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Mastering the Digital Age: Trends and Successful Digital Exit Readiness

In the ever-evolving landscape of 2023, AI, Tech, and Data have profound implications on Transaction Advisory and Value Creation. The goal is to create long-term value for businesses.

As generative AI accelerates, businesses are keenly considering its transformative potential. This entails a nuanced evaluation of risks and opportunities. Disruptions to traditional business models are scrutinised alongside the potential for streamlined operations, cost reduction, and innovative product offerings. Harnessing proprietary data sets through AI amplifies competitive advantage. Effective deployment requires strategic planning, agile development, and a calibrated operational model to ensure sustained benefits. These trends herald a dynamic digital landscape, offering both challenges and opportunities for businesses poised at the forefront of technological evolution. In the following pages, we will delve into a compelling case study that exemplifies these principles in action: the digital transformation of *MEDIFOX DAN*, culminating in its remarkable \$1 billion acquisition by *ResMed*. This case study serves as a beacon of inspiration for businesses navigating the path of digitalisation and AI integration in 2023.

Hyperautomation and AI Integration

Hyperautomation involves the integration of advanced technologies, such as artificial intelligence, machine learning, and robotic process automation, to automate and optimise complex business processes. This trend aims to reduce manual intervention and improve operational efficiency by automating tasks that traditionally required human involvement. Organisations use AI here to enhance decision-making, predict outcomes, and personalise customer experiences.



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Example: A retail company implements AI-driven chatbots on its website to provide instant customer support. These chatbots can answer common customer inquiries, help users navigate the website, and even process simple transactions. This automation reduces the workload on human customer service agents, enhancing the overall customer experience.

AI implications for transaction advisory and value creation

Against the backdrop of rapid development in generative AI, investors and executives are increasingly concerned with two questions:

- What is the impact of this technology on our company or portfolio?
- How can we put (generative) AI to work?

While the first question is a key consideration during the due diligence and strategy formation process, the second question requires careful planning and execution.

For an impact assessment, both risks and opportunities for a business should be considered. From a risk perspective, it is important to consider the potential disruption of the business model. To assess this risk, a systematic analysis of the value chain and key processes is necessary to identify which parts can currently and in the future be performed by AI. It is also important to examine how the deployment of AI may affect the company's suppliers or customers, as disintermediation may be a concern in some cases.

Alternatively, from an opportunity perspective, we would ask how the deployment of tools can decrease input costs, automate manual tasks, or enable new products or features that provide a competitive edge. Especially of note, compa-

nies' proprietary data sets, which can be used to train their own models, can be supercharged by AI to create an even stronger source of competitive advantage.

The deployment of AI in an organisation requires an initial strategic analysis of application fields along use cases ("where to play") and an assessment of the organisation's AI readiness ("how to win"). The assessment of use cases can be structured along the key activities of the business along the value chain and then prioritised by the strategic impact (e.g. cost savings potential) and the ease of implementation (determined by the availability and maturity of existing solutions). Additionally, the AI readiness assessment should investigate data capabilities, tech infrastructure and processes, and partner ecosystem maturity.

Then to bring AI to work in business reality, an agile development approach should be used to build an MVP (Minimal Viable Product) and enable fast iterations and learning cycles. To operate these AI tools effectively and responsibly, a modified operation model should be established, potentially including modified processes, roles and responsibilities, and governance to safeguard the company's and stakeholders' interests.

Ensuring "Digital Exit Readiness"

By embracing digital transformation, dealmakers can position their companies for success and make them more attractive to potential buyers. For example, the implementation of cloud-based software, automation tools, AI, and other digital solutions can improve workflow, streamline operations, reduce costs, and ultimately maximise exit opportunities. Assessing digital and commercial readiness and implementing key value creation initiatives before initiation of the sales process leads is key to creating a more compelling equity story and enterprise value maximisation.

Below we will present a digital transformation case study of *MEDIFOX DAN* from being a company with low digital maturity all the way to being the digital leader with its US \$1 billion sale to *ResMed*, a global leader in cloud-connected medical devices and out-of-hospital software-as-a-service (SaaS) business solutions.

MEDIFOX – From zero digital sales to a fully digital running demand and lead generation engine in two years.

Digital transformation of a software business & value creation

Through the construction and implementation of a digital ecosystem for a strong demand and lead generation engine, our team supported *MEDIFOX DAN* from a company with low digital maturity on their journey to becoming the digital leader, culminating with its US \$1 billion sale to *ResMed*, a global leader in cloud-connected medical devices and out-of-hospital software-as-a-service (SaaS) business solutions.

MEDIFOX DAN is a fast-growing and innovative German healthcare software leader, which historically, had no digital presence and relied on trade shows to generate new leads and win new clients. In two years, we supported the development of their digital go-to-market strategy and digital ecosystem. This included a lead generation-oriented, conversion-focused website, followed by the set-up of automated lead nurturing activities connected to Salesforce, enabling customer insights and high customer lifetime values in the long run. With a comprehensive tech set-up in place *MEDIFOX DAN* was able to measure this impact achieving a multiple of 10-20x of customer acquisition costs and driving sustainable revenue growth through online generated leads.

Technological advances have fundamentally changed the way people interact with the world. From social media to machine learning and artificial intelligence, technology has made commonplace what was once unimaginable, altering how people communicate, live, think, and work. This has created a vital need for every business to catch up and implement digital transformation to continue creating value for their consumers, especially in their go-to-market approach. Embracing digital transformation is now essential for businesses to thrive in today's fast-paced, tech-driven world.

■ 1. First steps

We supported the digital transformation and digital value creation of *MEDIFOX DAN*, a leading provider of software solutions and services to care and therapy providers, under the holding of *Hg Capital*, a leading software and services investor, since the beginning of 2019. When our collaboration began, it was a company with a strong focus on trade fairs to raise brand awareness for its products and collect new contacts. Through the implementation of our *OMMAX* digital readiness framework, we were able to transform the business model to a more digital running one.

■ 2. Digital value creation through our digital readiness assessment

The *OMMAX* digital readiness assessment enables our clients to understand the digital value drivers of their business model, brand proposition, and go-to-market, which are then translated into an actionable strategy and roadmap for sustainable growth.

■ 3. Digital value creation

First, digital value creation requires understanding the challenges and drivers around market dynamics, customer needs, and a company's capabilities and infrastructure. This is implemented by asking and analysing key questions to assess digital readiness and identify value creation potentials as a basis to build up digital leadership capabilities. We support digital value creation through a well-considered digital strategy, followed up with a prioritised implementation roadmap and result-driven execution. The digital readiness assessment also enabled *MEDIFOX DAN* to understand the digital value drivers of their business model, brand position, and go-to-market, which were translated into an actionable strategy and roadmap for sustainable growth.

■ 4. Drivers and enablers

We address digital value creation drivers and enablers in transaction and strategy projects to define holistic digital value creation roadmaps using the digital

readiness assessment framework shown in Figure 1. The framework covers seven core components of a company's digital DNA: Digital ambition, Brand proposition, Target segments, Marketing channels, Sales channels, Tech infrastructure and Target operating model.

Next to those components, it covers capabilities along which we identify long-term growth acceleration potentials and quick wins to ignite execution momentum across an organisation.

■ 5. Diving into the framework

Our digital readiness framework is holistic and can be adapted to company needs and industries, focusing more on those areas needing more emphasis.

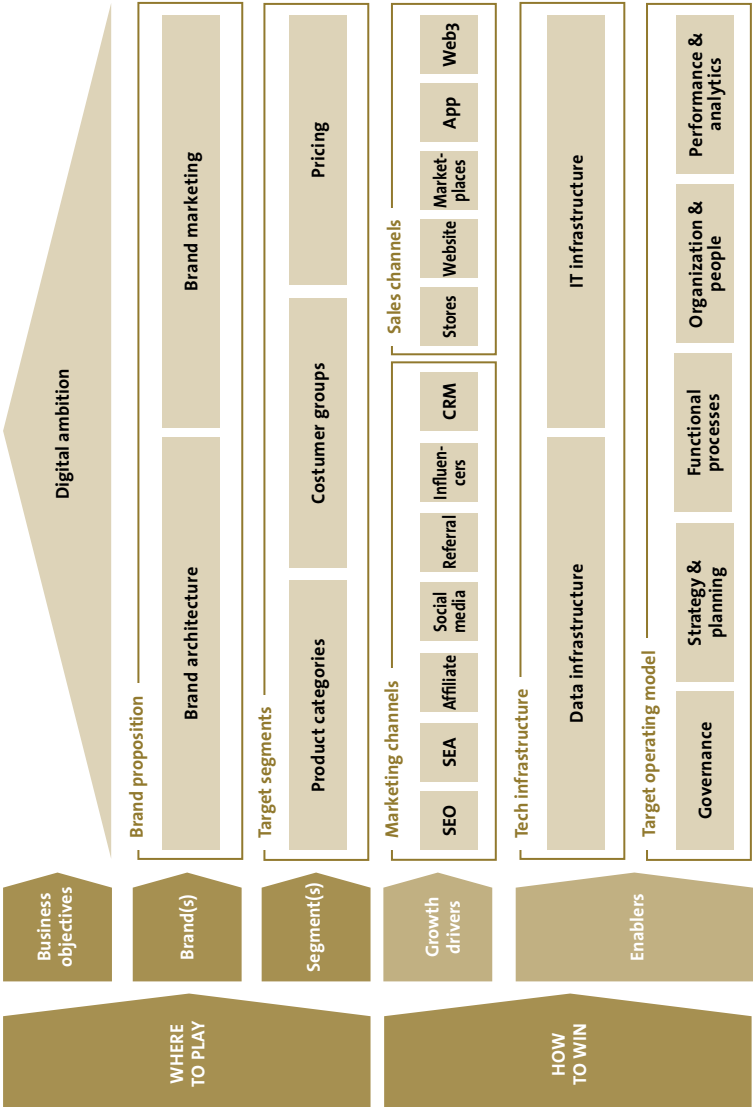
We assess the digital readiness of a business from the top of the framework, moving to the lower part. The upper section, “Where to play”, consists of the business objectives, target segment definition, and brand positioning. Here we consider questions such as:

- With the defined brand architecture, mission, and vision, where does the company want to position itself, and which customer segments should be targeted?
- What is the pricing strategy that resonates with my brand proposition and target groups to drive sustainable growth?

Once the core strategic parameters are defined, we assess and benchmark the current go-to-market performance along digital marketing (e.g. Google) and sales channels (e.g. website) to identify key potentials and value drivers in targeting, acquiring and retaining customers. By combining strategic recommendations with best practices and best-in-class approaches, we ensure the scalability and sustainability of channel activities. Since “customer journeys” increasingly need to be orchestrated considering the dynamics between online and potential offline touchpoints, the digital go-to-market is defined to also enrich offline journeys and build an eze (end-to-end) customer perspective.

Fig. 1

Digital Readiness Assessment



■ 6. Tech and data platform

Finally, key to scaling digital channel growth are a fit-for-purpose and robust tech and data platform as well as an organisational operating model. For the technical enablers we need to make sure that we have the right systems in place and track relevant data to power personalised and seamless customer journeys. This platform needs to be highly cost-effective, capable of scaling as the business grows and providing the basis to act on data quickly. As structure follows strategy, governance, processes, and the organisation needs to fully enable the digital go-to-market strategy. It's key to note that ensuring digital competencies in the company requires management buy-in and careful planning to avoid an execution stalling (for example via upskilling employees or by setting up a remote digital excellence hub that engages potential hires).

■ 7. Digital go-to-market

OMMAX experts planned a digital go-to-market in a pilot format. First a proof-of-concept (PoC) was identified for the customer within a reduced scope (in this case, a landing page). Then they started collecting traffic on online channels by using paid campaigns with an optimised conversion-oriented journey. Prospective consumers were then led to the landing page, and from there, to the internal sales team.

The initial plan was to set up this pilot over four weeks, then run it for three months, providing us with a proof-of-concept regarding the feasibility of this strategy and indication on customer acquisition costs and contract values. However, after only six weeks, the lead volume and quality of incoming contacts increased significantly, allowing us to scale the pilot further and calculate the business case for the complete calendar year. We developed the project further, building trust with clients delivering 7-digit revenues in three months.

■ 8. From pilot to platform: inside and out

With the proof of concept successfully run, our experts turned their attention to the *MEDIFOX DAN* website. Previously quite antiquated, it required a compre-

hensive overhaul to handle the significantly increased traffic, provide a best-in-class experience on the website with strong commercial focus and to ensure the best possible results out of it. The website was relaunched within five months, using key insights from the PoC: our expert team implemented a conversion and lead-oriented approach, driven by digital sales at its core and following a proven framework in previous projects for leading software companies. Customer journeys were created, Typo3 technology (content management system) was duly set in place, and the team's internal sales department was scaled to ensure they had the capacity to process incoming business increases.

This raised the matter of the sales department, which also required overhauled systems and processes – the project went over from digital channels to the website and then on to considerations regarding how to monetise best and convert leads across the funnels. Automated lead journeys were implemented by integrating HubSpot into the marketing tech stack, making sure to be always top of mind during the lead-to-sales process (achieving sales excellence). Since most clients compare prices with competitors at the decision phase of the sales process, this allowed *MEDIFOX DAN* to integrate leads from different customer journey stages to optimise conversion and sales.

■ 9. Implementation and future outlook

Our expert team implemented digital trade show management and tracking, allowing *MEDIFOX* to use digital tools to obtain key insights regarding potential leads from reliable and measurable visitor information. This happened when many institutions were not operating normally, from medical practices and clinics to outpatient care and nursing homes, and it proved to be the perfect time to implement a holistic digital strategy.

We aim for all portfolio companies to be able to maintain and scale their infrastructure independently, so building *MEDIFOX DAN*'s internal capacity to operate the new structures and automated processes was a priority. Meanwhile, leveraging our expert knowledge of media, campaigning, and *Google Analytics*, we acted as an external one-stop shop for *MEDIFOX DAN* regarding media expenditure allocation and ROI with a dynamic business case overview.

■ 10. Result: Sale to ResMed and continued success

Mid-2022, it was announced that *MEDIFOX DAN* would be sold to *ResMed*, a global leader in cloud-connected medical devices and out-of-hospital software-as-a-service (SaaS) business solutions. This transaction valued *MEDIFOX DAN* at around US \$1 billion, showing the immense success of the company's digital transformation and the promising future ahead.

Resume

This case study is a best practice example of the 360-degree approach of *OMMAX*, to digital strategy and value creation focusing on topline growth and efficiency. In addition to coordinating the strategy and implementation, from the initial strategy and business case to the platform creation, we supported the management in developing the team's skills internally to support their continued success. We set up a strong digital sales channel with strong KPIs (10-20 CLV/CAC) including a state-of-the-art digital experience platform and a sales-supporting marketing automation solution connected to Salesforce, optimised the Sales Funnel to decrease drop-out rates, and enhanced the performance marketing channels and organic performance.

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About the authors:

DR ANJA KONHÄUSER is a Partner/Co-Founder at OMMAX and specializes in the development of digital marketing strategies as well as the support of commercial due diligence projects for digital M&As.

With her superior experience in the setup, analysis, and execution of digital value creation strategies, she has successfully advised national and international leading brands on scaling digital business models. She concentrates on game-changing

industries such as digital health and e-commerce. Some of her most recent projects include Amazon, ghd, MG Motor, MEDIAN Clinics, and MEDIFOX DAN. She brings unmatched leadership and analytical skills, and she stands out as a person with high precision and patience. Being a person who is always passionate about digital know-how, she likes to share her experience as a lecturer at prestigious universities, some of which she also worked for before joining OMMAX, including the Karlsruhe Institute of Technology (KIT) and the University of Passau. – Anja holds an MBA from the University of Passau and a Ph.D., summa cum laude, from the Karlsruhe Institute of Technology (KIT).

***DR STEFAN SAMBOL** is Partner at OMMAX and advises clients from different industries to successfully manage their digital transformation processes. He shows >15 years of expertise in accelerating growth of digital companies, developing digital growth strategies, customer engagement models in sales and marketing, and scaling digital products*

He is a digital expert advising selected financial investors and has led >100 commercial, digital, and tech DDs. Stefan is considered one of Germany's top digital experts with a strong focus on consumer and tech business models.

Prior to OMMAX, Stefan worked 4 years at Rocket Internet, as co-founder of tech companies, and at Homburg & Partner, a consulting boutique for pricing, strategy and sales, acquired by Accenture in 2022. Stefan holds a M.Sc. in Economics at the Ludwig-Maximilians-University of Munich and a Ph.D. from the university of Bayreuth.