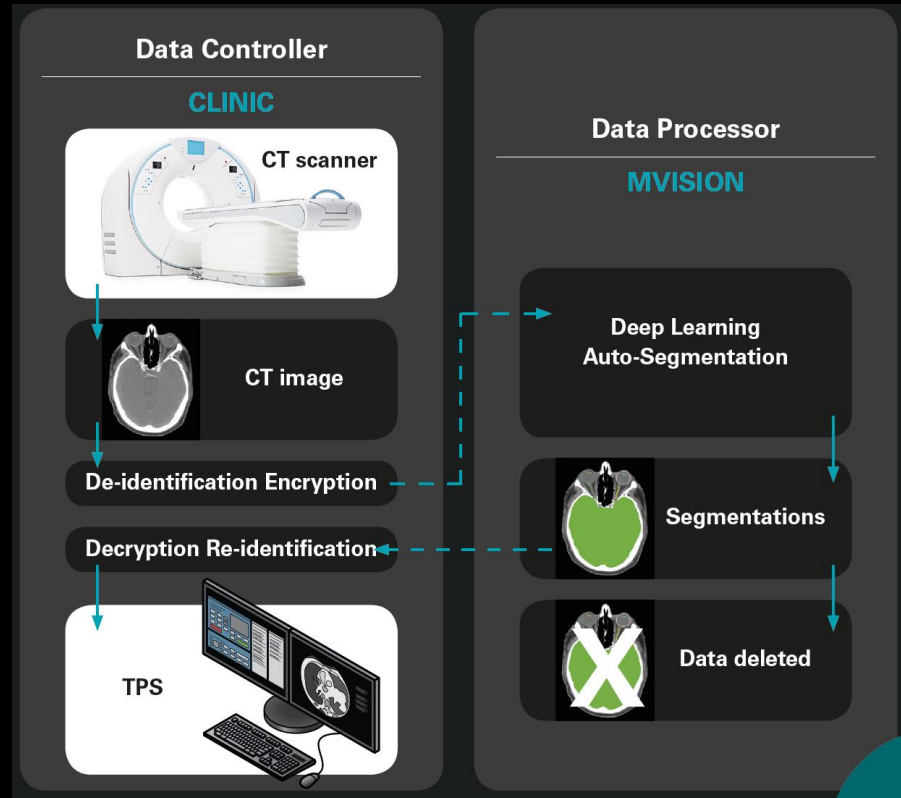
MVision innovative product

- Deep learning algorithm automating part of cancer radiotherapy planning
 - Algorithm automatically detects and segments the boundaries of organs and targeted treatment volumes
 - This boundary drawing task (segmentation) manually takes long time (0.5 to 3 hours)
 - MVision automation may bring this time down to 5 to 30 minutes
 - Automation increases consistency between clinicians and clinics



MVision innovative product

- Deep learning algorithm runs in cloud



MVision innovative product

- Cloud aspect challenge before test/purchase decision
 - GDPR with data protection officers in clinics
 - IT security with clinic IT department
 - Differences between clinics in Finland
- To progress: direct discussions with stakeholders

Challenges in selling

- Healthcare industry is slow
- Medical regulations need to be met before selling
- Our customers are (cancer) clinics:
- Decision making in clinics is “democratic”
 - No one person available to make fast decisions on purchases (except exceptions and private clinics)

Challenges in selling (in Finland)

- Tendering for over 60k € products
- If the product may be sold below tendering threshold → faster and easier process
- We have avoided tendering so far
- We will likely participate tendering soon, and might participate in an innovative procurement

Procurement budgeting in clinics

- In radiotherapy, few persons, typically medical physicist together with other experts produce next year (and 5 years) procurement budget
- Products are listed in order of importance
- We hope our product is at the top of the list
- The list is reviewed and accepted first by department head and second by clinic procurement office

Procurement budgeting in clinics

- Based on the produced procurement budget
 - Products to be purchased are decided upon
 - When max budget is reached, the rest are dropped out (from purchasing)
- Quite difficult for the seller (us) to get any information about possible sales success before clinic's final decision and *order*

Procurement in clinics

- Sometimes clinics have left-over cash from large purchases (500k – 2M € purchases)
- If relevant purchases have been done for the year, this cash is used for e.g. new products
 - Typically below tendering threshold and a fast process (we have experience)

Tendering in clinics - option

- Clinic may add other products as an option in the tendering (e.g. our software was an option in larger tendering worth above 1M €)
- Needs collaboration with other vendors and clinic
- We have discussed with Scandinavian radiotherapy clinics about writing their own option requirements in tendering (regarding our type of products)

Innovative products procurement

- There is a larger challenge to purchase innovative products that are previously not used and tested in clinics before
- We have given clinics test periods of 3 to 9 months before *purchase decision*
 - Installations before revenue might cause budgeting challenges for start-ups

Innovative products procurement

- Good innovative product sells itself better (with right pricing)
 - Integration to clinical workflow needs to be excellent
- During test period we drive the sales forward
- New customers/users will more likely bring in new customers without need for testing (a dream?)

How to sell innovations?

- Strong R&D collaboration background with a clinic
 - Trust relationship will drive the purchase of ready product
- Without R&D collaboration -> testing period
- Before direct sales to other customers above mentioned steps are needed

Innovative public procurement (without tendering)

- Company is likely up for a free test period, but better would be:
- A small price for test period to compensate for test installation (e.g. 3k to 10k €)
- Suggestion: *Innovative products test fund* for clinics/organisations and vendors (innovation funding program?)

Innovative public procurement (with tendering)

- In healthcare (at least) the general opinion for new large purchases in clinics seems to be:
“Let’s purchase from well-known large companies”

-> Do start-ups have negligence to participate in tendering?

Innovative public procurement (with tendering)

- Is there a way to encourage and support start-ups in innovative procurement involving development?
 - funds for the development realization?

Innovative public procurement (with tendering)

- Radical (=bad?) idea: a funding for the innovative procurement process where a few vendors (≤ 3) are selected to realize or install a demo solution
 - The ones who loose will be (lightly) compensated
 - Winner will just get the deal without compensation
 - Or compensation could be part of the tendering budget (like 5-10%) from the procurer?

Innovative public procurement

- In reality at the moment: collaboration through R&D is the best way to drive innovative product public procurement and sales
- When tendering is needed, there is a competition with large companies
 - Slight imbalance?

Thank you

- Discussions



MVision AI - Jarkko Niemelä