

Q&A with Balaji Gopalan, Co-Founder and CEO of MedStack providing a Developer Platform for Healthcare Applications that enables Digital Innovators to Create and Launch New Solutions



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CEOCFO: Mr. Gopalan, what is MedStack? What is the concept behind the company?

Mr. Gopalan: MedStack is a developer platform for healthcare applications. We help digital innovators create and launch solutions in the healthcare arena by providing technology that allows them to automatically meet the important privacy and security requirements of the industry.

CEOCFO: Not only knowing what is required, but how to perhaps get around it or having something that is user friendly without breaking the rules; how are you able to help a company do that?

Mr. Gopalan: That is exactly the right question! That is because the problem that we are solving is the work required on behalf of the vendor, let's say a digital health startup, to meet the requirements of the industry. It is two-fold. They have to have the ideal kind of application, such as user experience, medical efficacy, use of data, artificial intelligence and so on. They also have to deliver on the healthcare commitment of their products, but at the same time meet their downstream customers' commitments to the community on the protection of data, both legislatively and in the public eye.

Achieving both of these objectives becomes a bit dichotomous, because they are different kinds of efforts. Companies can spend just as much, if not more, time, money and effort on privacy and security as they do on the creation of their unique product and value proposition. The way that we solve this problem is by absolving them of the necessity to do that by taking the requirements that they would otherwise have put into their technology and putting it in the cloud hosting environment in which the application will be housed. Therefore, by simply using our platform to host their application they automatically take advantage of the protection protocols that their customers expect them to have.

CEOCFO: Are there many companies specializing in the healthcare space the way MedStack does?

Mr. Gopalan: No, we are sort of unique in our approach to this industry. From a pure product and technology perspective, we are not even really a health tech company. That's because we are not dealing with medical factors and traditional health tech's perspective of measuring their products on patient outcomes, medical efficacy and so on. We are actually a digital security and developer operations automation company that happens to be focused on the expectations of the healthcare industry, because that is what our customers care about. Therefore, it is less that we are a health tech company and more that our customers are health tech companies and we know that they have specific requirements that they have to meet.

There are a couple of other vendors operating in this space. It is always good to have some competition. However, in building our company we focused on what we felt was missing in the industry: a promise of consistent data privacy and compliance, and usability from the perspective of the software developer. We combined those two things to create an automation powered system that we think is unique in the market.

CEOCFO: *Healthcare is a big arena. Who is using your services? Who should be?*

Mr. Gopalan: We operate in a sort of two-sided marketplace, in the sense that we are trying to enable collaboration between multiple entities, as all multi-sided product market businesses do. On one side are the creators of these innovations, typically small digital companies that are usually focused on a single product and they are trying to sell it. That product could be focused on chronic disease. It could be focused on a medical device. It could be focused on genetics and healthcare data analytics. It could be focused on physician's workflow. The other side of the market is the people they sell to: hospitals, insurance companies, clinic networks, public health organizations, medical researchers, and so on.

At the moment, our business is selling to the creator of the application to help them be able to sell better to their downstream customers. We have become a part of that selling process, because there is an audit that happens as part of the purchasing process, specifically on the security and privacy features of the solutions, so that healthcare enterprise can protect their commitments to their patients. We actually support the auditing process. Most of the responses to the auditor are actually to do with our technology, so we are creating a collaboration.

In the future, we would like to go into the other side of the market, with the healthcare enterprises, and facilitate an entry point to the applications that they would require. Therefore, you can think of MedStack as evolving into a bit of an app store. That is where we are going.

“Without us, none of these amazing innovations could get to the market as fast as they could in the tight timelines that the healthcare industry needs, but struggles to achieve.”- Balaji Gopalan

CEOCFO: *How does the medical developer world know about MedStack? Do they? How will they?*

Mr. Gopalan: One of the things that I really enjoy about our company, and is something that was a factor in the way we have built it out, is that we are, by definition, a B2SMB company. Most of our customers are smaller entities, because this whole world of digital healthcare innovation, or digital health, as they call it, is quite new. However, many of the players are smaller and earlier. Therefore, we employ a number of consumer- focused tactics in a B2B business application. For example, there is content marketing, digital marketing and customer referrals. Events are a really powerful channel for us because our customers go to healthcare innovation events and healthcare innovation conferences as they are developing their own businesses with selling to hospitals. That is where we go and meet them and say, “We can help you deliver on your commitments faster.”

It is a network effects business: Say we support one innovator selling to, for example, a major insurance company. That insurance company then recognizes our name as part of the proposition of the next vendor they work with. Recommendations start happening in both directions that way. We are building not only a technology platform, but also a community. That is a really big part of our culture and our proposition.

CEOCFO: *How do you stand out at a conference? There are so many people with so much to share with others. How do you grab the attention so people even stop by and look at what you have, let alone use it?*

Mr. Gopalan: It definitely is something to think about and where our heads actually are at these days. That is because we have just entered into a major conference season and we have a tour planned for the next couple of months in many different places. What is really interesting is that we tell our story by first asking people what they are working on. It is very quick and obvious to get to a point where you realize that someone is trying to build something. Then there is a simple set of questions that leads to a conversation on how they are solving the problem that maybe we can help them with. Storytelling is a really important aspect of what we do. Technologically speaking and from a product perspective, our product is not that really that memorable. We are like plumbing. By itself, plumbing is very interesting to plumbers, but it is forgettable to most other people. However, what it enables you to do is amazing! This means the stories we tell are the stories of our customers.

We tell stories of how our customers are doing everything from helping physicians to detect pain symptoms using virtual reality, to helping patients to self-manage their care using DNA powered supplements powered by AI. We have a

customer who is helping premature babies get home faster. These are really powerful stories. What does it have to do with us? Without us, none of these amazing innovations could get to the market as fast as they could in the tight timelines that the healthcare industry needs, but struggles to achieve. They would not be able to navigate these waters without us. Therefore, we grab people's attention by telling the story of our customers.

CEOCFO: *When you are talking with a developer, do they typically get excited that you can help them with this part or do you sense a reluctance to give up any part of their product? How do you address that reluctance?*

Mr. Gopalan: That is a great question. If we do see reluctance it has less to do with healthcare and more to do with the nature of it being a platform business. We are helping people, whose livelihoods are based on technology, to become more successful by actually removing some of the technology away from them. To some people that is a little uncomfortable, because they are saying, "This is an important part of what we have built, so why should we give it to you? We can do it ourselves." It is interesting.

We get a pretty wide range of responses quite early in the conversation, so we know how to tailor the discussion accordingly. Responses range from: "I know I am going to need to deal with HIPAA and all of these things, and I know it is a pain, so we do not really want to spend time on that. You can you make that easier? That is amazing!" to "I did not think it would be that difficult. We can just jump on Amazon and just get it, right?"

Another response is: "I do not need to be compliant. I did not think that was important. I am not selling to a hospital." All the way to "Well, it is just security and we are good engineers, so I can do it myself." That is fine. I think that these are the typical evolutionary points in all platform companies. The way we handle this is simply by explaining to them, using our expertise and experience, what it is going to take if they do not work with us. We do not pretend that it is impossible to do. You can do it on your own if you want to. To use the analogy in an extreme fashion, if you would like to build servers and host them in your garage, you can do that or you can use Amazon. We think of this as saying, "Is this really the way you want to spend your time and money? You have got a lot of work ahead of you!"

What is interesting is we kind of supplement the stories from a orthogonal perspective by not just writing content and telling stories about what we do, but also about all of work required to be successful as a health tech entrepreneur and be effective as a health tech business. Then people start to realize that this is a tough space. To be successful you have to focus. In order to focus you need to trim off things from your resourcing plan that do not have to do with what you do. I think those tell our stories really well. We have had people who have said "no" and then have come back to us later and told us, "You know what, you were right. This is hard. I do not want to do this myself."

CEOCFO: *Do you see a point where apps might show secured by MedStack or that MedStack, the name, will become meaningful as a trusted entity?*

Mr. Gopalan: Yes, absolutely! Investors ask me this question all the time. They say, "Where is this going? It seems like you guys have found a really small, obscure niche in which to add value. What is the bigger story?" The bigger story is that, if the MedStack proposition was "Y", you would not think of building X without Y because it just would not make any sense. Y becomes an industry recognized standard that you're meeting. Think of it as raising the watermark; that is what we want to do.

We are actually starting with privacy and security, but our long-term vision is larger than that. What are all the things that a digital health innovator needs to be successful? What are all the things that the healthcare community - who is struggling with capacity given the challenges of chronic disease, an aging population and a number of other complexities - needs to do to implement technology faster? We would like to be the entity that makes that happen. It becomes a transactional standard in the similar way that, let's say, MasterCard is for purchasing. If it is MedStack, you know what you are getting.

We already have a couple of our customers with our logo on the websites. We have had others who are not even our customers yet saying, "We are building this thing. We will need to go live in the next few months. Can we tell everybody we are going to use you? Because that is a way of telling people that we are taking these requirements seriously, because your name is being recognized." We did not have an expectation we would achieve that at the beginning, but we are starting to get there and we happen to be fortunate to have a powerful effective brand, and so that is going a long way to telling our story.

CEOCFO: *Are you seeking funding, partnerships or investment at this point?*

Mr. Gopalan: We are, yes. We have been fortunate in our journey over the last couple of years to have participated in some pretty prestigious and powerful programs, such as Dreamit Health and 500 Startups. We are now ready to take the

next step in the evolution of the company. We are fundraising right now for our seed round, and we are actually pretty close on closing the round.

CEOCFO: *Why is MedStack an important company?*

Mr. Gopalan: There is the larger kind of mission. The reason we get up and work on this everyday is because we, being myself and my business partner and inventor of MedStack, Simon Woodside, have this belief that the hardest problems, in terms of the way that societal processes work, are solved by an ecosystem of entrepreneurs. We have seen this in so many other industries, and its influence is growing.

However, it is really hard in healthcare. It is almost heartbreaking when you meet a smart engineer, business innovator, entrepreneur or challenge acceptor who says, “I had a great idea to change the way that healthcare helps people live healthier lives, and I did not do it because the industry is too hard”. Having said that, how do we measure the future success of the company? We should do it by looking at the quotient of new entrepreneurs that come into the ecosystem and how many of them chose healthcare as their field of business; we want that number to increase. The ultimate goal is for people to get better service out of the healthcare industry, which wants to provide better service, and we think technology entrepreneurship is a way to achieve that. However, this needs an enabler, and that is the mission that we are actually after. We do not expect to be wowing people by what we do, but we want to help other people do that, and that is what inspires and motivates us every day.

