The Acquisition of HealthTap

Proposed To: Target Corporation

Proposed By: Synergy Consulting
November 19, 2014

Brian C. Cornell, CEO
Target Corporation
1000 Nicollet Mall
Minneapolis, MN 55403

Dear Mr. Cornell:

Enclosed is a report we have compiled that containing a promising opportunity for Target to continue to develop and grow as a global leader in the retail industry.

Synergy Consulting is excited to share our acquisition proposal that outlines how Target Corporation can become the leader of the pack as an omnichannel retailer.

With successful digital initiatives and partnerships along with a solid chain infrastructure, Target is well on its way to becoming the top retail innovator. With strength in its health and beauty departments, the stage is already set for our proposal to make Target even stronger. Our acquisition recommendation, HealthTap, will not only continue to support these departments but will also help Target expand into the emerging market of the telehealth industry.

With an increasing desire from consumers to better manage their health with less time and money, Synergy Consulting sees this acquisition as a prime time for Target to offer its guest these services. According to Forbes, it’s the “first global mobile health brand.” With Target’s digital savvy and strong health and beauty departments, HealthTap represents categories critically important to Target guests.

After reviewing our proposal Mr. Cornell, we feel that you will agree with our recommendation especially when you see how well HealthTap complements the Target brand promise of “Expect More. Pay Less.” We look forward to this partnership. I will contact you on December 1 to check your availability. In the meantime, please call my direct line at (317) 501-0143 with any immediate needs.

Sincerely,

Matthias Lebherz, CEO
Synergy Consulting
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Executive Summary

Purpose of Report
After thorough analysis of Target Corporation’s strengths, successful initiatives and business strategy, Synergy Consulting recommends acquiring a company in the emerging telehealth industry. We feel that this online and mobile acquisition will help grow Target’s omnichannel presence. Our report begins with an overview of Target’s outlook and guests needs and demographics. We then discuss the telehealth industry, specifically HealthTap and why it’s a good fit for a Target acquisition. We conclude this report with the profitability analysis and implementation process.

The Industry at a Glance
The report defines the rapidly growing telehealth industry and the different segments it is composed of. We explain what the consumers favor and the current factors that are causing the industry to develop. Current expectation show it as a $4 billion industry by 2017.

Potential Acquisition
HealthTap is an online and mobile company that offers patients interactive healthcare advice, the opportunity to ask questions and video-conference with medical professionals in the privacy of their own home or location 24/7. Acquisition of HealthTap proves various opportunities for Target to expand its health, beauty and pharmacy operations.

Target’s Implementation of HealthTap
The implementation of HealthTap into Target’s omnichannel is broken down into three phases. Phase one takes advantage of the current mobile application that is already in place. Phase two involves setting up in-store pilot programs. Phase three starts after enough data has been gathered from the pilot programs to see where the next in-store expansions will take place.
Target Corporation: An Overview

Target’s Current Outlook
Target’s current efforts to stay successful within the ever-expanding retail segment of the US economy have involved both eco-friendly operations and guest-oriented services, a stark contrast to their competitors who consistently strive for larger margins and a better bottom line. However, this shift in focus has caused a slight decrease in total revenue. From 2012 to 2013 Target experienced a -1% change in revenue. Through continued focus to create a shopping environment that is guest-centric—providing the best and newest products for less—Target has defined a niche within the retail industry that appeals to both middle and upper-middle class consumers more so than its competitors. Beyond this, Target’s recent acquisitions of Cooking.com and DermStore.com have shown that Target strives to create a more technologically conscious presence and wishes to further diversify how they reach the audience (Rutter, 2013). Target has already had a lot of success reaching their guests utilizing social networking websites like Pinterest. In 2013, Target tripled their revenue on Cyber Monday by using Pinterest. In December 2013, Target launched The Awesome Shop, which is a collection of the most pinned items from Target.com. Earlier this year, Target collaborated with popular pinners to create seasonal party planning collections. This is where Target currently stands with social media.

Needs of Target Guests
Target is currently the 5th most popular retail website in the United States and reported a 15% increase in its 2013 e-commerce revenues despite the struggling economy (“The Statistic Portal”, 2014). In order to continue and enhance growth of this established channel, Target must relate explicitly to its core demographic those guest needs. Compared to Kohl’s, Kmart, and Wal-Mart, Target holds the highest percentage of consumers in the age range 18-44 (Carmichael, 2014). Data indicates that this consumer age group prefers using mobile devices or tablets to research products, check reviews, and purchase online. They are “always connected” and use multiple channels and devices to stay current with favorite brands and be informed consumers (Conn, 2014). According to new statistics from the Pew Research Center’s Internet and American Life Project, 61% of Americans own a Smartphone and 91% own some sort of mobile phone (Stern, 2014). Therefore appealing to consumers in the mobile device sector connects with Target’s core demographic while also grabbing market share. In addition to the dependency on mobile devices, this aged range has a high interest rate in the telehealth industry. These consumers find telehealth
convenient and a cost-effective service as it has 24/7 access to board-certified doctors (Hebert, 2001). According to the American Medical Association, 70% of doctor’s office visits can be handled over the phone and 50% of ER visits are non-emergencies. Incorporating the technology industry with the pharmaceutical industry allows consumers to enjoy a more personal discussion with a doctor at their convenience, when and where they choose. Linking mobile technology with telehealth gives Target guests more of what they want: product, content, and choices. As the healthcare industry evolves and the dependency on mobile devices grows, Target can capitalize on the potential growth that this demographic group represents.

Figure 1: The cumulative total revenues and net earning from 2009-2013

What Can Change?
Target recently took a significant downturn in their revenues ($700 million deficit from 2012 to 2013). Even more revealing, net earnings remained constant at $900 million in the same years, as illustrated in Figure 1 (Target, 2014). This shift has begged the question, what can be done differently? Target has continued its success within the food and home essentials market but is still lacking within its other segments. As seen in Figure 2, these two product categories constitute nearly a majority of Target’s yearly revenue, roughly 46% (Target, 2014). While lack of market penetration within the other segments of Target’s infrastructure may be an oversight within the current business model, it presents an opportunity for future growth. To rectify this Target should continue their efforts to create a more
technologically involved product line that complements current Target in technology.

Figure 2: Target’s pharmacy sales currently consists of less that 25% of its total sales

**total U.S. segment sales: $71.3 billion**

**Meeting the Needs of Target’s Guests**
To adapt to the rapidly growing telehealth industry, Target must improve its pharmaceutical segment. As Target continues to develop physical pharmacies in various store locations across America, it should also tap into the growing dependency on mobile devices. Combining consumers discriminating interest rates in telehealth with their immense reliance on mobile devices would present a competitive advantage for Target amongst the other retail stores (Hebert, 2001). Target needs a way to solve the challenges of this demographic by obtaining an acquisition that can satisfy its guest’s interests. At Synergy Consulting, we recommend that Target acquire an online company that would satisfy it guest’s pharmaceutical needs through state-of-the-art technology.
HealthTap Inc.

The Backstory
HealthTap was founded in 2010 and is headquartered in Palo Alto, CA. Currently, HealthTap employs over 60,000 medical professionals in 17 countries across the globe. The industry leader has designed the first online health and wellness knowledgebase, revolutionizing the ways patients and guests can communicate with health professionals. The app works by enabling patients and guests to ask written questions or videocam with a doctor for a response within a matter of minutes. HealthTap passionately believes, “everyone has the right to easily access free, trusted, and independent health information—and that they deserve easy and affordable access to doctors whenever and wherever needed.” (CrunchBase).

Currently, members pay $99 per month, which comes to less than $0.27 per day for instant access to care. The upgrade to HealthTap+ Prime gives patients access to a doctor within 2 minutes via a smartphone or tablet device. The free version limits the user to only 150 typed characters in a question and no ability to videocam, but it is free of advertisements and gives the user an easy to use interface. Questions or concerns are answered in approximately 10 minutes, nearly eliminating waiting room time. The doctors are paid based on the number of questions responded to and the quality of their answers based on patient reviews.

CEO Gutman believes that parents with young children and infants will be the most common users of the app because parents’ want to get their sick child treated quickly without the hassle of securing an appointment at a doctor’s office. This is a huge savings of time and offers flexibility for a working parent.

Figure 3: Currently, the telehealth industry is approximately $240 million. By 2018, it is expected to grow to $4.5 billion by 2018 according to IHS Technology, an annual growth rate of 56 percent.
Common Ground between Pinterest and HealthTap
HealthTap digitally connects people with doctors through cutting-edge technology. As previously stated, it offers more than that. One of our Synergy Consulting team members signed up for HealthTap’s free membership and found the process very similar to signing up with Pinterest. HealthTap prompts a new member to select three areas or “topics” of interest “focus.” These topics can be found within four different categories: living healthier, parenting and pregnancy, growing older, and managing a condition. A sampling of topics found within these categories includes losing weight, eating healthier, surviving puberty, and so many more. HealthTap then “taps” into their database of over 62,000 doctor and other health “influencers” (like nutritionists and fitness instructors) and articles are generated and sent to members based on the topics they selected, similar to Pinterest generating pins based on a pinners pins or their likes. HealthTap Prime members get an even more personalized “feed.” In addition to selected focuses, members can also plug in more personal information including height, weight, any current/past medical conditions, and any diseases/conditions that afflict older family members (like cancer, heart disease, etc.). Prime members’ feeds not only display doctor answers, but also doctor recommended articles that they might be interested in or find helpful.

With the HealthTap app, Tim is able to talk to a doctor about his son Jack’s situation. HealthTap’s doctors were able to advise Tim to take Jack’s temperature and ask if any of the other family members were sick. Jack’s sister had the flu the past week and the doctor was able to suggest that she must have passed it to Jack. They were able to get the information they needed to help Jack and save a trip to the ER.
Pharmaceutical and Telehealth Industries at a Glance

The Omnipresent Pharmaceutical Industry
The pharmaceutical industry is one of the largest industries in the world, expected to reach the $1 trillion threshold during 2014, and projected to increase to $1.2 trillion by 2017. Pharmaceuticals would surpass both the alcohol and oil markets and become the largest global industry. The United States is the single largest contributor to this valuation with over $300 billion stemming from this market. More specifically the telemedicine industry, a new and emerging market that incorporates the most established aspects of the pharmaceutical industry with the lively technology sector, allows for more personal interaction between patient and practitioner as well as providing convenience for those that are always on the go.

The Telehealth Industry as a Whole
Telehealth is in its infancy. Defined, telehealth is “a broad market of digital technologies that consists of various sub market segments such as mHealth, remote patient monitoring, video teleconferencing, and more” (Fabozzi, 2014). So, in essence, telehealth is a combination of technology services and professional medical interactions. This sort of service allows for a doctor or medical professional to interact with a patient in a way other than a physical visit to a doctor’s office. One report states that within the US there is estimated to be more than one thousand companies currently operating within the telehealth industry (Fabozzi, 2014). While this is a newly emerging industry, profits are being made. Current expectations for the market show that revenue within the industry in the US is expected to reach $4 billion by 2017 (Fabozzi, 2014).

Why Choose Telehealth and HealthTap?
Target’s current goal is to position the company as a leading omnichannel retailer by acquiring a mobile or online acquisition. So far Target has done so by partnering with companies that sell physical goods within various industries. As of yet, Target doesn’t offer as much in ways of telehealth services. HealthTap offers Target the chance to expand its market and grow its omnichannel presence within the service marketplace.
The Benefits of a Telehealth Acquisition

A telehealth acquisition would be beneficial to Target, as it would open a new segment complementary to Target’s existing pharmaceutical section. Target would be extending the traditional face-to-face medical model applying advancements in mobile devices and Internet-based communication tools that are widely dispersed and affordable across the country. This would allow all Target guests, regardless of location, to receive information, education, training, and virtual personalized expert advice to help solve a medical problem (Ackerman et al, 2005). Since telehealth companies offer access to experienced, board-certified doctors 24/7, that means a guest is technically connected to Target for that duration as well. Through association Target then saves guests valuable time, delivers accurate healthcare information and helps avoid need to search for potentially unreliable Internet resources (Marks, 2014). Being able to talk to a doctor, receive a diagnosis, get a prescription, or receive education on how to manage a health condition builds on the foundation of convenient shopping and browsing. A mobile acquisition is important not only because of the prevalence of technology in this generation but also due to the correlation to Target’s core demographic. Additionally, this mobile acquisition removes many implementation barriers such as high construction costs for renovations to brick and mortar physical store locations (Marks, 2014). Furthermore, 75.2% of people aged 18-44 do not carry health insurance and therefore will look to telehealth companies as a viable outlet (“Access to Health Services”, 2014). A telehealth acquisition is attractive to this group of people but also for other people who find a shortage of physicians and are frustrated with longer doctor office wait times. The potential to reach this potential of prospective guests presents a prime opportunity.
and places Target well above, its competitors who do not offer this convenience.

**Current Consumer Outlook**
The telehealth industry is growing and changing as people find out alternative ways to manage healthcare. Patients are no longer limited to scheduling a visit at the doctor’s office to diagnose and treat various ailments and as more people take advantage of the options that are offered, the telehealth industry will continue to grow and adapt to the needs of its users. In a recent survey half of the participants asked reported using the internet as a self-diagnostic tool in researching possible illnesses (Krol, 2014). This number suggests that people are frustrated with traditional healthcare services and a willingness to solve health problems in alternative ways. Survey participants were not limited to the tech savvy generations though; respondents ranged in age from 18 to over 65. All six age groups had around half of the responders doing health research online (Krol, 2014). The survey also asked participants what services they had used; what they had not used but would be interested in using; and what they had not used and had no interest in trying for various forms of health management. Of the twelve options, only two choices: online research and health screening kiosks, had been used by more than 15% of participants. The following five categories have around 50% of respondents either interested in using or using various forms of health management: tracking health; a self-serve clinic to treat symptoms; online chat with a professional; telemedicine; and clothing with sensors (Krol, 2014). From this information, we can infer short term, that people want to try and take alternative, more technological approaches to being their healthiest self. Long term, this information has even more implications. If trends continue and people become more educated about the available alternatives and the associated advantages, companies at the forefront of the telehealth industry will have the profit from large leaps in revenue.

**Telehealth Growth**
Since the telehealth industry is an emerging market, there are numerous factors influencing growth. A prime factor is the number of states that
provide healthcare insurance reimbursements for telehealth services. In 2014 a total of 20 states and the District of Columbia have passed mandates for telehealth coverage and overall 46 states offer some level of reimbursement for the industry’s services (Fabozzi, 2014). Another area that is providing increased growth is new and improved guidelines within the industry (Fabozzi, 2014). These guidelines help to promote a safer, more professional environment for the services offered. Organizations supporting these standards will also help the industry grow. Two other areas that are influencing the direction of the industry is improved technology, which is key to non-physical health visits, and greater specialization of services (Fabozzi, 2014).

Telehealth Barriers
While telehealth has increased support from patients and professionals alike, barriers remain that are creating challenges with the industry. One roadblock is elaborate and complicated state licensing regulations, specifically, malpractice. Secondly, concerns exist regarding the safety and privacy of patient records (H.I.P.P.A.). The largest barrier though, comes from reimbursement policies that involve Medicare due to the restrictive nature of telehealth reimbursements (Fabozzi, 2014). While these barriers may seem high for some companies, smart acquisition and application of a company will help mitigate these risks allowing for exponential growth in a fledgling market.

Industry Figures
Current analysis of the telehealth industry show that the market is in a growth stage which goes hand in hand with many lucrative opportunities. The market revenue as of 2012 is shown at $2.3 billion and is on an increasing trend (Bujnoch, 2012). Based on a 2012 study, telehealth is expected to reach $3.9 billion by 2017 and elaborates that the upward trend will continue (Bujnoch, 2012). While these numbers show what telehealth has to offer down the road, they don’t paint the whole story. Another important figure to consider is the compound annual growth rate of 10.3% for the years of 2012 to 2017 (Bujnoch, 2012). This number can be defined as the average growth rate on an investment in the industry. The numbers are not adjusted for investment risk; however, they reflect a promising financial future for companies choosing to collaborate with a telehealth company. Lastly, it’s important to look at show the rate at which the market penetration of 13.9% as well as maximum market potential of $17.22 billion. Plus, both figures are on a steady trend (Bujnoch, 2012). The market penetration rate seems to be the more important of the two figures because
it shows the current size of the industry and illustrates the huge potential for a company who is considering entering the telehealth market.

Figure 4: The growth rate and potential for the telehealth industry is expected to be immense when compared to similar industries.

**Leveraging Pinterest**
Target was one of the first retailers to create an additional and very successful purchasing platform through Pinterest. So when Pinterest created Rich Pins, they asked Target to partner with them for the launch. By leveraging on past successes and a familiar collaborator, Target could utilize Pinterest once again and set up collaborations with HealthTap influencers such as fitness instructors, healthcare editors, and wellness bloggers to name a few. Influencers can then share Target products that they use to promote health and wellness. Fitness instructors could pin Target exercise equipment or a brand of athletic gear that they find comfortable and affordable. The HealthTap “article” then links the recommendation to the relevant web page on Target’s website, which reinforces the fit to Target’s brand promise: Expect More. Pay Less. Target could similarly collaborate with HealthTap’s network of doctors. Physicians could recommend less expensive alternatives like Target generics to replace brand name medicines, again supporting the Target brand promise. Target pharmacists could pin their own tips related to the article. A pop-up interface with Cartwheel, Target’s mobile coupon app, can reward guests with further cost savings, which in turn will increase guest satisfaction and the overall purchasing experience.
Putting HealthTap to Use
HealthTap brings with it a potential for several initiatives that can improve the experience of Target guests and provide an increase in its revenue stream. HealthTap provides an established network of doctors across the country and a business model that allows for a simple way to turn a profit without much change. Add the national status of Target to the established services of HealthTap and it should equal a mutually beneficial partnership, but Target can improve on the services offered using its pharmacy, in-store health clinics, and rewards program.

Benefitting the Target Pharmacy
As our earlier data states, the pharmaceutical industry is growing at a fast rate to become an enormous section of the world and US economy. Using HealthTap, Target can take advantage of the growing desire for advancements in telehealth by contracting with prescribing doctors in the HealthTap virtual community to send prescriptions written for HealthTap patients to the nearest Target pharmacy whenever possible. This will benefit pharmacy revenue by bringing in guests that may not normally take advantage of Target’s pharmacy and in doing so will presumably boost revenue in the store as a whole as convenience may allow a guest to do their shopping at Target while filling a prescription.

Improving Target Health Clinics
The rise of “minute clinics” in retail stores due increasing healthcare costs has been a boon to entities like Target. Not only are these clinics an additional source of revenue for these stores, but also provide a reason for guests to come to a place like Target apart from normal shopping routines. Anything that brings more people into a store benefits all departments as well as generating revenue by itself. These clinics provide a valuable service for patients that cannot afford to wait to schedule an appointment with their regular doctor, but are not sick enough to pay for an expensive visit to the emergency room. Target offers these clinics in many of its stores and they can be improved by applying certain aspects of HealthTap to the in-store experience. Whether the clinic is the reason for the guest’s trip to Target or it is simply used due to convenience on a regular visit, the clinic provides a quick, cheap alternative to traditional medical care. To improve this service with HealthTap, Target could offer private kiosks within each of its clinics with access to the question and answer service of HealthTap and even the video-conferencing with a doctor for a fee that would be less than a possibly
unnecessary service from the clinic or another doctor. This added service will allow guests to streamline the process of being diagnosed and treated. These kiosks would allow guests to engage in all necessary medical services while maintaining the ability to shop the remainder of the Target store in a reasonable timeframe. Contact with a physician, answers to medical questions, conducting of tests by a nurse practitioner, and the receipt of any necessary prescriptions could be accomplished within the timing of a regular trip to Target.

**An Effective and Rewarding Experience**
Target prides itself on rewarding loyalty from its guests and HealthTap could provide another avenue for Target to give services back to guests. Members of the reward programs Target offers would be well served by the addition of healthcare incentives. The use of the aforementioned HealthTap kiosks could be directly connected to Target Rewards. Guests should be rewarded for not only meeting their retail needs at Target, but for meeting their health needs as well. Target could simply extend existing reward benefits to HealthTap services, or HealthTap services could be provided as rewards for loyal guests. The Target rewards system could remove certain costs that current HealthTap subscribers incur in favor of providing rewards incentives for loyal guests or new guests that may discover Target due to the acquisition and partnership with HealthTap. The more that people use and benefit from the use of Target’s HealthTap services, the more likely they will be to use the in-store services and boost the productivity of additional retail departments.

**Timeline**
Following a timeline for implementation will be crucial to the success of this acquisition. After acquiring HealthTap, we recommend a process that consists of three major steps that include initial mobile implementation, an in-store pilot program, and then expansion across most stores.

**Initial Mobile Implementation**
Although it may take some time to bring any element of HealthTap into the in-store experience, Target can immediately take advantage of the mobile and online services that HealthTap already offers. The subscription services should be able to run smoothly and Target can use the existing network of doctors to direct prescriptions and other recommendations to the Target store closest to the patient. This Mobile Implementation phase should last three months to gauge the success of advertisements, referrals, and other existing HealthTap services.
In-Store Pilot Program
Following the three-month mobile implementation, a small pilot program should be organized to measure the potential for success on a larger scale. This pilot program should be in a number of stores throughout the country in areas with differing demographics. It will be important for the demographics of the chosen cities to vary because it is not likely that a pilot program in a small suburb will provide the same results as a college town or a big city. This pilot program should persist for approximately six months to allow for a wide range of available data to gauge success. After six months have passed, expansion into other stores may commence or the pilot program may be extended or expanded into other areas to gather more data.

Final Expansion
After the pilot program is complete, the in-store functions should be expanded into eligible stores across the country based on analysis of the data that was collected throughout the course of the pilot program. This expansion should allow for the smooth introduction of any incentive-based programs that Target may announce and a marketing program should begin upon completion that addresses our Target demographic and details how the HealthTap services can benefit Target guests.
Initial Mobile Implementation
(3 months)

1. Collect data and revenue from current subscribers.
2. Engage with current network of doctors
3. Initiate marketing program using HealthTap mobile resources

In-Store Pilot Program
(6 months)

1. Select a small number of locations with differing demographics.
2. Provide necessary training and infrastructure in selected stores.
3. Collect data on cost and usage

Final Expansion

1. Analyze collected data.
2. Expand in-store services across eligible stores
3. Continue to collect and analyze data to perfect the omnichannel healthcare experience
**Profit Analysis**

Acquiring HealthTap will generate revenue for Target and its pharmacy. HealthTap’s current popularity has shown that there is a high demand for telehealth applications on mobile devices that would benefit Target’s business model. The increase in demand results from desire to more easily connect with their doctors around the clock. Technology makes this possible and translates to more than 160 million smart phones owners by the end of 2014 (Statista, 2014).

Since HealthTap is a privately owned company, their financials are not publicly disclosed. Expected growth in the telehealth industry is projected at 18.4%. We then applied this growth to the number of HealthTap downloads from the Apple and Android stores which has been downloaded more than 2 million times. The figure below shows three possible revenue scenarios based exclusively on the number of HealthTap Premium members and applied the current monthly fee of $99.

<table>
<thead>
<tr>
<th>1% Scenario</th>
<th>5% Scenario</th>
<th>7% Scenario</th>
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<tbody>
<tr>
<td><strong>Conservative</strong></td>
<td><strong>Moderate</strong></td>
<td><strong>Ambitious</strong></td>
</tr>
<tr>
<td>20,000 users</td>
<td>100,000 users</td>
<td>140,000 users</td>
</tr>
<tr>
<td>$1,980,000</td>
<td>$9,900,000</td>
<td>$13,860,000</td>
</tr>
</tbody>
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In the unlikely event of only 1% of downloads being premium members, we expect nearly $2 million in revenue based on a user base of 20,000 users across the platform.

Based on conservative estimates, Target can expect the above figure from a larger number of premium users. This estimate is highly obtainable through the acquisition of HealthTap.

With 7% of users being premium users, revenues would be approximately $14 million. We anticipate this can be expected in the optimal user base of 140,000 premium paying guests.
Costs
Generally there are three main costs associated with the acquisition of HealthTap: the initial acquisition cost, integration costs associated with technological shifts, as well as staffing costs from doctor’s salaries. This differs from Target’s current acquisition model however because it implies complete integration of the startup into Target’s cost structure. As was the case with DermStore.com and Cooking.com Target kept the two corporations isolated in regards to financial responsibilities. Because of this the costs associated with the acquisition of HealthTap would be overwhelmingly attributed to the initial investment cost. The current valuation of the HealthTap brand is estimated at $70-80 million, adding this to the $38 million in investments HealthTap has already acquired we reach an initial acquisition cost ranging from $108-118 million (Antony, 2014). We believe this is a reasonable figure based on the estimated costs associated with Targets acquisition of DermStore.com and Cooking.com, each of which landed in the $125-150 million range (Carney, 2013).
Appendix A: Before

Positive

Strength
- Brand recognition among target demographics
- Low price, higher quality
- Strong social media presence

Negative

Weakness
- Not the first pharmacy of choice by guests
- Less promotion of the pharmacy department
- Declining market share of pharmacy users

Internal

External

Opportunity
- Higher awareness of the importance of health
- Increasing older demographic that utilizes technology
- Strong projected growth of telehealth industry
- Persistent growth of the pharmacy industry (5% per year)

Threats
- Competition among other drug dispensing companies
- Increasing regulation of pharmaceutical drugs
- Increasing costs to dispensing drugs to customers
Appendix B: After

Positive

Strength
- A more broad, diverse accessible way for guest access to health care
- Increased pharmaceutical awareness of current guests
- Higher standard of care for guests
- Higher brand recognition through innovative healthcare technologies

Negative

Weakness
- In-store pharmacy still uses traditional methods to provide care
- Fairly large initial cost of acquisition
- Relatively higher prices than competitors in industry

Internal

External

Opportunity
- Merge together HealthTap services with current pharmacy services
- In-store health clinic with large customer base
- Potential for reduced drug prices from manufacturers

Threats
- Non-exclusive technology solely for Target
- Potential for HealthTap not to gain popularity among current and future guests
- Indirect malpractice liabilities
Works Cited


