

# How to make it in America: how UK healthtechs can get a head start on their US expansion

For healthtech startups in the UK and Europe, the USA continues to be the land of opportunity. Valued at \$88B this year, the US digital health market is incredibly attractive to international companies.

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Alongside the benefits of a market of this scale, many founders perceive the US as a more favourable one in which to launch and scale: *a fifth of new UK health SMEs* even state that they would opt to launch in the US before the UK.

Yet despite this level of ambition, only a small number of European healthtech companies have successfully completed a US expansion – a short list that includes companies like Unmind, Nurokor, and *Proximie*. So what are the pitfalls that they encounter which scupper their plans, or even force them to abandon them altogether – and how can they be overcome?

## Don't wait for the 'perfect' moment to

# prepare for US expansion

The most successful solutions are borne out of genuine need. If you are confident that you are solving an existing need in the US market, then the 'perfect moment' is now.

Begin preparation ahead of time so that, by the time you're ready, you have all the information you need to move quickly in the US market. Identify the key stakeholders, target audiences and business model that expansion would require. Understand what information you would need to satisfy regulatory requirements and explore how you could apply the feedback and results from testing in your home market to demonstrate compliance or suitability in a new environment. At KHP Ventures, we work with our portfolio companies to test and validate solutions within the South East London hospital system, helping to build the evidence base that will help them to scale in the future.

For advanced companies, the ability to point to impact already delivered is essential. Proof points, reinforced by evidence, show new customers that you can make a difference to them from day one. This is one of the reasons that from the very beginning, we wanted everything at Proximie to be evidence-based and our platform has subsequently been clinically and scientifically validated in over 20 independent research papers - a model we have sought to replicate with KHP Ventures portfolio companies.

By *planning for expansion*, you're also sending a message to investors at home and abroad that you are thinking about long term growth. Certainly at KHP Ventures, when we undertake due diligence on a potential partner, we look favourably on those which have already begun to consider what growth in new markets looks like.

## Think carefully about how you intend to enter the US market

Think hard about who your first customers in a new market might be, and how best to reach them. Since Proximie first entered the US, we have expanded to 40 states and over 120 hospital sites in the US, driven by effective partnerships.

But success requires a partnership strategy tailored to your objectives: will you aim to localise your product, and work with potential partners to build an evidence base, or will you go straight to market and begin selling to customers? Whichever is the case, choose potential partners suited to achieving those goals.

A new partner's mission and values should align with your own to avoid chasing growth at the expense of authenticity. Balancing opportunities that further your mission while also delivering commercial benefits to your business is a tightrope that all founders must walk.

## Define and quantify the problem you're solving and the need you're addressing

Success in a new market requires understanding your target audience, their priorities, and how to frame your solution as solving a problem they have encountered or are likely to.

More so than in the UK, patients in the US are active consumers of healthcare. Where appropriate, you may need to provide metrics around consumer satisfaction. Equally, where your customer is a hospital or healthcare provider, the business metrics of the US healthcare system can differ to those of the UK, and your activities should reflect this.

The most effective solutions outline the scale of the problem their target audience may be experiencing and position themselves through clear data and outcomes.

## Consider how you can adapt your strategy to the US's different reimbursement models

Knowing who it is that uses your product as well as who it is that pays is essential to understanding if and how your solution can be profitable. Here, many founders fail to anticipate how significantly US and UK healthcare systems differ.

This will inform everything from your go-to-market, pricing and product strategy to promotional activities. Knowing what it is each audience wants, their role and the drivers of behaviour will help to determine the exact level of personalisation required for each audience.

It's important to stay consistent. By putting mission at the heart of your overall message, you can remain focused while tailoring the value proposition to the relevant audience. For example, Proximie's overarching message remains focused on our mission to ensure access to safe surgery – with activities tailored to specific concerns faced by surgeons, hospital managers and healthcare organisations.

# Focusing on expanding your presence in the US market

Nothing is more valuable when launching in a new market than a network of experts that can champion your solution, connect you to potential partners, and provide advice on adapting your strategy and solution to local needs.

When scaling Proximie, we found that – while webinars, demos, and other remote communication helped – there was no substitute for having a physical presence in key markets. Networking opportunities and speaking engagements put the Promixie team in the room with potential partners and collaborators, and helped to grow our network and reputation in the US.

But it's important to think strategically and identify opportunities from which you'll derive maximum value. Sector-specific accelerator programmes, such as the Cedars-Sinai Accelerator, can yield valuable opportunities for networking, advice and support. Events such as the CSA's recent UK Innovation Exchange Week – a partnership which saw six of KHP Ventures' portfolio companies receive coaching and mentoring support from US healthcare experts – can build partnerships and relationships in key markets when founders make the most of the opportunities they create.

Equally, don't hesitate to leverage the networks of your investors. It's an investor's job to help you access the expertise your business needs, and this includes connections that support your growth and expansion in target markets. At KHP Ventures, we actively make connections with fellow Venture funds in the US, like General Catalyst, and create partnerships with high quality accelerators, such as Cedars Sinai, because we know that these connections are key for our companies to succeed.

For European healthtech companies, securing a foothold in the US market is no easy task. It requires forethought, planning and an extraordinary level of commitment from you and your team. The nature of the US market is fragmented, competitive and complex; any team looking to break the US should think hard about whether an expansion is the right choice for your business.

But it is possible – and a successful expansion is just as rewarding as it is challenging. While many of the barriers you encounter when expanding to the US will require you to adapt, grow or change direction, doing so will use the same skills that every founder employs day in, day out to build a successful company.

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