

# alan

## Exec sum.:

- Our vision is to change the way we interact with healthcare based on user interfaces and data-science personalized prevention.
- In order to do that we are creating the new health insurance in Europe, starting with France. We focus on technologies, design and machine-learning to deliver value to users.
- We will be unique and profitable thanks to our UX that eliminates the arcane rules of the insurance industry, our direct distribution model, our no-paper back-office and our machine learning algorithm to become the central platform for health services.
- Founders are an experienced serial entrepreneur (first success in aerospace with the lightest aircraft seat in the world) fascinated with healthcare and a data-scientist leader passed through Facebook & Twitter who has a proven track-record on generating value from complex data.
- Yet, we have ensured our agreement process with a unique and distinctive approach (complete integration of insurance code, Solva2, supporting network of former regulation members, board & team), defined roadmap and technologies, set-up everything for the amazing talents that are joining us
- We are now closing a first round (€2m) to develop our product (web & app) and finalize the insurance licensing process, and another c. €7m which is our equity requirement to officially become an insurance. We are looking for long term partners that will help us build the greatest European health platform and insurance

## **Our Vision:**

Redefine the way we interact with healthcare in Europe through our health insurance focused on technology, data and design.

## **Problems:**

- User experience is very poor in health insurance
- Pricing and benefits are unclear for the user (no transparency). Users are not able to compare what they get
- Onboarding is complex, mainly paper-based, with several steps
- Healthcare costs and efficiency are not tracked for individuals and employers
- No personalized prevention
- All companies have to provide a health insurance in France to their employees starting 2016

## **Our Solution:**

- New health insurance solution
- 100% web & app tool
- Become a member in less than 5/10 minutes
  - Very simple questions (SMS-chat discussion on problems)
  - Choice between 3 very simplified and transparent plans
- As an employer, track what you spend on health in one dashboard, the impact of your prevention on macro-company metrics
- As an individual, history of your prescriptions, doctor visits, how to search a doctor, reminders...
- Do prevention through our preventive algorithms, sport & food
- Platform for new health tools: pick the right doctor, symptoms online check-ups, telemedicine

## **Why now and why in France?**

- All companies will have to differentiate by picking a clear and simple plan to their users. Especially start-ups and we know how to distribute to them
- There is no real competition in Europe on a tech-based approach
- Other European countries seem to lack products too. We will have an European approach
- Within France, we have a unique market access through our network, regulation understanding and regulation change towards collective insurance that will support our growth
- [Oscar](#) has proven in the US the capacity to attract customers (40.000 customers in 1.5 year, likely to reach 130,000 this year / [\\$1.85bn valuation](#)).

## **Master Plan**

The initial product of Alan is a simplified and unique complementary health insurance for the French market. However, our long term plan is to build the new gateway to your health, helping

users understand and take educated decisions in a healthcare system that is today based on asymmetry of information and complexity. It means that we will be at the edge of future healthcare technologies and give access to them to our users with the best possible user experience.

Critical to making that happen is to set up the foundations of the system, rebuilding trust between people and insurers and leverage the power of data with the right UX and protection.

The strategy of Alan is to enter the crowded and non differentiated health insurance market in France, where customers want simplicity and fewer hurdles, and then expand features as fast as possible to offer more than reimbursement while reducing our unit cost for services.

So what is the plan:

**First step:**

- Become a health insurance in France
- Start with small companies as core users
- Deliver the best user experience on our initial product: simple onboarding for everybody, transparency on our product, easy to be reimbursed and to track it
- Metrics: Insurance licence, 100 users, sign-up complete company in less than 5 minutes

**Second step:**

- Iterate on our core features: better dashboards, more integration for sign-up
- Understand from our users how they use our product
- Focus on customer support
- Metrics: 1,000 users, high level of recommendation from our existing base

**Third step:**

- Start the work to build a platform for healthcare. We will be the promise of state of the arts technology to manage your healthcare.
- In order to do that, we will begin with the integration of new services: doctor locator, pricing tools, doctor booking

**Fourth step:**

- Expand to one new European country

**Within the next 3 years:**

- Expand to other European countries and other continents
- Build an open platform to connect people with the latest technologies in e-health
- Find new ways to interact with the healthcare system, while keeping experience simple

## Market:

### French Market size:

- Health insurance: €34 bn market (the rest is covered by "Sécurité Sociale", ie. €200bn. Sécurité Sociale will cover less and less)
- 96% of French population have a complementary health insurance
  
- The French insurance market is divided into three types of players that don't exactly have the same regulatory structure: Assurances, Mutuelles, Instituts de Prévoyance (IP45)
  - There is a consolidation in IP45 and Mutuelles
  - In average, Assurances have the best cost structure and profitability

### *French health insurance market (2013)*

	Sociétés d'assurance	Institutions de prévoyance	Mutuelles	<b>Total</b>
# of companies	96	28	481	<b>605</b>
Premiums collected (€ bn)	9.2	5.8	17.8	<b>32.8</b>
Market share	28 %	18 %	54 %	<b>100%</b>
Small businesses	6 %	0 %	43 %	<b>33%</b>
Healthcare in total insurance business	6 %	48 %	84%	<b>16%</b>

### Profitability & cost structure:

- Margins for health insurances:
  - 3 to 6% range for individual contracts
  - -3% to 1% range for collective contracts
- Customer acquisition up to 13% of sales, administration 6%, claims management 4%, health cost 80%

Our distribution model will reduce drastically customer acquisition costs (every insurance is depending on a network of brokers and agencies that take a large part of the margin), and we will use new technologies to enhance administration and claim management (complete digitization).

On a middle term perspective, our learnings on data will support the reduction of health costs.

### Customer profile & roadmap:

- Short term: our ideal customers are start-up companies looking for insurances for their employees: c.25,000 employees concerned (+ 2,500/5,000 every year)
- Average health insurance cost per user per year: 700 €, 1 000 € for a family (per subscribed user). Our metrics are less than standard average in France (1 110€ per subscribed)
- Then, we will focus on self-employed (3m), SMEs employees (3.7m), and university students (1.5m)
- Some large companies are interested to move on full digital in order to change their image. We will address them as soon as our product is ready and tested with start-ups (through our network)
- We are setting up network effects tools to incentivize actual users in order to push them to generate new users (*PayPal growth*)

#### Geographic growth:

- Geographic growth (UK, Germany) when we have achieved significant market share on our first submarket: start-ups in France
- Different healthcare problematics, but front-end and needs remain the same
- We have not found an European-wide back-office supplier, so it will remain a question for scaling
- UK: €7.5bn market, with NHS (public) covering the largest part of cost and network.
  - 4 big players own 90% market share.
  - An approach through companies is also a great strategy
  - We need to assess the importance of networks in the UK.
- Germany: total health spending €327bn/year, of which private insurance is c. €40bn
  - Only 12% of the population with full private insurance + 20% of public insured have complementary private health insurance.
  - Membership in the GKV (public) is mandatory if you are an employee with gross salary less than 54.9 K€ per year.

#### Competition:

##### Competitors:

- No start-up competition in Europe (some new brokers in France)
- A few web-based brokers but none with a real online user experience approach. They have lower flexibility to push new health insurance product & services being brokers:
  - [Santiane](#): good team, but are doing more than 50% of their distribution through brokers. Have lost their web approach (as shows its website)
  - [AllSecur](#): multi-product, individual approach
  - [+Simple](#): online broker for companies in insurance

- The big ones in insurance (Axa, Allianz) have a digital approach, but still very complicated on-boarding, product & pricing transparency. These companies are not structured to release real product innovation. Why?
  - They have “big” corporate structure and are blocked by a large network of distribution agencies they can’t get rid of.
  - Their digital team is at group level, receiving specifications from branches and then delivering apps. For example AXA has more than 30 apps in his portfolio...
- The big “Mutuelles” are “old” companies with existing distribution which is through agencies and brokers

#### Our Competitive advantages for users:

- Very simple and very clear to the user: for the first time, understanding the cost of health
- Real tools for the employer to manage his health
- Product and design oriented team coming from tech
- Focus on user experience
- Prevention tools that allow you to decrease your premium

#### Our competitive advantages as a company:

- We developed a unique approach to certification (based on successful experience in aerospace on the same topics) internalizing knowledge, leveraging a network of experts and including the regulator very early in our discussion
- Ability to attract and hire the best talents in France on an underserved topic which is health insurance
- User-centric very short feedback loop: we have already pre-selected a few start-ups we are working with to develop the product and beta test UX before release
- Distribution in start-up market and SMEs markets who are underserved. We have already validated a pool of customers.

#### Why didn't they do it ?

- Big players that don’t need to innovate to consolidate their position
- Some initiatives (from brokers and some insurers) but market with little differentiation and no real tech team
- Product, design & data teams are split among big organizations

## **Product:**

### Functionalities:

- Very simple on-boarding
- 1 to 3 very simple pricing plans
- Dashboard to follow costs for the employer / for the employee
- Short-term, no very big price differentiation, but people will know what they pay for, and more services

### Middle term functionalities:

- Doctor recommendation (based on existing APIs)
- Preventive models to tell which specialist to see when in order to manage risks
- Doctor visit over the phone

### Product roadmap:

- Product (0-6 months)
  - Set-up onboarding
  - Develop web & app
  - Dashboard of costs for employer / employee
  - Set-up back-office through subcontracting

*Resources: CEO, CTO, developer, back-end, front-end/design*

*Vision:* Short-term, we will subcontract some parts of the product (customer service, claim management), and will vertically integrate them when we have released our front-end platform and started to show traction.

- Insurance (0-12 months)
  - File to become an insurance (3 to 6 months)
  - Pricing model
  - Actuarial model
  - Claim processing organization
  - Discussion with Autorité de contrôle prudentiel et de résolution: ACPR to become insurance (6 months)
  - Our own insurance offer (actuarial work)

*Resources: CEO, CTO, 1 senior exec from insurance (already selected), 2 former ACPR/insurance*

### Product roadmap (12-24 months):

- Booking system (using existing APIs) + doctor quality data
- Preventive analysis tools
- Telemedicine
- Platform for integration of healthcare tech

*Resources: + 2 data scientists, +2 engineers*

## **Business model:**

### Revenue model

- Monthly fee per user for health insurance service
- No set-up cost

### Pricing

- Pricing in the standard range (45 to 70 € per month)
- We are working and finalizing some innovations on pricing for eyes and teeth, but likely to be introduced later
- Actuarial model under process. They are not challenging for health insurance

### Sales & distribution model

- 100% web distribution
- Direct acquisition of start-up customers through contact portfolio, incubators etc...

### Customer/pipeline list

- B2C approach through web
- B2B approach through start-ups

### Customer acquisition cost & lifetime value:

- avg. 10 employees at €850 per employee per year = 8 500 € of revenue per start-up signed
- Lifetime value is 3 years on average. Standard in the market is 8 years (we are cautious on the topic)
- *Administrative set-up cost + sale cost to be finalized, but appears to remain very low in first calculation*

## **Regulation:**

- ACPR in France is the regulation organism
- We already had several contacts with ACPR members (from top levels to operating levels), former ACPR members and with former insurers that are helping us to build the filing.
- 6 months to review a filing (see product roadmap above on how we sequence the steps)
- Health insurances are the simplest to be granted because risks are easily assessed
- 18% of premiums collected have to be covered by equity, minimum of €2.5m, €5m-€10m is advised
- "Lead investor" is recommended, that will be able to feed the growth of the company
- Our documents are reviewed by former ACPR employees
- We are including "Solvabilité 2" requirements as soon as we create the company
- **We have already validated our approach with leading people at ACPR**

## Financial Business plan:

in €	2016	2017	2018	2019	2020
Country	FR	FR	FR	FR , UK	FR, UK, DE
Main target	Start-ups	Start-ups, Individuels	Start-ups, Individuels, PME	Start-ups, Individuels, PME	Start-ups, Individuels, PME
# users	500	7,500	40,000	75,000	125,000
Annual premium per user (incl. family)	213	850	900	925	950
<b>Sales</b>	<b>106,250</b>	<b>6,375,000</b>	<b>36,000,000</b>	<b>69,375,000</b>	<b>118,750,000</b>
Cost of health	(116,875)	(6,215,625)	(32,400,000)	(55,500,000)	(92,031,250)
% of sales	110%	97.5%	90%	80.0%	77.5%
Cost of administration	(8,000)	(450,000)	(2,240,000)	(3,900,000)	(6,250,000)
price per family (€)	8	30	28	26	25
<b>Gross Margin</b>	<b>(18,625)</b>	<b>(290,625)</b>	<b>1,360,000</b>	<b>9,975,000</b>	<b>20,468,750</b>
gross margin (%)	-17.5%	-4.6%	3.8%	14.4%	17.2%
<b>Expenses</b>	<b>(268,288)</b>	<b>(392,033)</b>	<b>(479,225)</b>	<b>(669,650)</b>	<b>(702,750)</b>
Intellectual Property	(10,000)	(10,000)	(20,000)	(20,000)	(20,000)
Rent	(39,996)	(63,200)	(97,600)	(142,400)	(176,000)
IT	(30,000)	(50,000)	(50,000)	(100,000)	(100,000)
Servers	(42,000)	(84,000)	(84,000)	(150,000)	(150,000)
Databases	(10,000)	(15,000)	(15,000)	(15,000)	(15,000)
Softwares	(15,250)	(16,500)	(23,250)	(32,250)	(40,500)
Materials	(18,542)	(30,833)	(26,875)	(35,000)	(26,250)
Travel	(27,500)	(47,500)	(62,500)	(75,000)	(75,000)
Lawyers & consult.	(75,000)	(75,000)	(100,000)	(100,000)	(100,000)
<b>Team</b>	<b>(579,399)</b>	<b>(1,298,985)</b>	<b>(1,890,108)</b>	<b>(3,053,940)</b>	<b>(3,644,354)</b>
<b>R&amp;D Tax Credit</b>	<b>131,671</b>	<b>237,440</b>	<b>322,984</b>	<b>570,703</b>	<b>681,381</b>
<b>EBITDA</b>	<b>(734,640)</b>	<b>(1,744,204)</b>	<b>(686,349)</b>	<b>6,822,113</b>	<b>16,803,027</b>
EBITDA margin (%)	-691.4%	-27.4%	-1.9%	9.8%	14.1%

### Resources needed:

- 0-6 months
  - CEO / CTO
  - Senior Exec from Insurance
  - 1 Front-end / design
  - 1 Developer
  - 1 Back-end
  - 2 former ACPR / insurance
- 6-12 months
  - + 1 data scientist
- 12-18 months
  - + 1 sales
  - + 2 data scientists
  - +2 engineers
  - +1 Product
  - +1 former insurance

### Financial needs (excluding insurance financing c. €7.5m):

- 0-12 months: €845k
- 0-18 months: €1.5m
- 0-24 months: €2.1m (*excluding revenue*)

### Subsidies:

- We will file for French subsidy scheme: objective c. €300k next year

### Fundraising short-term:

- €2m under closing in January with amazing individuals from insurance, healthcare (incl. clinics group), tech, French corporate...
- Value: €10m pre-money (+15% package for team)
- We are focusing on investors that can share experience, vision, with us.

### Fundraising middle-term:

- We are looking for a long-term partner for our growth that will help us build the greatest European health insurance and finance our insurance-related equity (c. €7.5m to start due to regulation)
- This fund can be suspensive to ACPR agreement to officially act as an insurer
- Funds are secured and invested in liquid assets with no risk for investor that are senior (especially in healthcare insurance where liability is very low)

## Team:

- Jean-Charles Samuelian, CEO
  - *Experienced entrepreneur with knowledge in complex product development, certification, negotiation, sales, marketing & fundraising*
  - EXPLISEAT, co-founder
    - 12 patents for lightest aircraft seat in the world, certified worldwide
    - Set up commercial strategy and signed several multi-millions contracts
    - Raised several rounds
    - Negotiated and signed contracts with > \$500m-sales suppliers
  - Several websites developed since 12-year-old
  - Master of Science from Ponts et Chaussées, MBA Collège des Ingénieurs
  
- Charles Gorintin, CTO
  - *Data science leader with strong experience at major social network companies*
  - Data Science team lead at Twitter
  - Data Scientist at Facebook and Instagram
  - Expertise in social networks, large dataset analysis and infrastructure, product engineering & development, financial engineering, and social psychology
  - Degrees in Mathematics, Financial Engineering, Machine Learning from top French and US universities: UC Berkeley-Haas, Ponts et Chaussées, Ecole Normale Supérieure

## Founding team (first employees):

- 15% package for founding team (excl. CEO & CTO)
  
- First hire is a senior insurance exec. with 15+ years at AXA, and then 10 years in France leading healthcare broker
  - Head of TPA (claims adjudication for group health and disability insurance for over 1,3m policy members)
  - Business development for personal lines and SMEs
  - Head of Innovation / VP e-Product
  
- Other hires in the process are Senior Developers, former ACPRs (regulation), front-end, ...