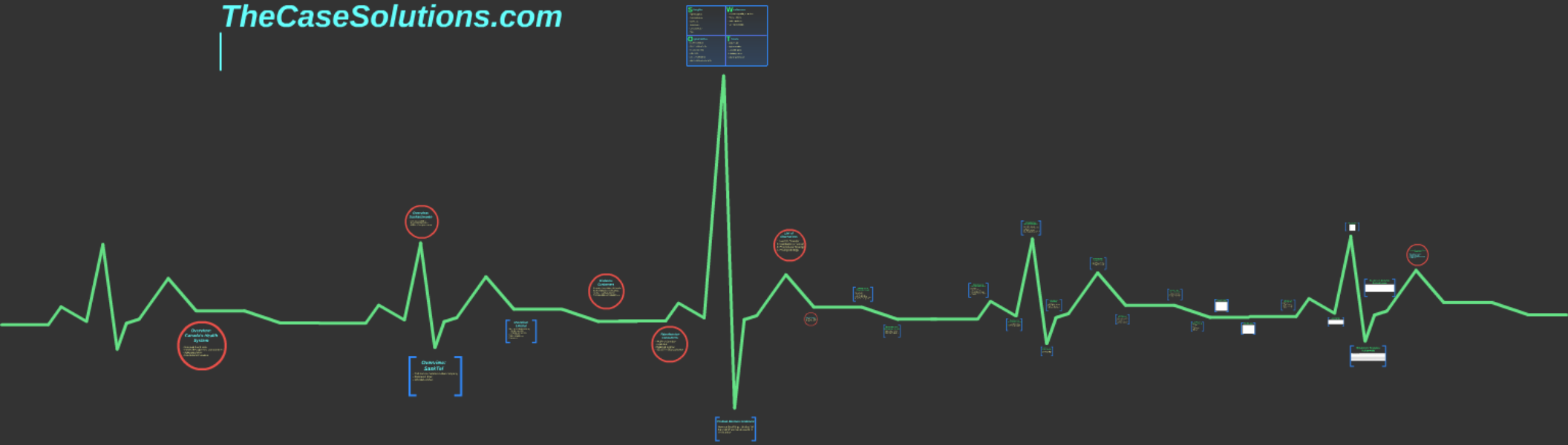


# SaskTel

TheCaseSolutions.com



Q1	Q2
Q3	Q4

# SaskTel

TheCaseSolutions.com

<b>S</b> ymptoms	<b>W</b> arnings
<b>O</b> bjectives	<b>T</b> asks



# ***Overview: Canada's Health System***

- Universal health care
- Funded through taxes and donations
- Aging population
- Overcrowded hospitals

# *Overview: Saskatchewan*

- Sixth largest province
- Highest population of 65+
- 14.88% of aboriginal descent

# *Overview: SaskTel*

- Full service communication company
- Executive team
- LifeStat service

# *Overview: LifeStat*

- From home patient monitoring
  - Diabetes patients
  - Hypertension patients
- Successful trials
- Potential distributors
- Competitors

# ***Diabetes Customers***

- Diabetes Association of Canada
- 8.3% of population of Canada
- 78,421 in Saskatchewan
- High prevalence in aboriginals

# *Hypertension Customers*

- 14.9% of Canadian population
- Expected to grow
- 153,937 in Saskatchewan



## **S**trengths

- Highly recognized
- Reasonably priced
- Easy to use
- Independence
- Connects directly
- Trials

## **W**eaknesses

- Low percentage willing to purchase
- Relies on initiative
- Limited experience
- Not known nationwide

## **O**pportunities

- 8.3% have Diabetes
- 15.9% have hypertension
- Increased spending
- Citizens 65+
- Overcrowded hospitals
- Hypertension is expected to rise

## **T**hreats

- Many entrants
- Highly competitive
- Lack of willingness
- Substitute products
- Demanding distributors

# **S** *trengths*

- Highly recognized
- Reasonably priced
- Easy to use
- Independence
- Connects directly
- Trials

# Weaknesses

- Low percentage willing to purchase
- Relies on initiative
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- Not known nationwide

# O *pportunities*

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- Increased spending
- Citizens 65+
- Overcrowded hospitals
- Hypertension is expected to rise

# T *hreats*

- Many entrants
- Highly competitive
- Lack of willingness
- Substitute products
- Demanding distributors

# ***Problem Decision Statement***

How can SaskTel get LifeStat "off the ground" and be successful in six months?

# *List of Alternatives*

1. Launch Strategy
2. Distribution Channel
3. Promotional Strategy
4. Pricing Strategy

## ***Criteria for Decision***

- Reach potential customers
- Increase product awareness
- Reasonable & achievable



# Alternative One: Nationwide Launch

- Pop. 31,612,897
- 8.3% has diabetes
- 14.9% has hypertension
- \$1.2M promotional budget
- 8% of diabetes patients would buy
- May be seen as too aggressive

# Alternative One: Nationwide Launch

- ✓ Reach potential customers
- ✓ Increase product awareness
- ? Reasonable and achievable

# Alternative One: Saskatchewan Launch

- Pop. 968,157
- 8.1% has diabetes
- 15.9% has hypertension
- \$300,000 promotional budget
- 2% of hypertension patients would buy LifeStat

# Alternative One: Saskatchewan Launch

- ✓ Reach potential customers
- ✓ Increase product awareness
- ✓ Reasonable and achievable

# Alternative Two: Shoppers Drug Mart

- 1000+ stores in Canada
- Large portion of pharmaceutical retail market
- Only nationwide channel
- 45% margin on hardware: \$709.05
- \$75 commission on all contracts

# Alternative Two: Shoppers Drug Mart

- ✓ Reach potential customers
- ✓ Increase product awareness
- ? Reasonable and achievable

# Alternative Two: London Drugs

- 45M customers
- Located solely in Western Canada
- Several departments
- 48% margin on hardware: \$723.72
- \$75 commission on all contracts

# Alternative Two: London Drugs

- ✓ Reach potential customers
- ✓ Increase product awareness
- ? Reasonable and achievable



# Alternative Two: Safeway Pharmacy

- Located in Western Canada & US
- 182 stores in Canada
- Located in grocery stores
- Focused on diabetes
- 40% margin on hardware: \$684.60
- \$75 commission on all contracts

# Alternative Two: Safeway Pharmacy

- ✓ Reach potential customers
- ✓ Increase product awareness
- ✓ Reasonable and achievable

# **Alternative Three: Promotional Strategy**

- **Television**
  - **Discovery Health**
  - **Diva Showcase**
- **Radio**
- **Direct Mail**
- **Trade Show**
  - **Canadian Diabetes Association**
  - **E-Health Conference**
- **Newspaper**
  - **The Globe and Mail**
  - **Canadian Health**
- **Direct Sales Team**

# Alternative Three: Promotional Strategy

<b>Naiton Wide:</b>			
<b>Television:</b>			<b>Totals:</b>
Discover Health	\$420 per 30 sec. spot	500 spots	\$ 210,000.00
Diva/Showcase (Lifetime)	\$100 per 30 sec. spot	500 spots	\$ 50,000.00
<b>Radio</b>	\$350 per 30 sec. spot	200 spots	\$ 70,000.00
<b>In-Store Demos</b>	\$5,000 per ten shows	40 shows	\$ 20,000.00
<b>Direct Mail</b>	\$10,000 for 50,000 pieces	150,000 pieces	\$ 30,000.00
<b>Trade Shows</b>	Canadian Diabetes Conference		\$ 4,500.00
	E-Health Conference		\$ 2,500.00
<b>Newspaper and Magazines</b>			
The Globe (1/8 page)	\$300 per weekday	52 days a year	\$ 15,600.00
	\$500 every Saturday	48 Saturdays a year	\$ 24,000.00
Canadian Health	\$6,200 an issue	10 Issues	\$ 62,000.00
<b>Direct Sales Team</b>	\$10 an hour per person		
	40 hour weeks		
	52 weeks a year		
	\$20,800 a person	30 sales members	\$ 624,000.00
		<b>Total Budget:</b>	<b>\$ 1,112,600.00</b>

# Alternative Three: Promotional Strategy

<b>Promotional Budgets:</b>			
<b>Saskatchewan:</b>			
<b>Television:</b>			<b>Totals:</b>
Discovery Health	\$420 Per 30 Sec. Spot	125 spots	\$ 52,500.00
Diva/Showcase (Lifetime)	\$100 Per 30 Sec. Spot	140 spots	\$ 14,000.00
<b>Radio</b>	\$350 Per 30 Sec. Spot	95 spots	\$ 33,250.00
<b>In-Store Demo</b>	\$5,000 per 10 Store Demos		\$ 5,000.00
<b>Direct Mail</b>	\$10,000 for 50,000 pieces of mail		\$ 10,000.00
<b>Trade Shows</b>	Canadian Diabetes Conference		\$ 4,500.00
	E-Health Conference		\$ 2,500.00
<b>News Paper and Magazines</b>			
The Globe and Mail (1/8 page)	\$500 every Saturday	24 Saturdays a year	\$ 12,000.00
Canadian Health magazine	\$6,200 an issue	10 issues	\$ 62,000.00
<b>Direct Sales Team</b>	\$10 an hour per person		
	40 hour weeks		
	52 weeks a year		
	\$20,800 a person	5 Sales members	\$ 104,000.00
<b>Total Budget:</b>			<b>\$ 299,750.00</b>

# Alternative Four: Pricing Strategy

- \$50-65 dollars a month
- Hardware fixed:
  - Glucometer Accessory \$48
  - Landline \$120
  - Blood Pressure Monitor \$120
  - Cell phone \$150
  - Glucometer \$51

# Alternative Four: Pricing Strategy

	Saskel LifeStat	CyberNet MedStar	Phillips Motiva Interactive**	AMD Telemedicine CareCompanion**
Hardware	\$ 489.00	\$ 2,946.00	N/A	N/A
Monthly Cost	\$ 60.00	\$ 37.50	\$ 140.00	\$ 125.00
Cost of Year 1	\$ 1,209.00	\$ 2,983.50	\$ 1,680.00	\$ 1,500.00
Yearly Cost after Year 1	\$ 720.00	\$ 450.00	\$ 1,680.00	\$ 1,500.00
Accumulated Cost after 5 Years	\$ 4,089.00	\$ 4,783.50	\$ 8,400.00	\$ 7,500.00
			**NOTE: Totals in Phillips and AMD do not include hardware costs	



# Breakeven Analysis: Fixed Cost

<b>Break Even Anaylsis</b>	
Projected cost:	
Upfront Development	\$ 2,200,000.00
R&D	\$ 47,000.00
Insuance	\$ 71,000.00
Internet Security	\$ 21,000.00
Additional Workers	\$ 200,000.00
Server Costs	\$ 53,000.00
Licensing Fees	\$ 167,000.00
General Admin Cost	\$ 150,000.00
<b>Total Costs:</b>	<b>\$ 2,909,000.00</b>
Tech Support per peson	\$300 a person



# Breakeven Analysis: Nationwide

Nationwide Formula	
Projected Cost+ Tech per person+ Promotional Budget= Price of Product*number of units sold	
$\$2,909,000 + \$300x + \$1,112,600.00 = (\$489 + 720) x$	
$\$4,021,600 + 300x = 1209x$	
$\$4,021,600 = 909x$	<b><math>x = 4,424.20 \rightarrow 4,425</math> Units Sold</b>



# **Decision Recommendations/ Action Plan**

- ***Saskatchewan launch***
- ***Safeway Pharmacy***
- ***Promotional Budget \$300,000***
- ***Pricing: \$60***