



Case Study



epocrates[®]+

an athenahealth service

Fueling
subscription
growth for
medical
reference app
epocrates[®],
owned by
athenahealth



vindicia[®]

More than one million medical professionals depend on athenahealth's epocrates app to provide essential decision-making support at the point of care. A 20-year-old home-built subscription platform could no longer support growth of the business. Implementing Vindicia Subscribe delivers a better experience for users, full integration of in-app purchases, flexible campaigns to attract new customers and increased retention of existing subscribers.

Solution

- Vindicia Subscribe
- Integration with Apple and Google app stores for in-app purchases

Key goals for athenahealth's epocrates platform:

- **Blending B2B and B2C models:** the epocrates app is used by individual physicians and clinical teams with diverse subscription models.
- **Integrating in-app purchases:** the leading app stores are a key channel for athenahealth to reach users and convert them to paying subscribers.
- **Campaigns to grow user base:** athenahealth needs flexible marketing tools, from trial subscriptions to voucher codes given out at medical conferences.
- **Better conversion:** athenahealth aims to maximize conversion of trial users to paying subscribers.
- **Better retention:** minimizing the risk of subscriptions lapsing from gaps in the user experience and technical errors.
- **Reducing technical complexity:** a legacy home-built platform was failing to keep pace with the growing business and was expensive to maintain.

" It quickly became clear that we had a unique business model, and not all subscription billing vendors could adapt and tailor to our need."

**- Amy Ruhl, Director of Product Operations
athenahealth**



About epocrates, part of athenahealth

- ✓ Point-of-care medical app providing drug information, evidence-based disease diagnostics and treatment guidance to medical doctors.
- ✓ Founded in 1998, and one of the earliest apps available on the iPhone.
- ✓ More than one million healthcare professional users worldwide.
- ✓ Available as a free tier, and with B2C-style subscriptions to premium epocrates+ service for \$16.99/month for individual physicians.
- ✓ B2B enterprise licenses available to health organizations and clinical teams.
- ✓ Up to 40% of subscriptions via Apple and Google app stores and in-app purchases

Diagnosing the subscription business challenge

Building on 20 years of success

When epocrates launched in 1998 the medical doctors using the service were toting PalmPilots and using clunky desktop PCs. The era of the smartphone was still a decade away and the online subscription industry was so new that the company had no option but to build its own billing platform.

Fast forward two decades and more than a million smartphone-using physicians are relying on epocrates to support critical clinical decisions with up-to-date prescription drug information. But athenahealth realised the original technology had reached its limits and was limiting further growth of the service.

Support for new business models and more effective customer acquisition and retention were becoming harder and slower to implement. In turn this was taking development effort and budget away from developing the core healthcare tools.

Driving subscription business goals

Athenahealth recognized that a robust up-to-date subscription platform was needed to underpin the next 20 years of growth. By working with a best-of-breed provider, the company was able to accelerate its plans to:

- Grow its base of medical professional users.
- Convert more of them to paying subscribers.
- Retain more of those subscribers at renewal time.

For a digital information service like epocrates with a largely fixed cost base, increasing the number of paying users and maximizing subscription revenue is essential to increase profitability.

“ We hit a wall after so many years relying on a legacy home-grown platform, and realized a change was needed to grow the business and evolve the user experience. ”

**- Amy Ruhl, Director of Product Operations
athenahealth**

“ We didn’t want to be working on processing transactions, so we decided to find a best-of-breed transaction processing partner.”

**- Amy Ruhl, Director of Product Operations
athenahealth**

Moving beyond a home-grown platform

Athenahealth considered rebuilding its own subscription management system—after all the original platform had served the company well for many years. But the business quickly realised that its core strength is in building healthcare tools, not trying to create a new billing solution. A huge development effort would have been needed to support the company's ambitions to drive flexible business models and revenue growth.

That feeling was echoed by athenahealth's developers: the old platform was unloved by technical staff who preferred to invest their time in developing a better product.

Careful economic analysis also revealed the true cost of maintaining and updating the ageing in-house platform, taking up three or four software engineers' time.

And crucially, athenahealth recognized the value of tapping into wider industry experience, bringing in deep understanding of successful subscription business, with out-of-the-box tools to support the entire subscription lifecycle.



Enabling subscription agility

Blending B2B with B2C

With a large user base of professional clinicians, epocrates' revenue streams combine elements of multiple business-to-business (B2B) and business-to-consumer (B2C) models:

- The service is bought by individual clinicians either by credit card, or with in-app purchases via the Apple and Google app stores.
- It is also sold on a site-license model to group medical practices. In some cases, the practice retains the license and can reallocate it among partners, and in other accounts an individual end user retains access even if they move to a new team.
- Larger healthcare organisations subscribe for enterprise access with all staff in a white-listed domain able to use the service.

With this level of complexity, athenahealth quickly found that most off-the-shelf solutions lacked the flexibility required to provide a consistent experience—whether the customer was an individual physician or a 100-person practice. The company wanted to ensure its service was as easy to consume as other leading SaaS products like Microsoft 365.

Supporting in-app purchases

In-app purchases (IAP) form a substantial proportion of epocrates subscription revenue, yet were previously managed in an entirely separate business process from credit card and invoiced subscription sales.

Having out-of-the-box support for IAP was crucial for athenahealth, with the ability to collect app store data automatically and reconcile it against other payment processes.

As a result, business users can now expect to receive a single consolidated report of their subscription business—regardless of payment model.

Driving subscription success factors

The company set two key measures of success for its new subscription platform:

1. Reduction in "unforced errors" leading to failures in the sign-up or renewal cycle.
2. Increasing the level of subscription renewals.

In the first case, the company knew that its legacy platform was causing failures in some transactions. Software glitches were leading directly to lost revenue, particularly at subscription renewal time, yet were hard to trace and fix. A more robust platform was essential to stem this unnecessary loss of revenue.

In the case of renewals, the home-grown platform lacked the detailed reporting and logging needed to understand why some subscription renewals were failing. If athenahealth was to improve its customer retention rate, it was essential that the new platform would reveal insights into the reasons for customer churn and allow business owners to take action to prevent it.

Growing the future of athenahealth's business

Acquiring and converting more new subscribers

Over the past two decades, athenahealth has built an ever-greater understanding of epocrates users and how to connect with them effectively. This allows the company to attract new physicians with effective marketing campaigns, convert free users to subscribers, while also rewarding and retaining existing subscribers.

Driving a wide variety of customer acquisition campaigns directly from the subscription platform is essential to support models like:

- Introductory offers
- Honored guests
- Trial periods
- Short coupon codes
- Gifting
- Conference and trade show trial codes

The company wanted to be innovative with these incentives, but found it was being held back by the legacy in-house platform. A lack of agility and flexibility meant campaigns were hard to set up and were taking too long to reach market.

A new, more flexible approach was needed, where new subscription models and campaigns could be set up as fast as possible—where the only limit was the imagination of marketers.

Eliminating renewal failure

Maximizing retention and renewals is essential for any subscription business, and was proving to be a weak spot for athenahealth's legacy platform.

Support for advanced retention technology is essential and this required a partner with in-depth experience of delivering millions of successful subscription user journeys.

Proactive measures to cut the risk of failed renewals, supported by analytics and a focus on user experience all contribute to improved subscriber retention.

Moving to Vindicia Subscribe in the cloud

After an in-depth review of the market, weighing up options for subscription management platforms and stepping up its in-house development, athenahealth opted for Vindicia Subscribe to support the next phase of its business.

With the health platform's desire to become a full software-as-a-service (SaaS) provider, it made sense to choose a SaaS subscription platform.

Not only did this enable a very rapid 90-day implementation plan, but it ensured that a wide range of tools to accelerate the company's subscription business and support the entire subscription lifecycle would be available out of the gate.

With the tools to reach more doctors than ever before, athenahealth is prescribing a healthy future for the next 20 years of epocrates.



The epocrates app used by physicians to provide instant access to current safety, diagnostic, and treatment information to support pharmaceutical prescribing.

By implementing Vindicia Subscribe to manage subscription revenues for the epocrates healthcare professionals' app, athenahealth is achieving:



Rapid 90-day implementation program enabling quick time to revenue.



Support for a wide range of subscription models, including in-app purchases for end-user clinicians, and enterprise sales to group medical practices.



Elimination of expense in maintaining and developing outdated home-built ecommerce platform.



Ability to deliver flexible customer acquisition and marketing campaigns.



Improved conversion of free users on the ad-funded tier to paying subscribers.



Boost to customer retention strategies, with significant reduction in failed renewals.



Enhanced customer experience with simpler subscription user journeys.



Detailed reporting and analytics to help business users make informed decisions about marketing and growth strategies.

"Vindicia made a huge effort to really understand what we needed and took a real interest. They quickly created a test environment reflecting our subscription pathways."

- Amy Ruhl, Director of Product Operations
athenahealth



ABOUT VINDICIA

Vindicia offers comprehensive subscription management solutions that help businesses acquire and retain more customers. Providing much more than just a billing and payments system, the company's SaaS-based subscription management platform combines big data analysis, strategic consulting and proprietary retention technology. Vindicia provides its clients with more recurring revenue, more customer data, better insights, and greater value throughout the entire subscriber lifecycle. To learn more visit www.vindicia.com.

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