

**The rise and fall of an international new venture: The case of an online medical tourism platform**

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**The rise and fall of an international new venture:  
The case of an online medical tourism platform**

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## **Abstract**

Thomas moves to Colombia. He teams up with Daniel to create an Internet platform on which hospital, clinics, and doctors from Colombia can offer their services to patients from the U.S. The promotion of medical tourism is a priority for the local government. Thomas decides to outsource the design and programming of Flyclinic's Internet platform. This proves to be challenging. The initial launch of the website is delayed by eight months, and making hospitals and clinics sign the contract for use of the platform proves to be difficult. This causes Thomas to re-think the business model. Thomas questions whether the healthcare providers in Colombia are interested in medical tourism at all. Flyclinic eventually enters into what Thomas calls a "starvation mode."

## Introduction

*Globalization is one of those terms that makes a lot of sense when you hear about it, but can be difficult to leverage from a practical standpoint. For example, in Latin America, a certain percentage of affluent patients seek treatment at US hospitals. A new startup, though, is looking to increase the flow of patients in the opposite direction. FlyClinic is building a marketplace of healthcare providers in Latin America and offering these services to patients in countries such as the US.*

(PulsoSocial, January 7, 2012<sup>1</sup>)

After working for several years in different management positions for large multinational companies in Germany, the United States, Japan, and Spain, Thomas, a German national, moved to Medellin, Colombia, in 2009 (see Appendix for Thomas's curriculum vitae). His move to Colombia was motivated by his Colombian wife, who wanted a change in lifestyle and better employment opportunities. Equipped with many years of international work experience, Thomas began to search for a job in Colombia with the assistance of an employment agency. The job search was not successful, and the agent recommended that he start his own business, like many foreigners in Colombia. As Thomas commented, "If you do not have the right connections in the industry, it is very difficult to find a decent job here. Following the headhunter's recommendation, this was the moment for me to inquire about what's possible in terms of starting my own business."

Together with Daniel, whom he met earlier at a social event at the German-Colombian Chamber of Commerce in Medellin, he brainstormed about possible business ideas. Both were very clear about the fact that their business would avoid Colombians as customers due to their bad payment habits; instead, they wanted to target foreign customers. Furthermore,

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<sup>1</sup> PulsoSocial (January 7, 2012). Colombian startup FlyClinic promotes marketplace of Latin American healthcare offerings. Retrieved from <http://pulsosocial.com/en/2012/01/07/colombian-startup-flyclinic-promotes-marketplace-of-latin-american-healthcare-offerings>

it was decided that the business would be based on the Internet since Thomas and Daniel had prior experience with computer systems and online marketing.

Both entrepreneurs saw an opportunity in Colombia's emerging medical tourism business. Foreigners often visit Colombia for medical treatments, and the local chamber of commerce had promoted the creation of a business cluster for medical and odontology-related services targeting international markets. Thomas and Daniel developed the idea to create an Internet platform targeted at patients, doctors, and hospitals/clinics<sup>2</sup>. "We try to create a platform, a kind of eBay for the health-care industry where patients can find high-quality information on doctors, hospitals, and clinics", as Thomas remarked.

Creating an online platform where suppliers (i.e., doctors, hospitals, clinics) and final customers (i.e., patients looking for medical treatments) can meet provided several challenges. First, medical tourism is an emerging industry in Colombia. The city of Medellin, where Flyclinic is based, identified medical tourism as a strategic growth sector and promoted the creation of a professional cluster to offer medical and odontology-related services. Thus, doctors, hospitals, and clinics need to deal with a new type of client: the foreigner looking for medical treatment in Colombia. However, it is unknown whether suppliers are capable of dealing with this new type of client in terms of language (e.g., English versus Spanish), service expectations, and legal conditions. Second, the Internet platform requires suppliers to register and promote themselves online to foreign customers. Third, both entrepreneurs are outsiders in the healthcare industry and foreigners in

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<sup>2</sup> Hospitals provide treatment with specialized medical and nursing staff focusing on inpatients that stay overnight or for an indeterminate period of time. Clinics are places where a doctor analyzes patients, prescribes medicine, and provides instructions for medications. Clinics usually focus on outpatients that stay within the institution for less than 24 hours. Source: Wikipedia (n.d.). Hospital. Retrieved March 28, 2018, from <https://en.wikipedia.org/wiki/Hospital#General>

Colombia. Thus, they needed to rapidly learn the customs and legal aspects of healthcare in Colombia and create a network of reliable suppliers.

### **The global market for medical tourism**

Medical tourism involves travel across national borders in order to receive medical care, which is typically paid for out of the patient's pocket<sup>3</sup>. Common reasons for people to engage in such practices include cost savings and avoiding long waiting times for comparable medical care in one's home country.

Medical tourism is one of the fastest growing sectors of the healthcare industry across the globe. According to a report by OrbisResearch<sup>4</sup>, the global medical tourism market was worth USD 19.7 billion in 2016 and is estimated to be growing at a yearly rate of 19%, reaching USD 46.6 billion by 2021. Another forecast by Allied Market Research<sup>5</sup> estimates further global growth of the industry to USD 165 billion by 2023. The increasing affordability, availability, and accessibility of high-quality medical care abroad and added support from local governments contribute significantly to these positive forecasts.

Typical medical treatments associated with medical tourism include plastic surgery, cardiovascular treatments, cancer treatment, and specialized dentistry. While initially the global medical tourism industry concentrated on developed countries in Western Europe and North America, it is increasingly including countries in emerging areas of the world.

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<sup>3</sup> de la Hoz-Correa, A., Muñoz-Leiva, F., & Bakucz, M. (2018). Past themes and future trends in medical tourism research: A co-word analysis. *Tourism Management*, 65, 200-211.

<sup>4</sup> Global Medical Tourism Market Size, Share, Trends and Forecast by 2021 – Market Research Report 2017. (n.d.). Retrieved March 28, 2018, from <https://www.reuters.com/brandfeatures/venture-capital/article?id=11869>

<sup>5</sup> Medical Tourism Market by Treatment Type (Cardiovascular Treatment, Orthopedic Treatment, Neurological Treatment, Cancer Treatment, Fertility Treatment, and Others) - Global Opportunity Analysis and Industry Forecast, 2017-2023. (n.d.). Retrieved March 28, 2018, from <https://www.alliedmarketresearch.com/medical-tourism-market>

According to Patients Beyond Borders, the top destinations for medical tourism today include Costa Rica, India, Israel, Malaysia, Mexico, Singapore, South Korea, Taiwan, Thailand, Turkey, and the U.S. (North America in general accounted for about a third of global medical tourism in 2016)<sup>6</sup>.

### **The market for medical tourism in the U.S.**

The U.S. offers some of the most advanced medical care in the world. However, its high cost has tended to put healthcare is out of reach for many Americans. A study by the World Health Organization (WHO) found that the U.S. healthcare system is the most costly in the world as it requires patients to acquire costly health insurance, which about 50 million U.S. citizens do not have<sup>7</sup>. This has resulted in major outbound medical tourism from the country; as shown in Table 1, from 2009 to 2012, outbound medical tourism from the U.S. was estimated to have increased 20–35% each year. The most popular continent for medical tourism is Asia, followed by South (Latin) America.

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<sup>6</sup> Medical Tourism Statistics & Facts. (2011, July 12). Retrieved March 28, 2018, from <https://patientsbeyondborders.com/medical-tourism-statistics-facts>

<sup>7</sup> Bernstein, Lenny. "Once Again, U.S. Has Most Expensive, Least Effective Health Care System in Survey." The Washington Post. June 16, 2014. Retrieved March 28, 2018, from [https://www.washingtonpost.com/news/to-your-health/wp/2014/06/16/once-again-u-s-has-most-expensive-least-effective-health-care-system-in-survey/?utm\\_term=.bdf534d62eae](https://www.washingtonpost.com/news/to-your-health/wp/2014/06/16/once-again-u-s-has-most-expensive-least-effective-health-care-system-in-survey/?utm_term=.bdf534d62eae)

**Table 1: Recession-adjusted U.S. outbound medical tourism<sup>8</sup>**

Year	U.S. outbound medical tourism (Number of people)	Forward Growth Rate
2007	750,000	.20%
2008	540,000	-10%
2009	648,000	20%
2010	878,000	35%
2011	1,283,000	35%
2012	1,621,000	35%

### **The emerging medical tourism sector in Colombia**

One recently emerging area for medical tourism is Colombia, which is considered to be home to some of the best cosmetic surgeons in the world. The high quality of this surgery combined with the low salary structures of local medical doctors (compared to the U.S. and other developed economies) provide a large market potential for entrepreneurs aiming to enter the field of global medical tourism. According to America Economía's study, 16 of the top 40 clinics in Latin America in 2012 are located in Colombia<sup>9</sup>. The best hospitals can be found in cities such as Bogota, Medellin, Bucaramanga, and Cali, all of which provide medical tourism services as well as general local healthcare. In addition to cosmetic surgery, popular procedures among medical tourists in Colombia include gynecology, stem cell therapy, transplants, and fertility treatments<sup>10</sup>.

In Medellin, medical services are one of the main six strategic economic clusters, due in large part to its emphasis on the provision of services to international patients. Between 2010 and 2012, for instance, about 12,000 patients were treated in the city, a 40% increase

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<sup>8</sup> Keckley, P. H., & Underwood, H. R. (n.d.). Medical Tourism: Update and implications (Rep.). Retrieved March 28, 2018, from [http://www.coa.org/docs/DeloitteStudyMedicalTourism\\_111209\\_web.pdf](http://www.coa.org/docs/DeloitteStudyMedicalTourism_111209_web.pdf)

<sup>9</sup> Procolombia (n.d.). Retrieved March 28, 2018, from <http://www.procolombia.co/en/health-colombia/health-tourism-news/16-colombian-clinics-among-best-40-latin-america>

<sup>10</sup> Cámara de Comercio de Medellín para Antioquia (2013). Diseño e implementación de un modelo cluster para la atención de pacientes internacionales en la ciudad de Medellín (Rep.). Retrieved March 28, 2018, from <http://www.camaramedellin.com.co/site/Portals/0/Documentos/2013/CLUSTER No. 8.pdf>



over the previous period. Treatment of these patients brought revenues totaling \$26 million USD and a 75% growth in 2012 alone<sup>10</sup>. In 2012, the city of Medellin and the local chamber of commerce created a professional cluster for medical and odontology-related services, “Medellin Health City.” As a result of these efforts, within four years of its creation, the cluster had received several international accreditations and a host of medical and dentistry clinics had been established in the city. At the time it was created, Flyclinic had very little initial competition as well as burgeoning market potential for inbound medical tourism, especially from the U.S.

### **The emergence of the business model**

Before officially creating the company, Thomas and Daniel began with desk research, studying the healthcare industry and medical tourism in Colombia and the U.S. in order to structure their website. Eventually, Flyclinic was incorporated on January 13, 2010. The initial idea was to target suppliers from Colombia and patients from the U.S. However, the vision for Flyclinic was more ambitious, as Thomas affirmed: “[Our online service] won’t be restricted to Colombia only. [The online service] starts as a platform in Colombia but the strategic goal within the next five years is to transform [it] into the largest provider for medical tourism in Latin America.”

What differentiates Flyclinic from other actors in the global medical tourism industry is that it offers a transparent price structure to the patient. Usually, prices for medical treatments are offered as packages combining treatment with all other travel-related expenses, such as airline tickets and accommodation. However, through Flyclinic, doctors directly communicate the price for the treatment to the potential patient and the patient is responsible for arranging travel. As Thomas commented, “as soon as we have the first 10 to

20 patients, we will create an operations department where we will have sitting an operations manager taking care about the patients. In the beginning support is almost zero – we only provide an information platform. But this will change later as we will be in touch with people by phone and provide [travel] tips. But we will not book airline tickets for people. Thereby the support effort per patient is relatively low and the patient has more freedom. That means we provide support by phone or email if the patient requires it but we leave it up to him to do what he really wants. And this is the big difference to all other companies [medical tourism operators]. We only provide a platform similar to Ebay. That’s the difference!”

Leaving the potential patient from the U.S. more flexibility to assemble his or her own package for medical treatments in Colombia offers an interesting value proposition to the price-sensitive customer. Through Flyclinic’s platform, the customer is able to compare prices for medical treatments from different suppliers, such as doctors, hospitals, and clinics, and is able to create a package combining medical treatment with travel from the U.S. to Colombia for a lower price than more comprehensive packages offered by competitors in Colombia and other countries like India or Thailand that target American customers. The time difference between Colombia and the U.S. is minimal compared to other popular medical tourism destinations for U.S. citizens like India and Thailand (see Figure 1 for a map of the Americas). Therefore, Flyclinic initially focused on serving customers from the U.S., as Thomas mentioned: “Most probably we will focus on the East Coast [of the U.S.] because there are good [direct flight] connections from New York and Miami to Medellin and Bogota [in Colombia]. We do not want to serve the whole world. Focus is of utmost importance now.”

**Figure 1**      **Map of the Americas**



Source: d-maps.com, [http://d-maps.com/carte.php?num\\_car=1425&lang=en](http://d-maps.com/carte.php?num_car=1425&lang=en)

## **Searching for potential investors**

In October 2010, Daniel went back to Germany for family reasons and decided to leave Flyclinic. Daniel's withdrawal impacted Flyclinic's operations in two ways. First, Thomas needed to take charge of marketing activities, including selling the platform service to potential providers and promoting the business online. Second, Thomas needed to search for potential investors in order to continue operating the business. Therefore, during the period immediately following Daniel's departure, Thomas focused almost exclusively on searching for potential investors. Thomas was interested in attracting investments mainly from the U.S. in order to make use of an investor network in his target market to gain customers and promote the brand's image in the U.S. To search for potential investors, Thomas made use of his professional network gained from previous work experience in the U.S., his network of social contacts from his time as an exchange student in the U.S., and his network of current business partners in Colombia with contacts in the U.S. As Thomas commented, "[my former boss in the U.S.] told me that what I need is smart-money. Most probably it won't be useful for you if you receive money from someone in Colombia because you don't need the money [at this stage]. What you need is intelligent money. People who are able to open you doors."

Although no investments were made, the active search for possible investors led to important contacts to develop the business. One of these contacts was Stephen B., a lawyer from Houston (U.S.). Stephen B. was introduced to Thomas by Juan Carlos M., a dentist based in Medellin and a supplier of Flyclinic who believed in the business model. Stephen B. contacted Thomas in order to talk about possible angel investment opportunities offered by doctors in the U.S. Thomas's main priority was to create a network of contacts in his target market, the U.S., in order to establish contact with potential patients: "I need

investments from the U.S. because [the investors] are interested in talking positively about my business in the market where the patients are. If I have a Colombian here who investments much money he will talk to his contacts in Colombia. Most probably this will only create competition instead of attracting customers. Therefore I need someone who is well connected to potential patients in the U.S. That's the fundamental idea.”.

### **The challenge of creating and promoting the website**

Flyclinic's website was planned to go online on February 22, 2010. One month prior to launch, Thomas and Daniel officially created the company in order to start business operations once the website was launched. As Thomas remarked, this idea did not play out as intended: “We constituted the firm the 13<sup>th</sup> of January 2010. We then received a call the 17<sup>th</sup> of February from the provider in charge of the [design and programming of the] website that they would like to meet us. This happened three days prior to the ending of the project! At that meeting we were told that three days ago they looked again at the contract and that they realized they weren't able to do what they initially promised to do.” The provider needed to hire an additional freelance programmer who was able to implement the technical requirements Flyclinic was asking for. The creation of the website did not advance as expected, and Thomas and Daniel terminated the contract with the provider in June. They negotiated the end of the contract, allowing the freelance programmer to continue his work with Flyclinic. In addition, Thomas and Daniel hired a freelance web designer and managed the creation of the website by themselves. Eventually, the website was launched at the end of October 2010 after an eight-month delay (see Figure 2 for screenshots of Flyclinic's website). The period from February to June was a “lost period” as the website did not go online as initially planned.

Figure 2 Screenshots of Flyclinic's website



Source: Flyclinic

Flyclinic continued to work with freelancer web designers and programmers. Thomas considered a referral program for Flyclinic that allows people to recruit potential patients. Therefore, a new direct-sales option including a payment function for referrals needed to be implemented on Flyclinic's website. In May 2011, Thomas outsourced the implementation of this new payment functionality to another provider who offered to combine the restructuring of the platform for the payment system with online marketing activities. The re-launch of Flyclinic's website was planned for the 15<sup>th</sup> of June. However, the new provider was not able to deliver on time, and thus Thomas decided to take over management of restructuring of the platform together with the freelance programmers with whom he previously worked.

Another challenge was promotion of the website online. Since Daniel left Flyclinic in October 2010, Thomas outsourced online promotion activities to the providers on the website. He expected the providers to take charge of this activity and build a website optimized for search engines. However, as he realized later, “[the providers of the website] didn't know anything about [search engine optimization]. They told me that they are knowledgeable about it and I trusted them. [...] They just created a website without taking into consideration the technical requirements for search engine optimization. Not to mention the integration of the website with any form of social media besides putting a Twitter logo on the page. The providers we worked with had absolutely no idea, no idea.” Thomas took on the challenge himself and showed his website to Conrad for feedback. Conrad is an experienced online media entrepreneur from the U.S. who recently moved to Medellin in order to start a new business. Thomas said, “I showed the website to Conrad and he told me, ‘do you know what? Forget about it! The website as it is right now, forget

about it! You won't attract any customers like this. At least not through the Internet.' The search engine optimization is terribly wrong. Then I interviewed him and asked him what he could recommend. He gave me some advice and then I started to study and learn by myself." By the end of May 2012, Thomas finally made a breakthrough, achieving a high ranking for Flyclinic on major search engines (see Figure 3 for an email sent by Thomas to his partners and friends).

**Figure 3      Email to partners and friends of Flyclinic**

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From: Dr. Thomas H. Treutler

Sent: Tuesday, May 22, 2012 15:43

Subject: Thank you!

Guys,

Can't tell you how happy I am ... ! Thanks for your continuous support and recommendations over the last few weeks (months?!) regarding SEO and optimizing FlyClinic's website. I learned a lot.

Achieved another important milestone, being now positioned with FlyClinic on the first page of all three major search engines. Searching for "health travel Colombia" we are second (2.) on Yahoo, third (3.) on Bing and fifth (5.) on Google. Give it a try and let me know if we are also listed that high in your area. That's really great news ... BTW, once you are on the site, just click on one of the ads - each click adds a spoon of sugar to my next coffee! ;-)

Let your friends and colleagues know about the new FlyClinic - they should just search for "health travel Colombia" and click on FlyClinic! ;-)

Have a great week,

Best,

Thomas

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Source: Thomas Treutler (May 22, 2012)



## **Getting providers onto the platform**

After Daniel left Flyclinic in October 2010, Thomas needed to concentrate on finding investors and attracting providers (i.e., hospitals and clinics from Medellin) and customers (i.e., potential patients from the U.S.). Flyclinic's services desperately needed to be sold in order to generate cash flow. As Thomas expressed, "I needed about two, three months in order to establish a way of operating – and it is still in development – of how things work without [Daniel]. Resources are reduced, less man-power, and I need to optimize and I developed a model where I try to outsource things that do not relate directly to the core competence [of Flyclinic]. [...] I need to focus on sales in order to get patients onto the platform. We need to generate cash. Therefore, I am putting more pressure on the hospitals for something to happen."

Motivating hospitals and clinics to join the platform was challenging. The providers expected Flyclinic to demonstrate a couple successful cases of intermediation for medical treatments of patients from abroad, while customers wanted to see the offers of hospitals and clinics on the website before registering. According to Thomas, this was a "chicken and egg" problem: "The hospitals come to me and ask, 'how many patients did you already have?' And I tell them that we are just starting but that it is without risk for them to register [on the platform] – you don't need to pay. 'No, we will better wait until you had the first patients.' [...] And the patients ask, 'how many hospitals are already [on the platform]? Oh, you don't have anyone on your website! Where should we go to then [for our medical treatment]?'"

Throughout 2011, Thomas intensified negotiations with hospitals and clinics in Medellin and was able to sign contracts with one clinic and one major hospital. Generally, however, hospitals and clinics were reluctant to sign the contracts, which covered issues of

responsibility regarding the information hospitals and clinics publish on Flyclinic's platform. These contracts are much more complex than those that hospitals usually provide when referring patients in accordance with a commission-based scheme. As Thomas commented, "[h]ospitals and doctors aren't used to complex, legal issues. And this makes it difficult for now to get them onto the platform. Even lawyers are sometimes overwhelmed [with our contracts]. We even had cases where the lawyers contacted us and told us that this is really complicated, that's insane!"

Although the contracts issued by the hospitals did not fit Flyclinic's business model, Thomas decided to temporarily accept the contracts in order to attract hospitals to the platform. Once the hospital received patients through the platform, Thomas renegotiated the contract.

Although two institutions entered into a contract with Flyclinic, most negotiations moved too slowly and experienced major setbacks. One of the major hospitals in Medellin accepted the initial negotiation but revised the contract through its legal and marketing departments. The moment Thomas wanted to initiate cooperation with the hospital on the platform, he received an invitation to a meeting: "I went to the meeting in order to clarify some of the concerns the hospital had regarding the cooperation with smaller companies like Flyclinic – the same concerns we already talked about five months ago. They then told me, 'please send us the contract for us to revise.' I told them that they already received and revised the contract. And then they started, 'no, you didn't!' You don't want to fight with your client which means I need to start [negotiations] again from the beginning."

## **Modifying the business model**

The slow or impossible task of convincing hospitals and clinics in Medellin, Colombia to sign Flyclinic's contract and register their doctors on the platform triggered the search for U.S. providers. Thomas considered the U.S. to be Flyclinic's target market for recruiting potential patients. In this new scenario, Thomas pursued the idea of offering additional access to hospitals and clinics from the U.S. for potential patients from Colombia. He searched for legal advice from U.S. lawyers, and contact with lawyers was initiated through a Colombian doctor registered on Flyclinic's platform. One of his patients from the U.S. recommended a lawyer in Houston, and the President of the U.S. Medical Tourism Association recommended a lawyer in Boston. Through the lawyers, Thomas learned that Flyclinic's business model would need to be adapted to allow U.S. hospitals and clinics to avoid taxation in Colombia. Thomas travelled to the U.S. twice during 2011 in order to visit hospitals, clinics, and doctors.

## **Change of strategy**

On March 24, 2012, Flyclinic made an announcement on Twitter: "FlyClinic is going to implement a number of strategic shifts: helping Medical Tourism in Colombia go mainstream!"<sup>11</sup>

Although the hospital and the clinic signed the contract with Flyclinic, only one doctor from the clinic signed up to offer his services. According to Thomas, "whereas in the U.S. doctors are promoting themselves actively on social media platforms, [in Colombia] this doesn't seem to work. I don't ask the doctor spending two hours daily on the platform. It's

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<sup>11</sup> Twitter (March 24, 2012). Flyclinic. Retrieved from <https://twitter.com/flyclinic>

only that the doctor tells his assistant to upload a picture onto the platform and if a patient asks for information the assistant takes care about it. But nothing happens!”

Thomas considered two changes to Flyclinic’s current business model: offering a worldwide platform for free exchange of information between doctors and potential patients and, for Colombia, separating doctors and the platform, offering a social media platform for potential patients interested in medical treatments in Colombia.

The first strategic shift involved building a worldwide community of doctors interested in promoting their services to a larger audience. People could search for medical treatments and rate doctors according to their level of satisfaction. Initially, Flyclinic would not intervene in the exchange of information between doctors and potential patients. Only if the community grew would Thomas consider intervention and regulation: “Then we could tell the doctor, ‘ok, we saw that last year you received 20 requests through our platform. We therefore assume that you received minimum two patients. If you would like continue using our platform we ask you to pay 10 dollars annually.’ We would gradually limit [free usage of the platform] in order to create a cash-flow.”

The other strategic shift takes advantage of Flyclinic’s physical presence in Colombia but tries to overcome the problem of doctors not signing up on the current platform by offering a social media platform to people interested in medical treatments in Colombia. People would not have direct access to doctors and would need to contact Flyclinic in order to receive offers: “This means, I get 10 calls and perhaps I am able to convince one person. And then we send everything manually to the potential customer. We will have the doctors resume as a PDF document and send them to the patients in order for them to make a decision.” The new design of the platform, for which doctors do not need to sign up and

potential customers do not have to provide much information, will be optimized for digital marketing purposes.

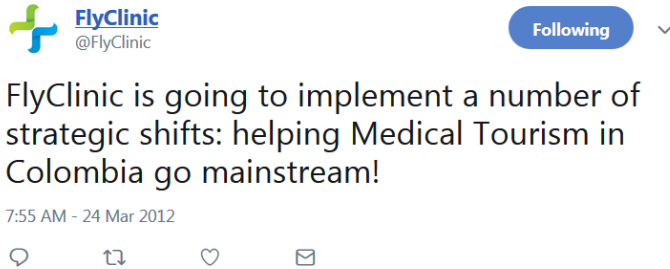
Due to problems with the design and programming of the previous version of Flyclinic's platform, Thomas decided not to outsource, instead completing the design and programming by himself. He tested the beta version of the platform for medical treatments in Colombia over Skype with people from the U.S. in order to receive critical feedback on the functionality and attractiveness of the website.

The implementation of these strategic shifts was informed by conversations with Conrad, a successful social media entrepreneur from the U.S. living in Medellin. Thomas was interested in gaining insights into how the current platform could be better promoted among his target market in the U.S.: "I met him for a coffee and told him, 'be honest, you have experience in Silicon Valley, how this works in the U.S., provide me with critique [of Flyclinic's website]'. And he then completely criticized down Flyclinic. He pointed out all the weaknesses. I took note and were rethinking everything on the following weekend."

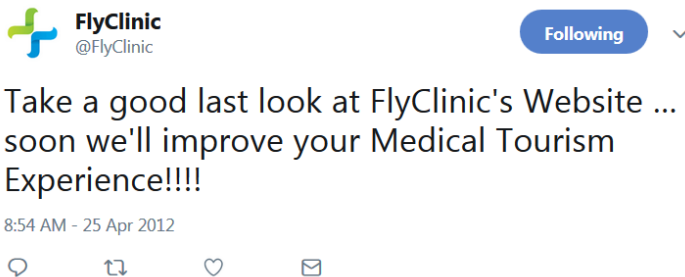
Thomas eventually re-launched Flyclinic's website (see Figure 4 for the campaign created on Twitter).

## Figure 4 Re-launch of Flyclinic's website

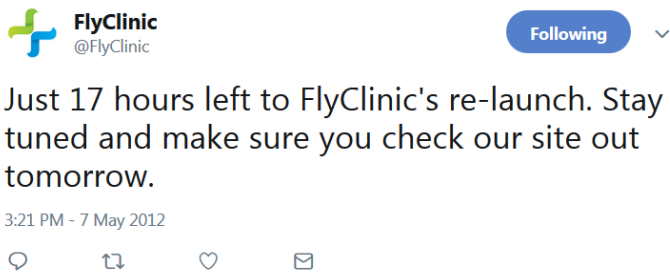
March 24, 2012:



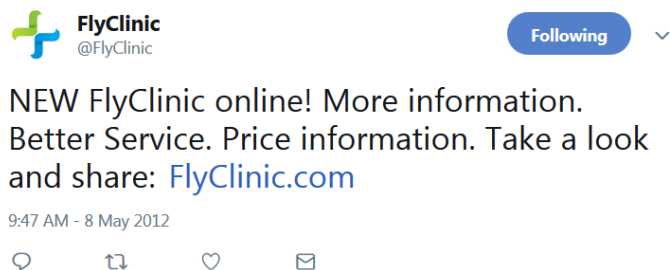
April 25, 2012:



May 7, 2012:



May 8, 2012:



Source: Twitter Flyclinic, <https://twitter.com/FlyClinic>

### **Switch to “starvation mode”**

The re-design of the platform for medical treatments in Colombia spurred increased interest among potential customers in the target market (i.e., the U.S). However, a problem remained on the provider side: “Do you know what? I had hospitals that took over three months answering [a customer request]. If you go to any company here you would get an offer within 24 hours because they are interested in selling. There are also doctors who take over three days to respond to a patient. The patient will be gone by then.”

Thomas increasingly asked himself whether the market in Colombia was really interested in attracting patients for medical treatments. Despite the national and local governments’ initiatives to promote the growth of medical tourism in Colombia, hospitals, clinics, and doctors did not seem to be interested in responding to Flyclinic’s offer.

Thomas believed that the problem was not Flyclinic’s business model, but the market itself: “I am going insane because I am trying to change a market or providers who don’t want to change. Because, most probably, they already have sufficient customers. Plastic surgeons for instance here in Medellin, most probably they don’t want foreigners. That’s my impression, because they are already fully booked and don’t need this extra market [patients coming from the U.S. for plastic surgery]. And this is what I indirectly get as feedback. [...] I had conversations lately with clinics where they question themselves if they have capacity available for additional patients. Such things I have never really questioned. This was also my mistake that I never questioned if they really need medical tourism.”

As a result, Thomas switched to what he called “starvation mode.” He continued to respond to customer requests and occasionally contributed to Flyclinic’s blog, but he did not invest

much time, energy, or money into growth of the business: “If I am successful one day, [hospitals, clinics, and doctors] will come to me by themselves. And then this [platform] will hopefully work by itself.”

## **Conclusions**

Thomas, a German national and internationally experienced executive, moved to Colombia with his wife. Following the advice of a local employment agent, he decided to start his own company. He teamed up with Daniel, a fellow German, and created an Internet platform on which hospital, clinics, and doctors could offer their services to potential patients from the U.S.

Promotion of medical tourism and creation of a business cluster for medical and odontology-related services targeting international markets have been high on the agenda of the local government and Medellin’s chamber of commerce. This provided an interesting context for the entrepreneurs to explore.

Daniel soon left Flyclinic and Colombia to move back to Germany. Thomas was suddenly in charge of the marketing of the newly founded company, including selling the service to hospitals and clinics in Colombia and all online marketing activities. He also needed to find an investor to replace the financial gap left by Daniel’s retirement. Thomas decided to outsource the design and programming of Flyclinic’s Internet platform. This proved to be challenging; the initial launch of the website was delayed by eight months, and a later re-launch in which the platform was integrated with social media failed. In short, the companies responsible for Flyclinic’s website were not able to deliver what Thomas expected. He then decided to take the development and promotion of the platform into his own hands.



Making hospitals and clinics sign the terms and conditions for use of the platform was a major obstacle; only one hospital and one clinic signed the contract with Flyclinic.

Disappointed by the slow response of providers from Colombia, Thomas modified the business model, opening the platform to hospitals and clinics from the U.S.

Although one hospital and one clinic were on Flyclinic's platform, doctors from these institutions did not sign up to offer their services. This caused Thomas to re-think the business model and subsequently shift the strategy. He tried to separate the doctors and platform, focusing on a social media website to promote medical treatments in Colombia to potential customers in the U.S. Again, doctors seemed to be reluctant to respond to client requests from the U.S., even if they did not need to register their information on the new website. Thus, Thomas began to question whether hospitals, clinics, and doctors in Colombia were interested in medical tourism at all. Flyclinic eventually entered into "starvation mode," as Thomas called it.

Thomas thought about what went wrong with Flyclinic. Medical tourism seemed to be an emerging industry in Colombia and an established business in the U.S. Colombia had received many patients from abroad seeking medical treatments, causing the national government to identify medical tourism as an important growing sector and the local government to actively promote the creation of an industry cluster. Thus, the external conditions for Flyclinic seemed attractive. Thomas asked himself:

- What further changes to the business model, if any, would be required in order for the market to respond?
- If he could start building Flyclinic again, what would he have done differently?

## **Discussion questions**

- 1) Describe the emergence of Flyclinic. What critical internal and external events shaped the design of the business model?
- 2) What were the strengths and weaknesses of the entrepreneur(s) during Flyclinic's creation process?
- 3) At the current stage, do you recommend that Thomas implement further changes to the business model or stop Flyclinic's operations? What further changes would you recommend?
- 4) What do you think the entrepreneur(s) should have done differently in order to succeed with their business model?

## Appendix Curriculum vitae of Thomas Treutler

**Thomas Treutler** – Experienced Executive and Entrepreneur

### *Summary*

Strategic and performance-focused executive with 15+ years of experience in various industries in Europe, the USA, and South America. Expert in leveraging global resources, capabilities, and relationships to gain an advantage when developing highly effective interdisciplinary professional networks. Motivational leader known for clearly defining mission and goals, aligning people and resources, and consistently delivering results that exceed expectations. In-depth knowledge of local cultures. Thorough understanding of complex intercultural business transactions. Fluent in Spanish, English, and German.

Specialties: General management, global business development, performance optimization, strategic planning, P&L responsibility, corporate administration, crisis management, budgeting and finance, cleanroom markets & pharmaceutical production, open innovation & commercialization, research & development, intercultural negotiations, technical sales, project management, sustainability strategy

### *Experience*

- Lecturer at Universidad EAFIT/Medellin (Colombia): January 2000–Present
- CTO at Berkshire Corporation (Great Barrington, MA, USA): July 2007–June 2013 (6 years)
  - Led development of new products in key technological areas
  - Implemented new technologies, taking advantage of global interdisciplinary team
  - Increased visibility of technological expertise in industry sector
  - Developed groundbreaking technology patent
  - Advisor to CEO since 2013
- Sales Manager Europe at Robert Bosch GmbH (Stuttgart/Germany, Detroit/USA, Tokyo/Japan, Madrid/Spain): July 2003–June 2007 (4 years)
  - Led global team, responsible for 42M USD in tier 1 sales
  - Successfully developed and implemented strategy for technology roll-out in the North American automotive market
  - Supported Global Board of Directors in 1B USD litigation and won

### *Education*

- Universität Leipzig (Germany): PhD, Physics, Chemistry, Nanotechnology, 1997–2002
- Activities and Societies: Leo Club, Lions Club Leipzig
- Leipzig University (Germany): MA (Diplom), Physics, 1991–1997
- Keele University (England): Semester Abroad, Physics, Organizational Behaviour, 1995–1995
- Lund University (Sweden): International Internship, Physics, 1993–1993

Source: LinkedIn, <https://www.linkedin.com/in/thomas-treutler>