A Tale of Two Disruptions

By **Dr. Chris Vaughan**

> "Understanding how these disruptions are affecting your organization is the first step creating new patterns that will keep you ahead of the curve."

Disruption has been a topic of conversation for what seems like forever, but at what point does a disruption simply become the status quo? We used to talk about disruptive technology. Now, we just call them iPhones. Demographics are shifting, markets are globalizing and social trends are reshaping our world. On top of all that, there's those dang Millennials, disrupting everything they touch. We've been talking about them forever, too, but Millennials are now turning 35 and are firmly entrenched in all sectors of business and society.

We are surrounded by disruptions. We are immersed in the constant, rapid change of disruption. The question is, "Which ones truly matter?" Not all change is disruptive, and not all disruptions change things. Humans are constantly looking for patterns and tend to find them, whether they are truly there or not. Unfortunately, not everything actually has a pattern. The following are two examples of disruptions that upend the patterns we perceive to exist.

A Disruptive Exit

Think about membership as an ecosystem – membership drives products, advertising, fundraising, everything. The more people engage with the ecosystem, the better for membership and vice versa. If you disrupt one part of the system enough, the whole system gets disrupted. That's what makes it so complex.

For example, look at insurance. Many associations offer insurance, and it is often one of the top reasons to joim. It is also one of the strongest predictors of renewal: Non-buyers renew at 70 percent, one product renews at 90 percent, more than one renews at 95 percent or more. This is especially true with first-time members.

AARP invented the affinity insurance model in the 1950s as a way to get insurance for retired teachers, and we've all been doing it pretty much the exact same way ever since. We let an insurance carrier use our brand and member list, they do most of the work, we get paid a royalty and our members like it. So, insurance is a very good thing. It makes money and it drives membership. If it ain't broke, don't fix it, right?

Well, in the last few years, most of the major insurance companies have either exited the affinity business or are headed for the door. Voya is out. AIG is out. Hartford dumped a huge chunk of business. AXA exited the US life business. MetLife and Transamerica rolled it into their employer business, as did Assurant. Liberty Mutual stopped doing direct mail.

Some of these relationships go back decades. Literally hundreds of millions of dollars of business shoved off onto other carriers or simply left behind. What gives? For one, it's a lot riskier than it used to be. A raft of new regulations in the last few years has made life a lot harder for insurers, and it's made associations scarier to do business with.

Of course, if you dig deep, the truth is it's just not worth it for insurance companies anymore. Your list is not as valuable as it used to be. They can find your members for themselves and they probably know more about them then you do, because they've invested millions in data and analytics. Frankly, your brand isn't what it used to be either. Research shows that 67% of consumers would buy insurance from Amazon or Google, never mind an insurance company, and never mind you.

Don't get me wrong, there is $60 billion of affinity insurance premiums out there. Carriers are not walking away from that. They are walking away from you — and going after it themselves.

A Disruptive Entry

Most associations have a handful of products or partnerships that drive their business. Content. Publishing. Advertising. Education. What if someone could disrupt every piece of that equation in one fell swoop?

Much to the chagrin of organizations that have been around for decades, there is a six-year-old online startup that has a 60 percent market share of one of the most prominent professions and is now aggressively stealing business from dozens of leading associations. Worse yet, they've getting away with it.

Doximity launched in 2011 as the "LinkedIn for doctors". Since then they have grown to 600,000 members by building on groundbreaking partnerships and platforms that:

- Allow doctors to text and fax securely from their phone
- Form HIPPA-compliant online communities at will
- Deliver continuing education for free
- Rank and navigate residency programs and hospitals
- Curate hundreds of medical journal feeds for you as an individual
- Provide authenticated medical credentials accepted almost everywhere
- Deliver customized employment and referral opportunities for physicians and hiring managers
- Provide a comprehensive list of medical facilities and pharmacies nationwide they can speed dial

You could try to beat them on price point, except that membership is free. All members have to do is validate their profile, because Doximity already has their data.

The company currently has 180 employees, half of whom are developers, and a cool $80 million in funding. They've partnered with US News, Cleveland Clinic, and others, and now they are expanding to include all licensed medical professionals. Nurses, dentists, pharmacists, social workers, physical therapists, chiropractors — anyone licensed by the state. This year alone they've added 200,000 members.

They, and other groups just like them, are coming after parts of the core association value proposition, with a radically different, never-before-seen model, and they are doing it at internet speed.

What Can You Do About It?

There are several different ways to address the coming disruptions:

- Rest on your laurels – Rely on "safe" sources of income and assume they always will be. Also known as the "Ostrich Strategy."
- If you can't beat 'em, join'em – find ways to partner with new entrants
- Circle the wagons – protect the core of value propositions that only you can provide
- Out flank 'em – find holes in their offerings you can attack by doing it different or better
- Back to the drawing board – radically rethink what you do and how you deliver it

Truth be told, there is no one right answer, and none of them are easy, but understanding how these disruptions are affecting your organization is the first step to creating new patterns that will keep you ahead of the curve.

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