# Diligence Questions For HIP

Firstly Lets Orientate ourselves around 3 main products so I can use the nomenclature throughout the questions

- Operator on Demand  (fractional roles)
- Hourly Meetings (one hour calls bought in packages)
- FTE (Direct placement)

## 1. What are your CAC (experts)? Is it different based on types?

Initially, we invested in building our expert network through a combination of paid channels and referrals, resulting in a Customer Acquisition Cost (CAC) of approximately $125 per expert. This is well below the industry standard of about $250 for acquiring clinicians and scientists. Both Greg (our COO) and I have extensive backgrounds in marketing to scientists and clinicians, which has enabled us to optimize and lower acquisition costs effectively.

About 12 months ago, after growing our network to 2,000 experts, we paused all paid acquisition efforts to focus on engagement, specifically by increasing demand-side activity. Currently, we can fulfill 80% of our client engagements with experts already in our network. For the remaining 20%, we recruit externally, which has become our primary method of expert network expansion.

Looking forward, we anticipate that expert growth will primarily be driven through our partnership with the American Heart Association (AHA), leveraging their membership base and referrals, along with the continued custom recruiting for specific engagements when needed.

## 2. What is your CAC (customers - companies)?

~$12,800

## 3. What is the average duration for a gig?

For Operators on Demand its 4 months

For Hourly call packages - they are usually completed within 6 weeks.

## 4. What is your LTV for experts and customers (assuming difference between scale-ups and enterprise/bigger companies)?

LTV For Enterprise Companies: $1,020,000

LTV for Startups: $216,000

## 5. Need to understand more about the key use cases of how a paid customer would use it.

Let's go through some real world examples.

**Grail**

- **Project 1: Go-to-Market (GTM) Strategy for Key B2B Channels**

*Engagement:* 3 “Operator on Demand” channel experts specializing in Employer, Health Systems, and Payor channels.
*Duration:* 4 months

- **Project 2: Fractional Product Leadership**

*Engagement:* 1 “Operator on Demand” as a fractional product leader, providing two days per week of service.
*Duration:* 3 years

- **Project 3: Clinician Feedback**

*Engagement:* Hourly calls with oncologists to gather targeted insights.

**Spark Neuro**

- **Project 1: Payor Feedback**

*Engagement:* Hourly calls with payors to gather critical feedback.

- **Project 2: Fractional Payor Business Development (BD)**

*Engagement:* “Operator on Demand” Director-level BD professional specializing in payor channels.
*Duration:* 4 months

- **Project 3: Full-Time Employee (FTE) Business Development Leader**

*Engagement:* Full-time business development leader focusing on payor relationships.

**Xander Kardian**

- **Project 1: Fractional Chief Medical Officer**

*Engagement:* “Operator on Demand” role as a fractional CMO, providing ongoing medical leadership.

*Duration:* 18 months

**Evidation**

- **Project 1: Clinical Trial Manager**

*Engagement:* "Operator on Demand" clinical trial manager to oversee project execution.
*Duration:* 6 months

- **Project 2: Clinical Trial Manager**

*Engagement:* "Operator on Demand" clinical trial manager for additional support.
*Duration:* 4 months

- **Project 3: Patient Recruitment Survey**

*Engagement:* Clinician-led survey focused on patient recruitment strategies.
*Duration:* 6 weeks

**Delphi**

- **Project 1: Advisory Board for Breast Oncology**

*Engagement:* "Operator on Demand" engagement with a board of 6 breast oncology experts.
*Duration:* 4 months

- **Project 2: Go-to-Market (GTM) Strategy for Genetic Testing**

*Engagement:* "Operator on Demand" service supporting GTM strategy for a genetic test product.
*Duration:* 3 months

**6. Can you provide specifics into your product roadmap?**

MDisrupt has launched the first version of our Expert Marketplace, connecting healthtech companies with a curated network of healthcare professionals, including physicians, regulatory specialists, and scientists, to accelerate product development and commercialization. Our forward-looking roadmap emphasizes expanding platform capabilities to improve usability, compliance, and engagement for clients and experts alike. We're implementing AI/ML-driven enhancements for expert matching to connect clients with highly relevant talent, broadening discovery across our network. Key upcoming features include a cross-platform mobile app, hourly meeting scheduling, advanced user management and onboarding, and integrated reviews and ratings. Additional plans encompass timesheet and payment processing, conflict of interest tracking, in-app notifications, and comprehensive analytics. We're also preparing a UI/UX overhaul for mobile compatibility, along with security enhancements and gamification features centered on expert and client referrals.

## 7. You mentioned the use of AI - in what capacity? Is this happening right now? If not, what is the estimated time?

AI is currently used to analyze the expert resume and extract information from it, such as knowledge, skills and abilities. It is used to create an AI generated summary of an expert profile for client presentation. We use it to analyze client project requirements, to determine the knowledge, skills and abilities required for the project, and then use this within our AI matching algorithms to find the best experts. In future iterations of our product, we will expand the use of AI to include survey generation (for example, pre-filtering questions for experts, or asking experts questions, which help refine their profiles). We will also use it to conversationalize our expert, client and project onboarding experience to provide a less form based, and more natural and dynamic intake process.

## 8. You mentioned a data play - can you give us specifics on the strategy there? How would that be used and who would buy that?

This is a much longer discussion and is the plan for Mdisrupt 2.0. This will not be done until after we raise series A

## 9. In the beginning, you individually screened and interviewed each advisor/expert - how do you intend to do that as you scale? What is the plan?

To maintain quality as we scale, we are implementing a multi-layered scoring and ratings system. Initially, experts will be scored based on key factors like their resume, years of experience, and specific areas of expertise. This scoring system will enable us to automate part of the screening process, ensuring that only qualified experts are onboarded.

Additionally, we will introduce a peer rating system where experts can rate each other based on collaboration and knowledge-sharing experiences. Clients will also have the ability to rate experts after engagements, providing continuous quality feedback. This dual-rating approach will help us uphold high standards, improve matching precision, and foster accountability within the network.

As we grow, these measures will allow us to maintain a curated network of top-quality experts, while reducing the manual screening burden.

## 10. As experts come on the platform, you mentioned it is their responsibility to have their conflict and compliance figured out - do you have them sign or complete a form agreeing they have determined those things so you are not held liable?

Yes its part of the T&Cs and the consulting agreement they sign when they onboard

## 11. What are your gross margins? How do you increase them? What is the plan for that?

This year, our gross margin stands at 48%, higher than in previous years due to three key factors:

- **Subscription Revenue** - Growth in subscription revenue has provided a consistent, high-margin stream.
- **Hourly Calls** - These engagements yield margins of over 60%, significantly boosting overall profitability.
- **FTE Placements** - For several full-time placements, we do not incur direct expert payment costs, which has led to a margin increase.

In a more typical year, our gross margin is around 30%, which varies based on the proportion of “Operator on Demand” projects sold (lower-margin, approximately 20%).

**Strategies to Sustain and Increase Margins:**

- Expanding the volume of subscription-based deals.
- Targeting more enterprise-level subscriptions, which offer higher revenue potential.
- Growing the volume of hourly call engagements and FTE placements.
- Exploring new premium subscriptions for experts seeking additional services, which would provide incremental high-margin revenue.

## 12. When selling to customers, do you run into competition? If so, who, and how have you been able to win business?

For our **Operators on Demand** service, the primary competition comes from customers attempting to fulfill these roles internally through their own networks. However, in many cases, clients return to us within three months after realizing the value of our streamlined, specialized approach and the efficiencies it brings.

In **Hourly Calls**, we compete with companies like GLG and AlphaSights. Our strategy is to capture market share from these established players. There’s a strong demand for an alternative, as we frequently hear feedback that GLG and AlphaSights lack the specificity and nuanced expertise required for healthcare-focused engagements. This healthcare specialization has allowed us to stand out and attract clients seeking depth and precision in their expert interactions.

## 13. Have any experts/advisors gotten hired full-time by your customers? If so, how many? Do you anticipate that to grow? If so, what % of your supply would you anticipate getting hired?

Yes, several experts have been hired full-time by our customers, and we’ve transformed this into a feature that enhances our gross margins while establishing champions within client organizations. We expect that companies with a subscription to our platform will increasingly leverage it to fill full-time roles.

This trend is beneficial for us, as most marketplaces see 1-2% utilization, whereas we currently operate at 4%. While our network growth may adjust these figures, we don't foresee full-time placements cannibalizing our core business. Instead, this model offers a cost-effective recruitment strategy where clients can "try before they buy," positively impacting our gross margin.

Additionally, we see potential for larger deals by placing entire teams around an innovation or a company that a VC or PE firm is investing in. This approach allows us to support high-growth initiatives at scale, positioning us as a valuable partner in accelerating innovation.

## 14. Your FTE buyout model seems fairly cost-effective compared to executive recruiting firms - have you thought about getting more aggressive with that strategy? What do you think about that process? Perhaps try an advisor and then hire model?

Yes, we have already implemented this strategy in several scenarios:

- Use Case 1: A client initially engages an expert as a fractional team member and, after a few months, decides to hire them directly as a full-time employee.
- Use Case 2: For clients who prefer a "try-before-you-buy" approach, we place the expert as a consultant. After a trial period of a few months, the client may convert the expert to an FTE if they are satisfied with their performance.
- Use Case 3: For clients with urgent FTE needs, we conduct an active search and place candidates to fill the role quickly.

This model not only provides flexibility for our clients but also enhances our competitive advantage by offering a seamless transition from fractional or consulting roles to full-time positions, effectively positioning us as a cost-effective and strategic alternative to traditional executive recruiting firms.

## 15. As part of your GTM strategy, can you provide some more details on your partnerships (AHA partnership is awesome) hit list? What is the plan for similar organizations? Who is next or on your target list?

Our partnerships are integral to our go-to-market (GTM) strategy, as they allow us to build credibility, expand our expert network, and increase reach within key segments. Here is an overview of our current partnerships and strategic direction:
Current Partnerships:

- **American Heart Association (AHA)**: A collaborative partnership that includes investment, joint development efforts, and the addition of AHA-affiliated experts to our network.

- **California Health Care Foundation (CHCF)**: Through this partnership, a portion of CHCF's investment in companies is allocated toward accessing experts from MDisrupt, allowing us to support their portfolio companies effectively.
- **Matter Health**: We provide expert recommendations to companies within Matter Health's network, with a revenue-sharing model in place.
- **National Institutes of Health (NIH)**: As a preferred vendor for the NIH SBIR consulting program, we support early-stage healthtech innovators with expert guidance to drive impactful innovations.

**New Partnership Targets and Active Conversations:**
We are actively pursuing additional partnerships with organizations that align with our mission and can further expand our market presence - some active conversations we have going:

- Providence Health System
- Kaiser Health System
- UPMC
- American Cancer Society
- SCAN (Payor)
- Peterson Institute

Our focus is to form strategic alliances with these organizations to not only extend our reach but also drive value by positioning MDisrupt as the go-to platform for healthtech expertise. By partnering with these respected institutions, we aim to strengthen our expert network, enhance our service offerings, and establish a sustainable pathway for scaling our GTM strategy.

## 16. PE came up a bunch as potential clients - have you had any conversations from that side? If so, what has been the general sense there?

Yes, private equity (PE) firms represent a promising new client channel for us, and we have already initiated conversations with several firms, which have shown strong interest in our platform. PE firms see value in our ability to provide rapid access to specialized healthtech expertise, particularly for portfolio companies needing strategic insights or operational support to scale effectively.

As we expand our sales team, we plan to prioritize outreach to PE firms to build this channel further. Additionally, with the upcoming rollout of our automated hourly calls platform, we will be well-positioned to offer PE clients flexible, on-demand access to experts, a feature that aligns closely with their needs for timely, high-impact consulting.

## 17. Do you ask your experts if they are looking for full-time opportunities?

Yes we do, we ask about all the opportunities they are seeking.

## 18. What is your attrition rate with experts/advisors?

Our attrition rate is close to zero. To date, only one expert has requested to be removed from our platform after securing a full-time position and choosing to step away from side engagements.

## 19. Why have investors passed - what did you ascertain the reasons were?

Investors who have passed typically did so for one of two main reasons. First, some did not fully grasp marketplace dynamics or see the need for a healthcare-specific marketplace. This was more common among investors without a strong background in healthcare, who may not have appreciated the unique requirements and nuances of the sector.

In the very early stages, others passed because we had not yet developed our technology platform or established ARR. Both of these factors have since been addressed, positioning us with stronger fundamentals for growth.

## 20. What are your exit plans? Timeline? At what revenue level? And who do you anticipate as an acquirer?

**Exit Strategy and Timeline**

My dream exit would be to reach a revenue milestone of $100M within 6 years, at which point we would aim for an IPO. . However, a more realistic scenario would be reaching $50M in revenue over the next 3-4 years, positioning us for an acquisition at an estimated 7-10x revenue multiple.

**Potential Acquirers**

We see multiple paths for strategic acquisition. The American Heart Association (AHA), as a current strategic partner, is a primary potential acquirer. Other prospective buyers include LinkedIn and Salesforce, both of whom have shown a strong interest in expanding their presence in healthcare talent and networks. Additionally, we have already received interest from private equity (PE) firms exploring roll-up opportunities within healthcare product development, signaling an active market for acquisition in our space.