

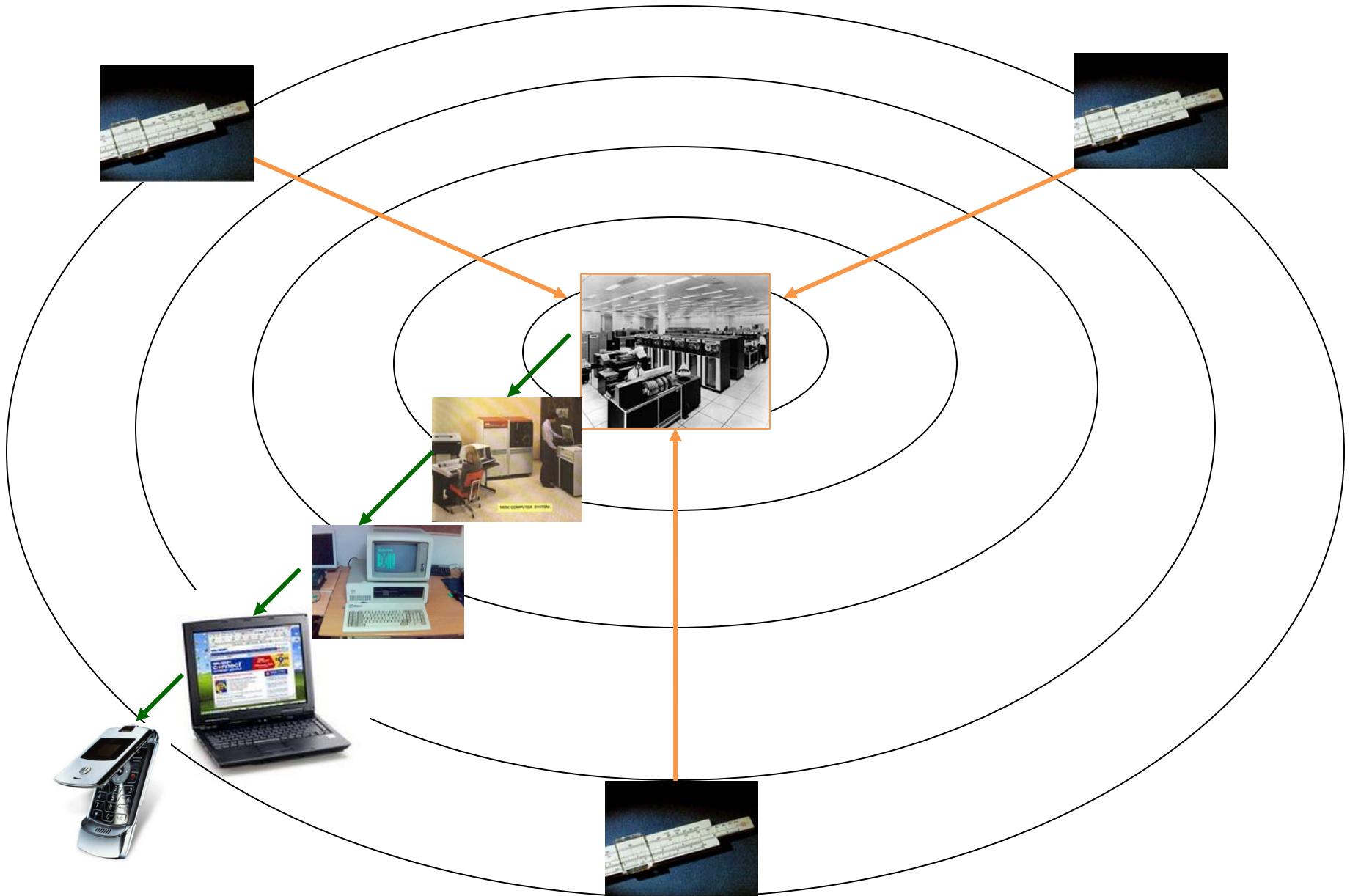
The Innovator's Prescription: How Disruptive Innovation Can Fix Health Care



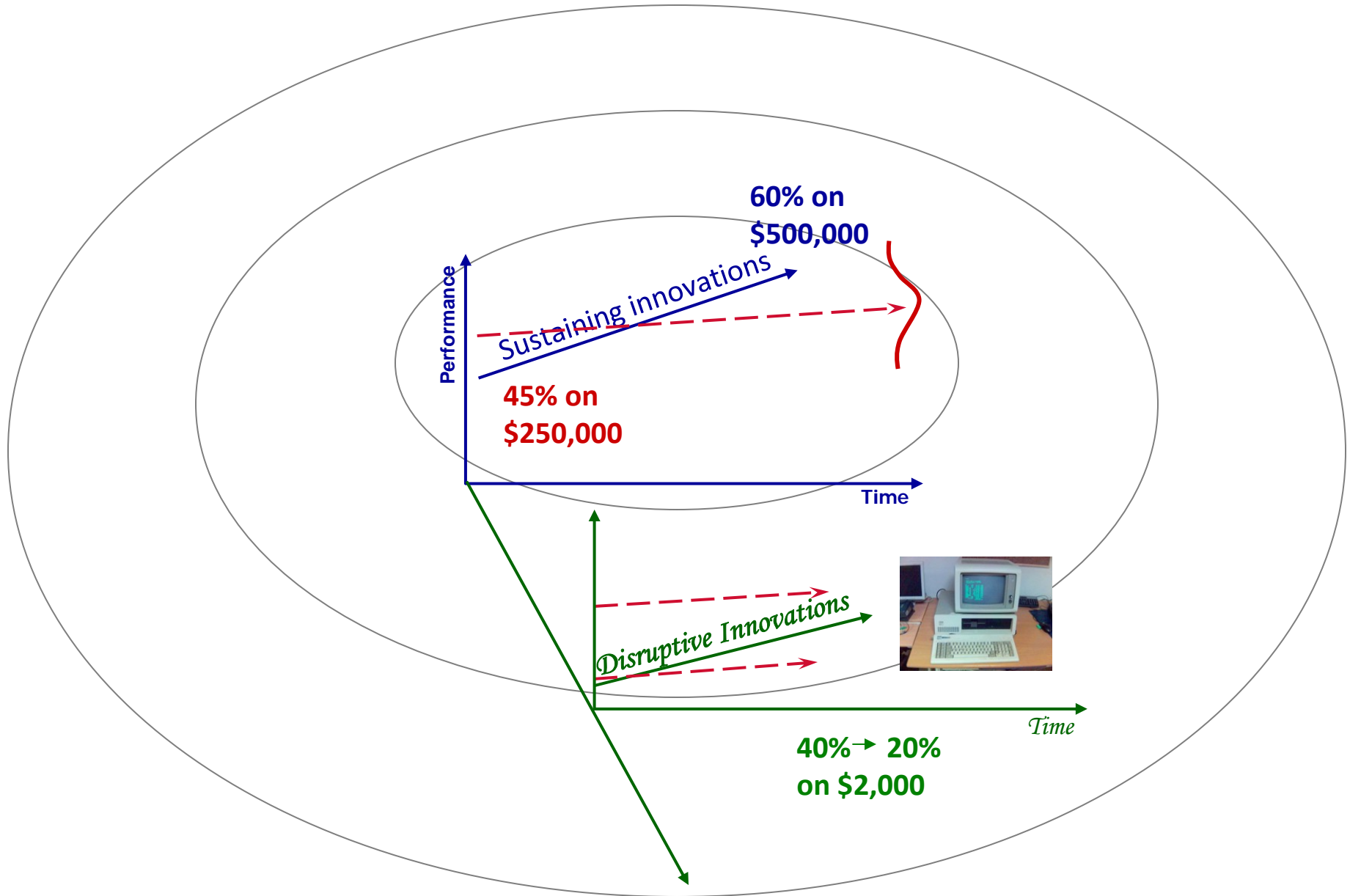
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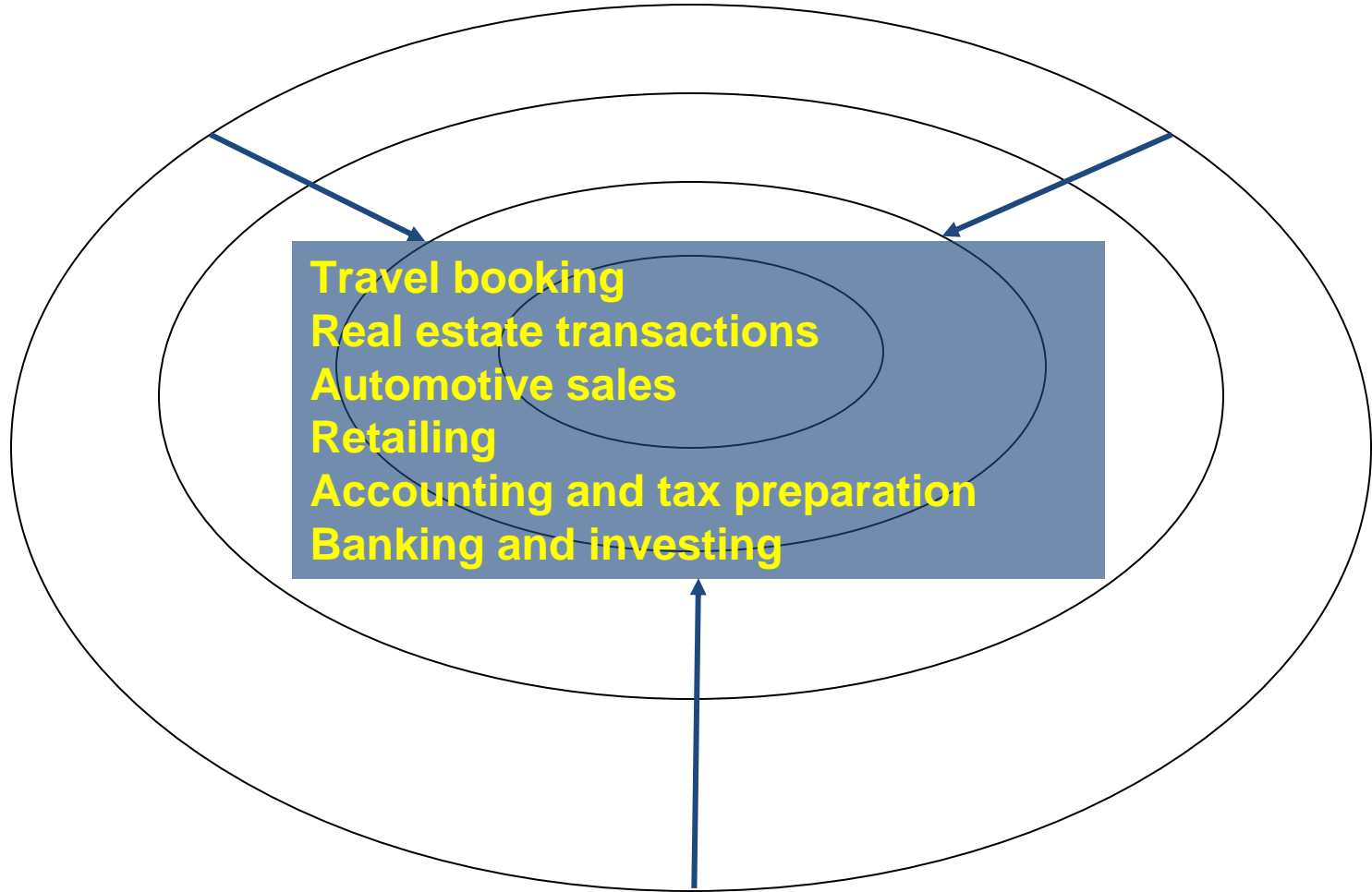
Centralization followed by decentralization in computing



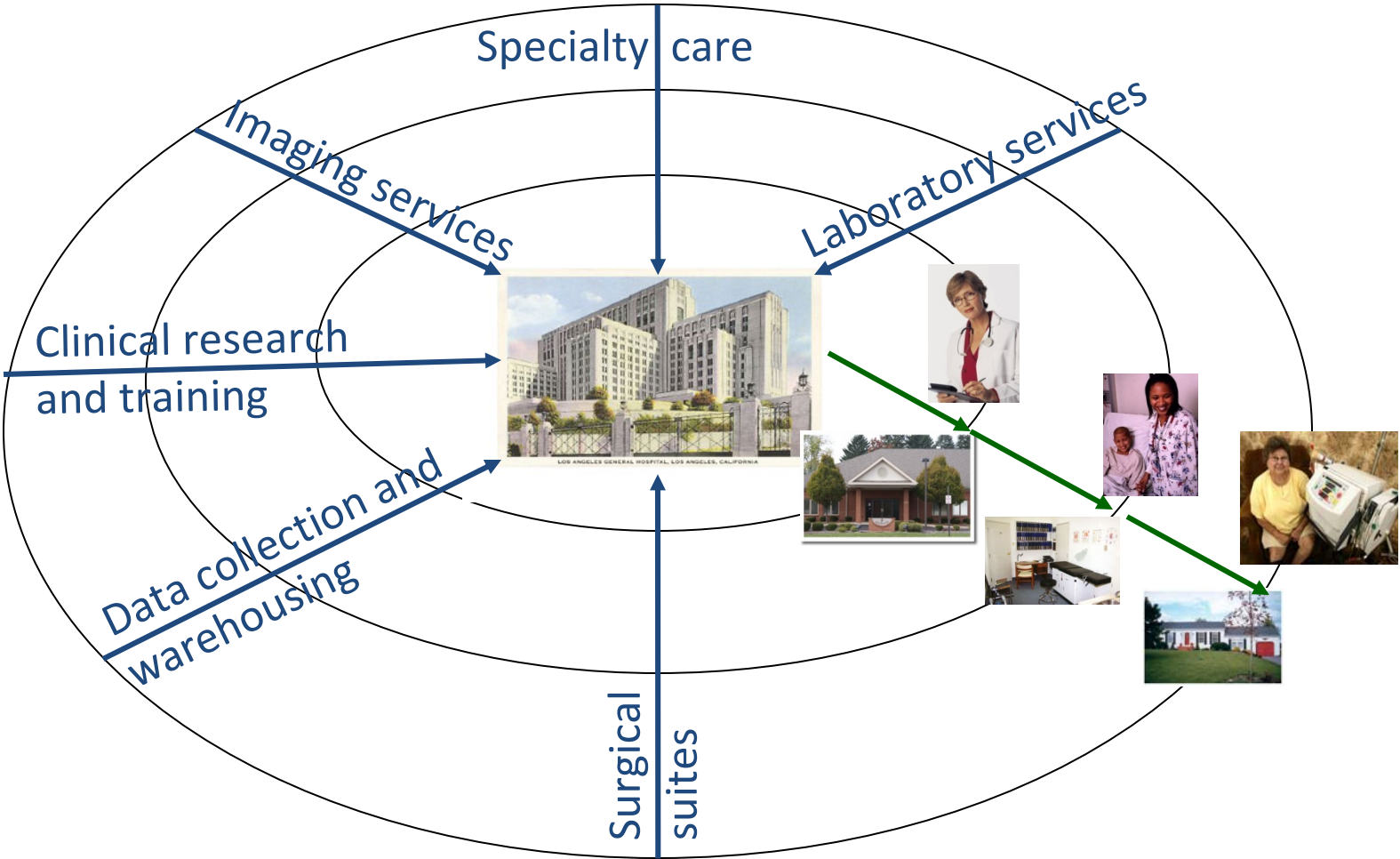
Decentralization through disruption leads to accessibility



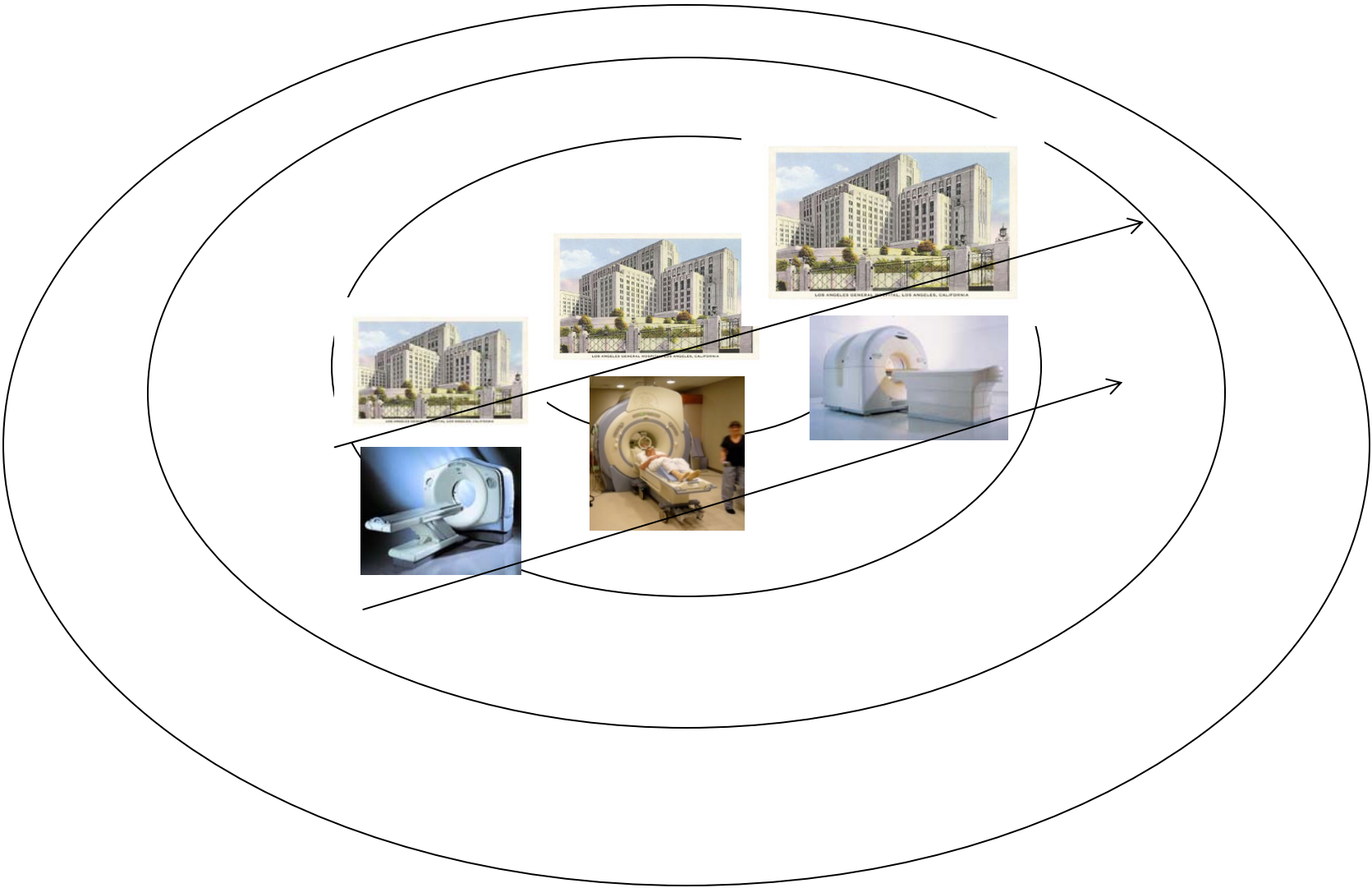
Decentralization is common in service industries



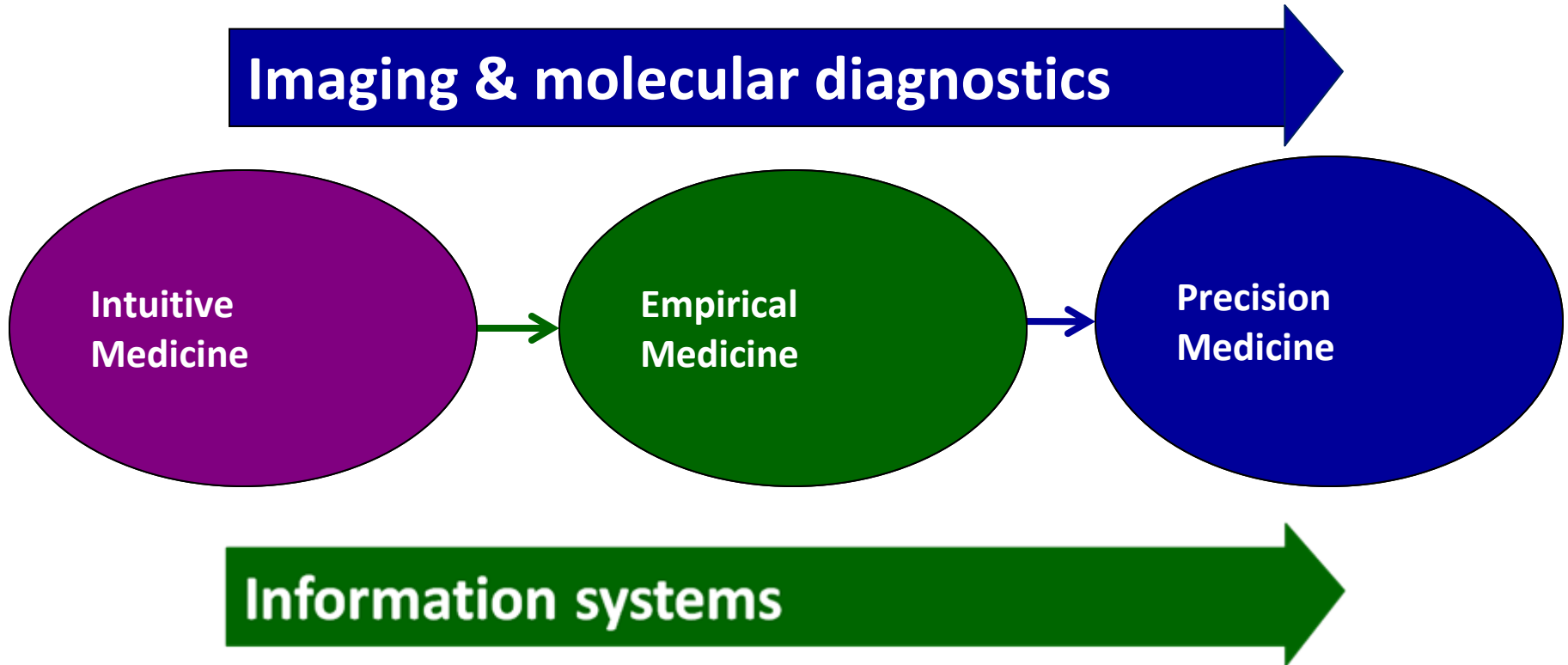
The decentralization that follows centralization is only beginning in healthcare



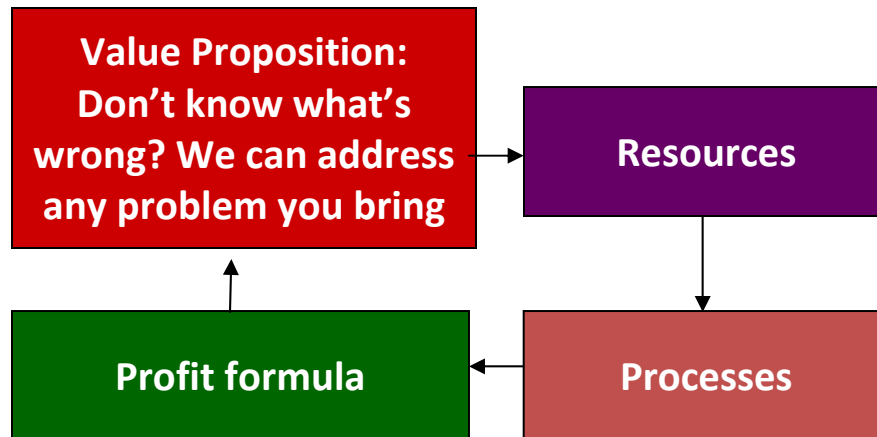
“Competition” generally does not reduce prices. In fact, the pursuit of profit and differentiation in *sustaining* competition amongst similar business models generally *adds* cost. It is decentralizing innovation that reduces cost.



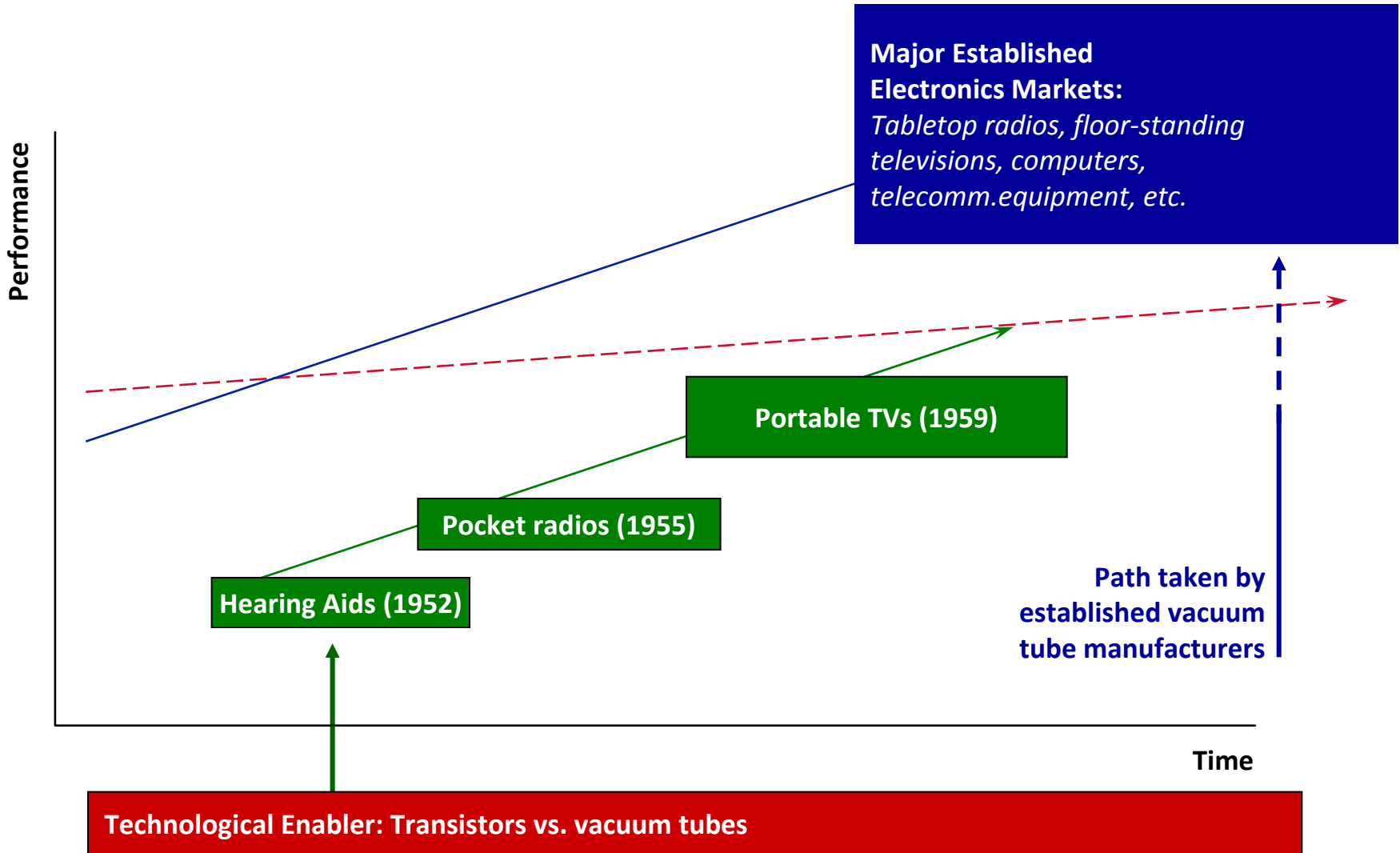
Disruption is facilitated when historically valuable (and expensive) expertise becomes commoditized



The Traditional General Hospital Is Not a Viable Business Model



It is often futile to cram new technologies into old business models



Hospitals are expensive confluences of three types of business models



Solution Shops

- Consulting firms
- High-end law firms
- R&D organizations
- Diagnostic & intuitive activities of hospitals

Fee for service

Value-adding process businesses

- Manufacturing
- Education
- Food services
- Medical procedures following diagnosis

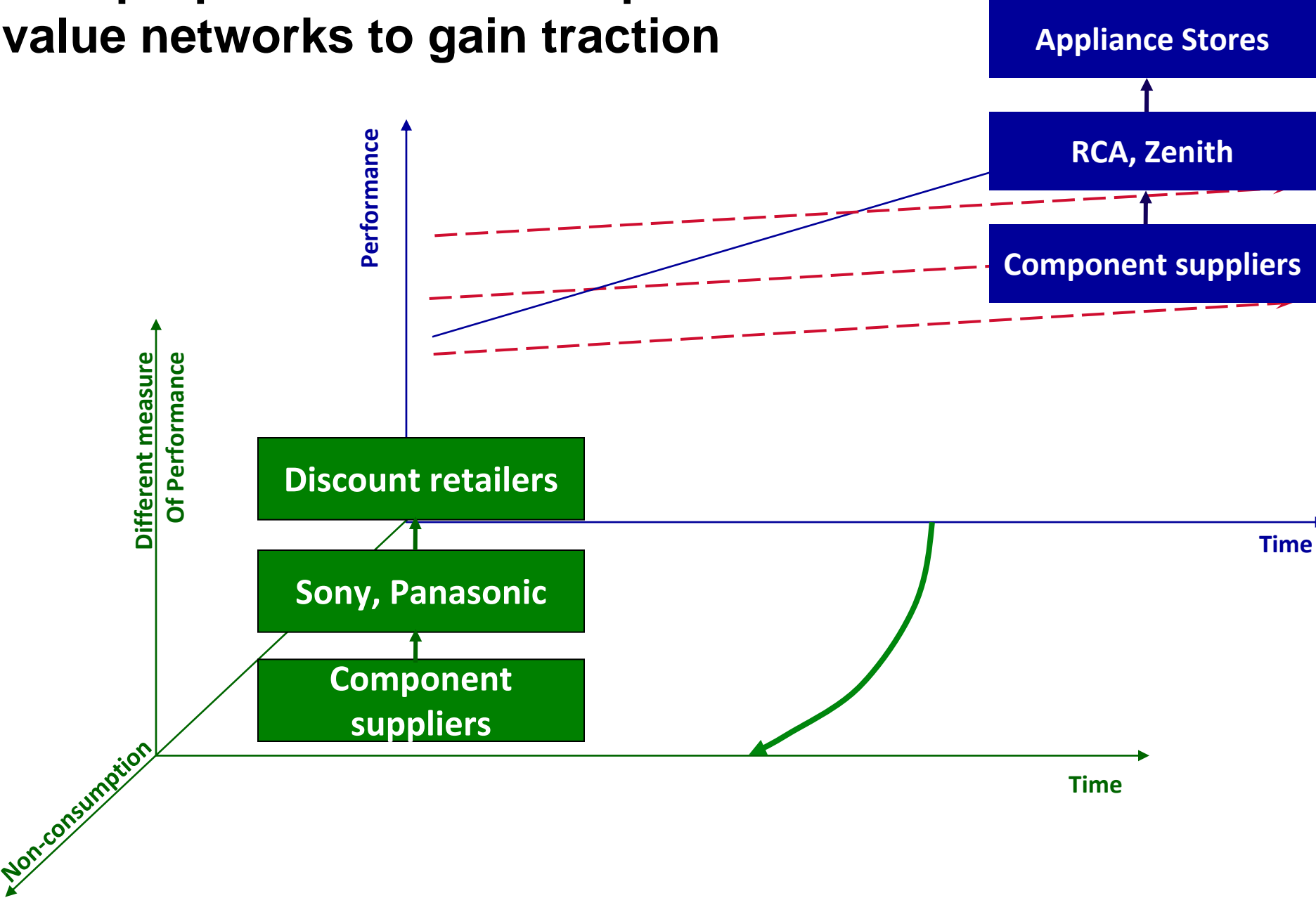
Fee for outcome

Facilitated Networks

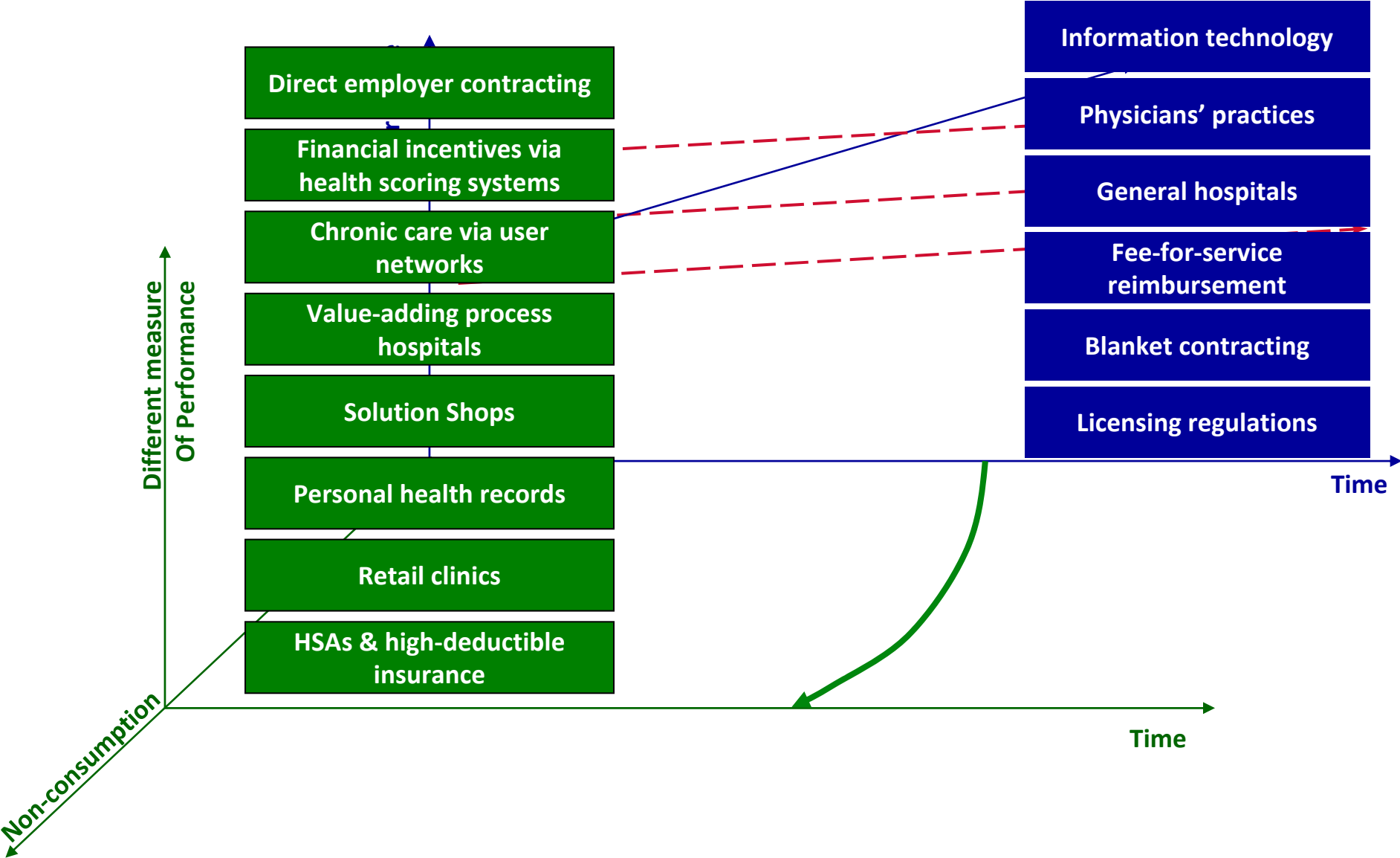
- Telecommunications
- Insurance
- eBay
- Provider and patient communities

Fee for Membership

New propositions often require new value networks to gain traction



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