

Selling Healthcare IT in a COVID-19 World

The Pandemic Impact to Healthcare System

The COVID-19 pandemic has shocked the U.S. healthcare system as never before, negatively impacting provider organizations, clinical professionals, and patients across the country. During this time, provider organizations cancelled elective surgeries, patients avoided the Emergency Department, and inpatient admissions and outpatient visits dramatically reduced. Simultaneously, providers began enormous preparations for a potential surge in hospitalizations to treat COVID-19 patients.

- Analysis of 500+ hospitals across the U.S. showed a decline of 32% - 60% in hospital visit volumes between the weeks of March 1-29 compared to pre-COVID-19 volumes ⁽¹⁾
- Total outpatient visits declined 57% between mid-March through mid-April ⁽²⁾
- U.S. hospitals could lose more than \$500 billion over the first 100 days of the coronavirus pandemic ⁽³⁾

Consequently, this pandemic has created immediate and long-term negative financial implications for our healthcare system.

Financial Impact on Healthcare Organizations

To prepare for COVID-19 patients, most organizations canceled elective surgical procedures to focus directly on the care required to treat these COVID-19 patients.

- Close to 27% of patients surveyed said they had an elective surgery, appointment, or procedure delayed or canceled due to COVID-19⁽¹⁾

Provider organizations rely heavily on elective surgeries to generate revenue and the cancellation of these surgeries significantly impacted their financial health. Non-profit organizations already operate on razor-thin margins and a reduction in this elective surgery revenue and the overall reduction in hospital admission revenue has placed an enormous financial burden on these healthcare organizations.

As revenues have decreased, most provider organizations, outpatient facilities, ambulatory surgery centers (ASC), and other healthcare organizations are now struggling financially. Recovery could take months, or even years, and the road back to financial stability will require strong leadership, clearly defined strategic and operational goals, and a focused attention on finances.

Selling Challenges

Healthcare IT sales professionals require a variety of skills, and clearly identifying how your IT solution can solve a potential customer's "problem" is paramount. Gaining access to the CFO, CEO, and other decision-makers to show a favorable financial impact was difficult in the past and will become more difficult in the future.

In the past, provider organizations frequently required an ROI analysis to demonstrate the financial impact of your solution on their organization. Depending on your ROI model's sophistication and results, the ROI analysis affected your sales success rate by varying degrees.

However, COVID-19's negative financial impact and the resulting organization financial duress will change this decision-making process when any healthcare IT investment is considered. An ROI analysis showing a favorable, and credible, ROI will not only be expected but required in your new sales processes.

New Financial Requirements

Decreasing patient volumes, revenue, and thin operating margins will directly and negatively impact future capital and operating budgets. Constrained budgets will require provider organizations to evaluate all incoming proposals and each proposal will need to meet new, stringent financial requirements.

Consequently, these financial requirements will create significant barriers to healthcare IT organizations that sell software, devices, and services to provider organizations. Investments in new and improved information technology will not stop, but all proposals will be scrutinized as never before. Only solutions that solve a problem, present low risk, and generate a credible and positive ROI will be considered.

Additionally, competition for scarce investment dollars will come from your direct competitors and all other proposals from every other company. When provider organizations begin evaluating investment opportunities again, they will be flooded with proposals (including yours), and only those few meeting their new, stringent financial criteria will be selected.

Preparing for the Future

Many healthcare IT companies are pausing their sales activities as provider organizations focus on managing the COVID-19 pandemic and related challenges. Eventually, these organizations will respond to your sales messages and now is the time to seriously evaluate your current sales processes.

You can take advantage of this downtime by reviewing your sales processes and ask these questions:

- Do we currently provide customers with a clear, demonstrable financial ROI for our solution(s)?
 - Do we show a revenue and operating expense financial impact?
 - Or do we focus on other features & functionality that do not demonstrate a clear, positive financial impact?
- Do we deliver an ROI that is CFO-ready and financially credible?
 - Do we speak the CFO's language?

- Or, do we use a simple ROI approach that economic buyers do not find useful or convincing?
- When in the sales process do we show customers the financial impact our solutions can provide?
 - Early in the sales process to influence the economic buyer (now required)?
 - Or not until the end, when it may be too late to influence these economic buyers?
- Do we have the resources to create or update a ROI financially-focused sales approach?
 - Do our internal resources have the time, financial modeling expertise, and sales experience to create or update an ROI sales tool?
 - Or do we need to look outside the organization to create or update an ROI sales tool?

Position your business for future sales success by undertaking a diligent self-discovery process now to ensure your sales processes meet the post-COVID-19 world's new, more-stringent ROI requirements.

Next Steps to Consider

Now is the time to evaluate your current sales processes and determine if you need to develop new, financially-focused sales tools or spend time to refresh your current ROI model.

“If you wait to create a new ROI tool, or delay in updating your current tool, you will have a much more difficult time selling against your competitors and other investment opportunities that do provide a CFO-credible ROI Analysis.”

Ensure your business is ready to communicate a favorable financial sales message and show a positive financial ROI when healthcare organizations are ready to, once again, invest in their future financial health. Use these next few months wisely and prepare for your sales success by evaluating, refreshing, or developing new financially focused sales tools to meet this new sales challenge.

About The FiscalHealth Group (FHG)

The FiscalHealth Group is the leader in identifying the Financial Value and Return on Investment of Healthcare solutions. We are dedicated to assisting Healthcare vendors quantify the Financial Value and ROI of their products by creating customized sales tools to communicate this value to economic buyers, including CFOs, CEOs, and other finance professionals. Visit www.thefiscalhealthgroup.com for more information.

1. <https://newsroom.transunion.com/hospital-visits-down-sharply-and-patients--may-not-be-in-a-rush-to-reschedule-appointments/>
2. <https://www.commonwealthfund.org/publications/2020/apr/impact-COVID-19-outpatient-visits>
3. <https://www.nbcnews.com/news/us-news/treating-coronavirus-draining-hospital-coffers-millions-threatening-resources-n1201541>