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value and impact*

Product case
study:

Johnson & Johnson

Context and approach

Context

- For the past 20 years, Johnson & Johnson (J&J) has been a successful global leader in the medical device and pharma industry
- Through its Diabetes Solutions Companies, J&J had developed a uniquely broad and robust diabetes portfolio, including the OneTouch Reveal (OTR) App, J&J's digital diabetes consumer app
- Rigorous market research indicated the diabetes app space was headed to hyper-growth in 2016 with penetration of diabetics expected to quadruple in ~3 years
- However, the OTR app was not a leader; of the top 10 diabetes apps on iTunes, OTR had only 2% of total reviews and a 2.5 star rating vs. 4+ stars for the other 9 apps
- In addition, several competitors (e.g., OneDrop) had adopted new, innovative business models to compete with J&J on price, substitution, etc. supported by compelling digital diabetes consumer apps

Approach

RWA was brought in to:

- Conduct a comprehensive analysis of the OneTouch Reveal app and its relative market performance (e.g., market research, stakeholder interviews)
- Landscape the digital diabetes market, analyze and size the market's key segments, and build out six prospective business opportunities
- Create, assess and build out rigorous, bottom-up business models for the highest priority opportunities and estimate the potential growth opportunity of each

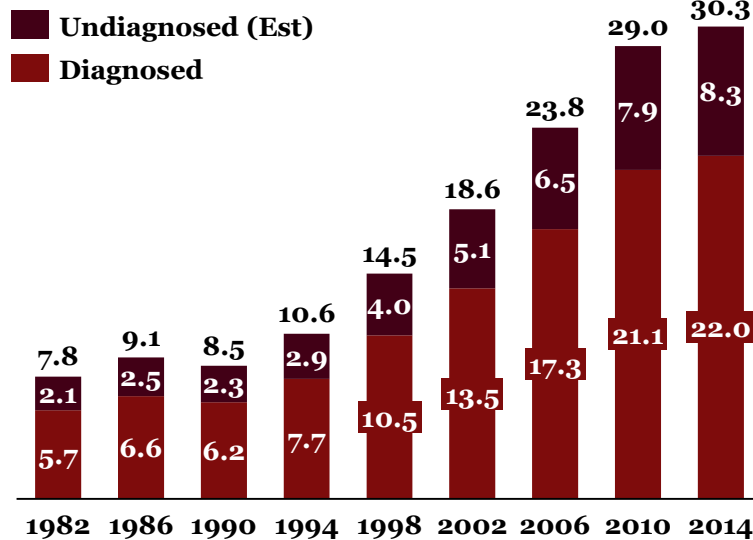


Considerable growth in the U.S. diabetic population created a huge market opportunity that J&J was well-positioned to address

A huge **opportunity**: The diabetic population is growing quickly; including pre-diabetics, more than 1 in 3 Americans has diabetes

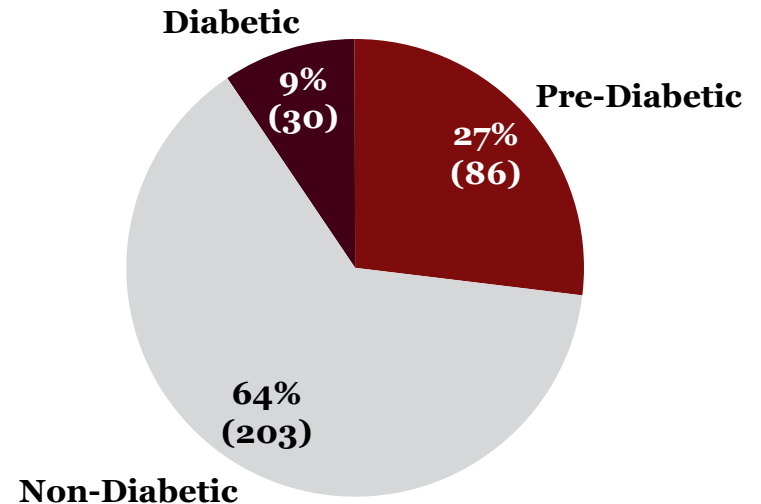
The number of Americans with diabetes has grown considerably in recent decades^{1,2}

Ms of Americans with diabetes



Including pre-diabetics, over a third of Americans now qualify as diabetes patients³

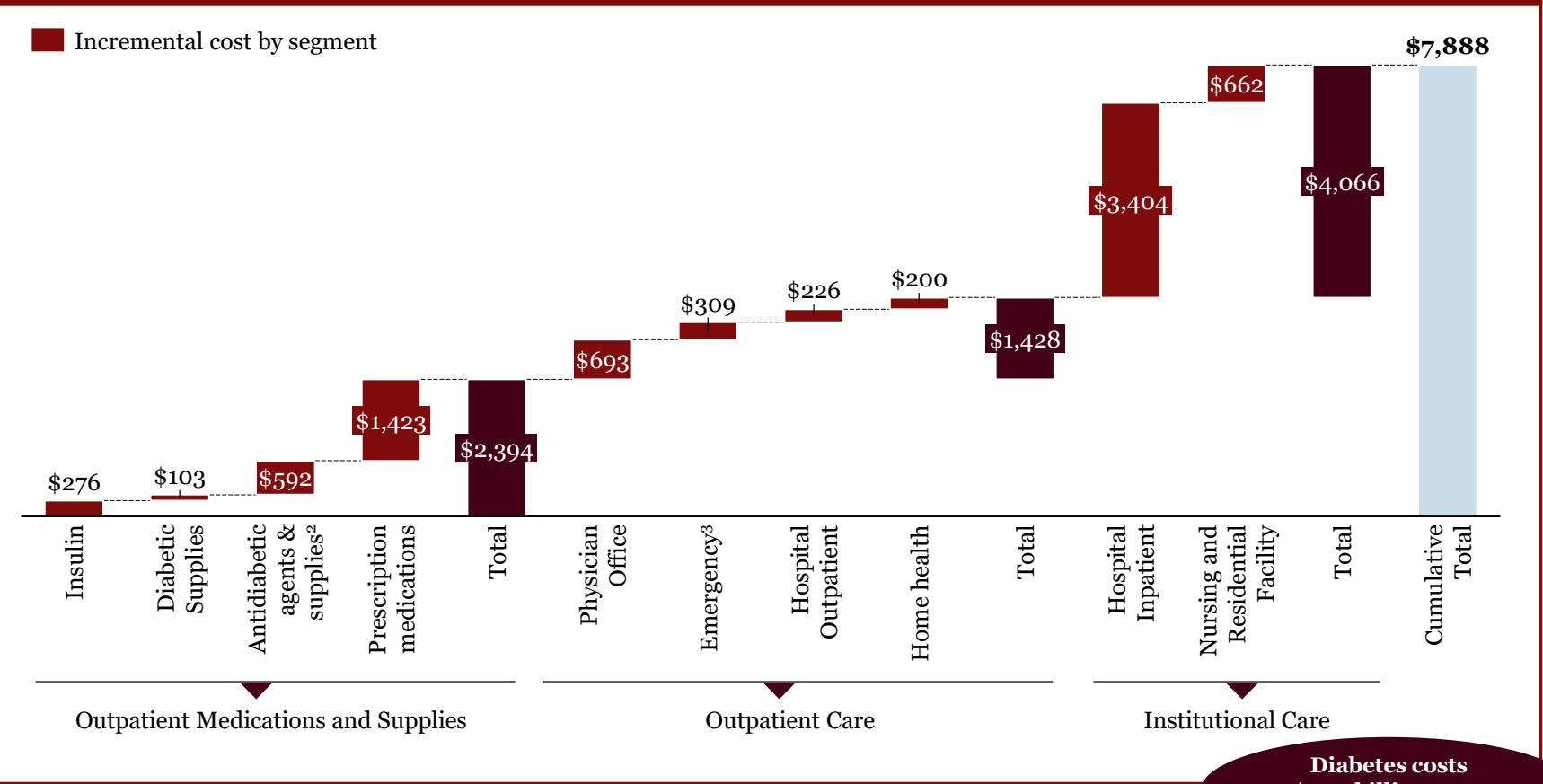
% Americans by category (Ms of Americans) in 2014



Sources: (1) Centers for Disease Control at cdc.gov, (2) CDC, 2014, "National Diabetes Statistics Report" (3) CDC, 2014, "Prediabetes Could It Be You?"
 Notes: (1) Number of undiagnosed diabetes patients over time period extrapolated based on the most up-to-date ratio of undiagnosed to diagnosed patients published by the CDD (in 2012) noted in 2014 "National Diabetes Statistics Report"

RWA conducted deep analysis of the U.S. diabetic population and diabetes app market to identify key opportunity levers

Incremental marginal cost per diabetic per year in the US (\$s)¹



**Diabetes costs
~\$240 billion a year
in the US**

Source: American Diabetes Association, "Economic Costs of the Diabetes in the U.S. in 2012", *Diabetes Care* Vol 36 April 2013

Notes: (1) Cost figures reflect the *incremental marginal cost for diabetics* relative to a risk and age-adjusted peer with actual total costs higher; (2) Category excludes other categories (e.g., insulin) and includes "other antidiabetic agents" (\$544) and "other equipment and supplies" (\$48); (3) Emergency includes ambulatory services (\$10 per year)

An assessment of OTR's position in the diabetes app market uncovered significant underperformance relative to its peers

Application Name	Developer	Reviews in Store	Reviews in Play	Stars in Store	Stars in Play	Installs in Play	Cost	Platform Availability				
								Android	iPod	iPhone	iPad	BB
1 Glucose Buddy	Azumio Inc	6,490	12,282	★★★★★	★★★★★		Free ¹	✓	✓	✓	✓	
2 Diabetes App	BHI Technologies	3,008	N/A	★★★★★	N/A	N/A	\$6.99		✓	✓	✓	
3 MySugr Diabetes Logbook	mySugr GmbH	2,257	9,308	★★★★★	★★★★★		Free ²	✓	✓	✓	✓	
4 Diabetes In Check	Everyday Health	1,020	N/A	★★★★★	N/A	N/A	Free		✓	✓	✓	
5 Diabetes Tracker	MyNetDiary Inc	684	N/A	★★★★★	N/A	N/A	\$9.99		✓	✓	✓	✓
6 OneTouch Reveal	Lifescan Inc	293	156	★★★	★★★★		Free	✓	✓	✓	✓	
7 Diabetes Pal App	Telcare Inc	187	102	★★★★★	★★★★★		Free	✓	✓	✓	✓	
8 Glooko	Glooko, Inc	163	271	★★★★★	★★★★★		Free	✓	✓	✓	✓	
9 iBGstar Diabetes Manager	Sanofi-Aventis LLC	154	N/A	★★★★	N/A	N/A	Free		✓	✓	✓	
10 Diabetes Pilot Pro	Digital Altitudes LLC	42	N/A	★★★★★	N/A	N/A	\$11.99		✓	✓	✓	

Notes: (1) Pro Version: \$6.99 (2) mySugr Pro: \$2.99/month or \$27.99/year, mySugr Companion Pro: \$139.99

A focused customer insight effort helped identify major pain points and better understand users' needs

Prior issue	Overview	Illustrative customer quote
Failure To Sync	The app and meter sometimes failed to sync when users took glucose readings	<i>“Doesn’t sync consistently. I have about 50% failure rate. The app is not mature enough for public use.”</i>
Inability To Edit	The meter automatically sent results to the app, but users could not edit that data	<i>“Can’t remove a number transferred from meter. A problem when you do a second test to confirm a reading.”</i>
Pairing Problems	Users had a difficult time initially pairing the OneTouch meter with the OneTouch Reveal App	<i>“Unable to pair with Verio Flex I spent almost 2hrs on the phone with tech support trying to pair my Flex meter with the reveal application.”</i>
Experience	The app had some features users want, but some users felt that the app failed to meet their expectations for a J&J product	<i>“I guess it is ok... but would have expected more from what I consider to be one of the premier companies in the diabetes testing market.”</i>

To identify opportunities, RWA examined the app's competitors and created detailed case studies (example: OneDrop)

App Overview

- Social media focused app that aims to restyle diabetes care
- Raised \$9M in funding¹
- 60,000 users in 5 weeks; 89% of downloads convert to active users¹

Timeline

- 2015: Company established in New York
- 2015: Raised \$8M in series A funding and additional \$1M from angel investors
- 2016: Planned release of subscription service and entry into hardware space through glucose meters²

Services Overview

App Overview:

- App focuses on creating a sharing platform that allows diabetics to learn from one another
- Blood glucose levels, food intake, medication and activity summarized to clarify how activities affect condition
- “Timeline” feature that allows users to save and share pictures, notes, tags, and tips with others
- Medication reminders

Monthly supply service (launching) :

- Monthly Subscription: Starter kit sent with glucose meter and strips; strips sent monthly
- Executive described offering as the “Birchbox for diabetes”

Key Facts

Product Overview

- “Navigating diabetes, together”
- Redesigns the glucose meter into something “cool and badass,” while creating a simple, affordable subscription service for diabetes supplies, plus a mobile management platform and community.¹
- Compatible with 10+ devices and Apple Health

Pricing:

- Application provided for free
- Subscription pricing is currently unavailable, but aims to be free to those with healthcare.

Insights to Consider

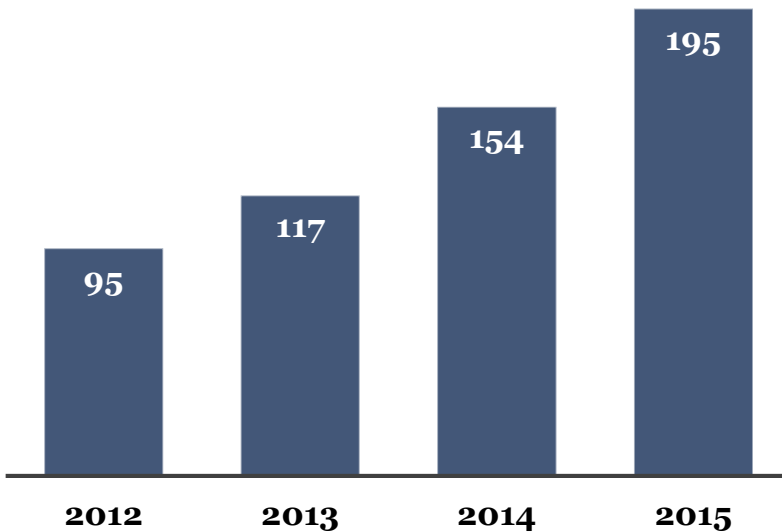
- **Launching monthly service:** Users will pay monthly subscription to obtain GCM (starter kit) and strips (unlimited) every month; company’s goal is to make service free if users have insurance or less than the cost of the monthly co-pay for those paying cash³
- **Builds a community for diabetes patients:** Unlike other apps focused on individual user, One Drop seeks to build and foster a community for its users modeled after Facebook; app includes timeline of diabetes information, incorporates social media buttons (e.g., “like”) and user interaction
- **Company launched to address lack of innovation and ingenuity in the space:** Aims to overhaul traditional diabetes care by making “the data capture experience almost joyful or empowering”; Dachis (CEO) summarized his company saying, “there has to be the cool gear, the stuff that’s going to combine Internet of Things, Quantified Selfers, Mobile Computing and Big Data into ... something useful for people to learn from each other”¹

Following the initial product strategy effort, RWA examined peers in the healthcare industry to identify promising business models

Example: Other digital healthcare companies found it difficult to successfully monetize through advertisements

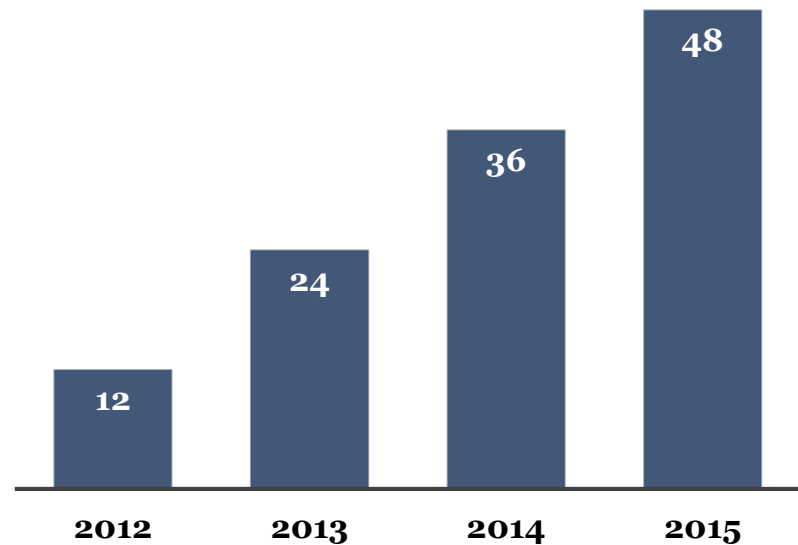
WebMD has been unable to match the mobile advertising revenue of the aforementioned companies ¹

Annual mobile ad revenue (\$Ks)



Glooko has been unable to match the mobile advertising revenue of the aforementioned companies ²

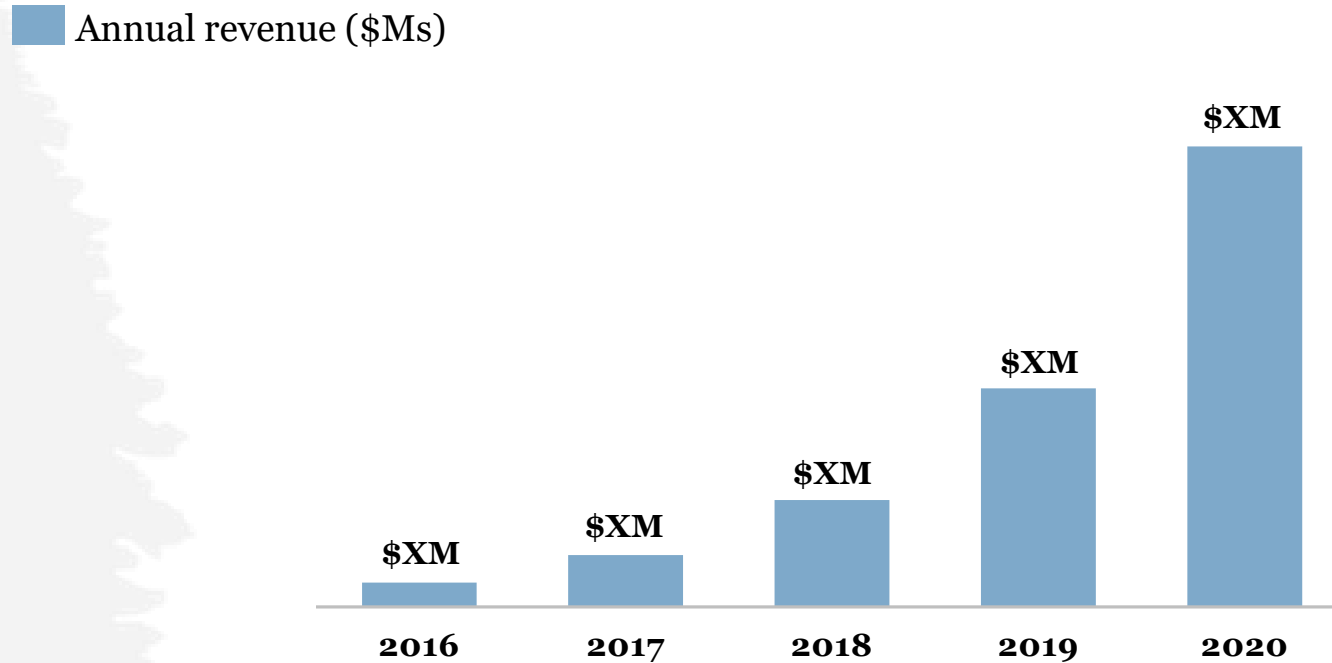
Annual mobile ad revenue (\$Ks)



Sources: (1) "In-Depth: How WebMD Navigated the Rise of Digital Health," www.mobihealthnews.com. (2) "Glooko," www.sensortower.com. (3) Ad revenue data for years 2012 – 2015 were extrapolated from Glooko's 2015 and 2016 reported figures.

Rigorous, bottom-up business cases helped lay-out a path to significant growth via these digital products over 5 years

Revenue estimate for ad-driven opportunity



Key comments

- The ad-driven opportunity represents an ~\$XM opportunity in its first 3 years
- It also represents an ~\$XM opportunity in years four and five
- Over the entire five-year period, app users will increase by ~XM

Ad Penetration Rate: (%)



The effort surfaced a number of key conclusions, precipitating a full-scale re-build of the app and broader investment in the digital ecosystem

Key conclusion

OneTouch Reveal app needed to be re-built

Overview

Given inconsistent performance (e.g., syncing), lack of some features (e.g., ability to edit data), and a user experience that left many customers frustrated, J&J elected to move forward with a full-scale re-build of the app

Significant value to be realized from improved acquisition and retention

A rigorous analysis of J&J's customer acquisition and retention performance demonstrated a substantial value-creation opportunity if J&J could improve its acquisition and retention of customers via an improved digital diabetes app

Significant upside to near-term investment in digital ecosystem

Analysis of the broader diabetes marketplace uncovered additional value-creation opportunities by opening up key new segments and use cases (e.g., providing real-time data to healthcare providers)

J&J kick-started a full-scale re-build of the OneTouch Reveal app with an entirely new design and infrastructure launched in 2017

RWA's digital partner, We See Dragons, led the development of the application

wsd



Today, the OneTouch Reveal app is the #1 downloaded diabetes app in the US, and has over 30K ratings and a 4.7 star average

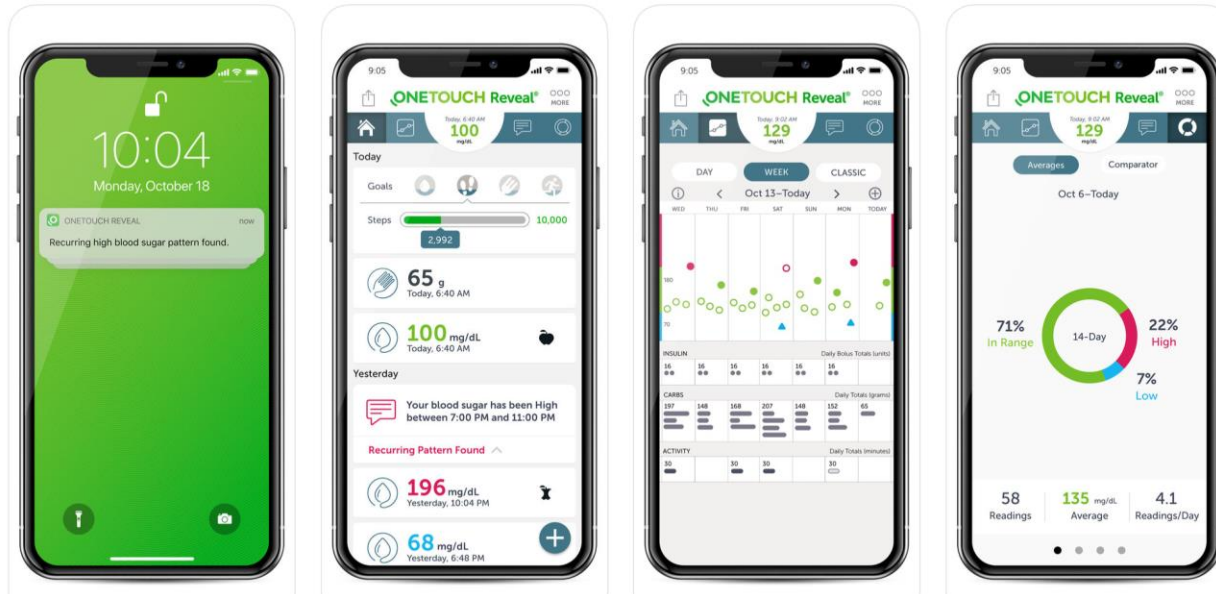
App Store Preview

This app is only available on the App Store for iOS devices.



OneTouch Reveal 17+
 Your diabetes management app
 LifeScan Inc.
 #87 in Medical
 ★★★★★ 4.7, 31.3K Ratings
 Free

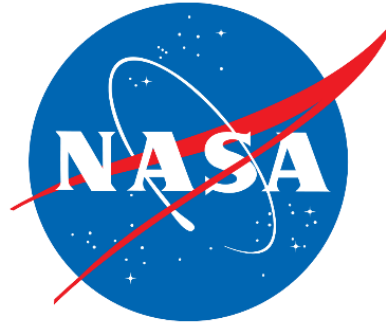
Screenshots [iPhone](#) [iPad](#)



Key facts

- Today, OneTouch Reveal helps over 1 million users with their diabetes management
- The app has 31K+ ratings in the iTunes store with an average of 4.7 stars
- OneTouch Reveal also has 11K+ ratings in the Google Play store and an average rating of 4.0 stars

Other clients we have worked with on Product strategy projects



Where we can go from here



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- By deliverable
- By day



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