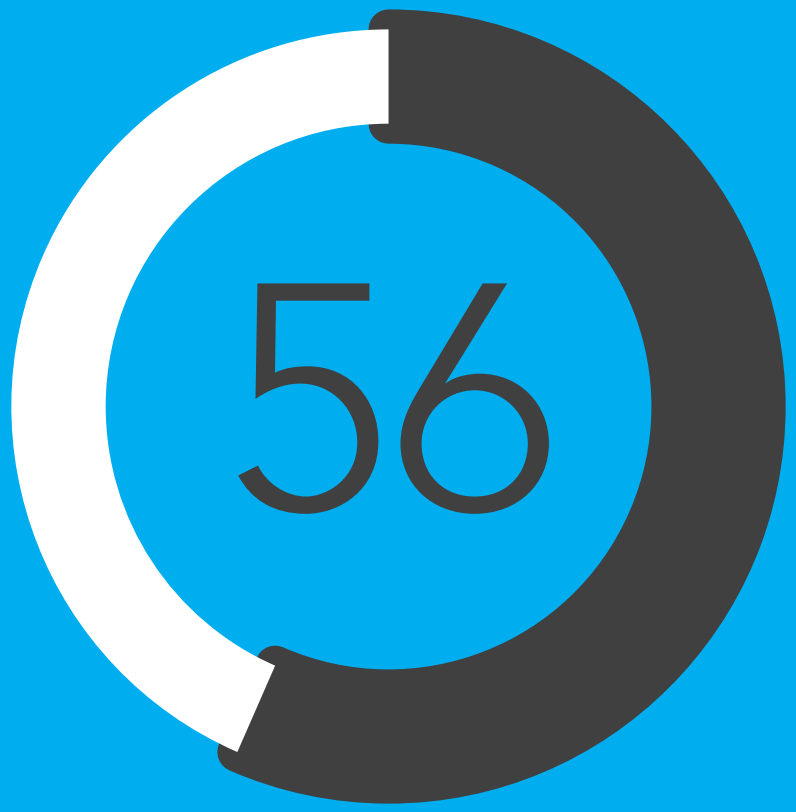
forward

preventative healthcare powered by technology

sift

overall sift score*



* the sift score ranges from 1 to 99 and is based on four key factors: 1) the quality of the problem, 2) the quality of the solution, 3) the quality of the business model and 4) the quality of the exit opportunity; scores have the following meaning:

1-19	20-39	40-59	60-79	80-99
a hobby; not a good business for anyone to invest capital	a good business for friends and family investors	institutional investable with low return-to-risk ratio	institutional investable with medium return-to-risk ratio	institutional investable with high return-to-risk ratio

too much friction for me to go forward

forward has a powerful emotional resonance for me (as I've had my fair share of health 'scares') – managing wellness is more important than managing sickness. but to realize this paradigm shift, the company is asking me to alter my user behavior (a psychographic mismatch) on two fronts. first, they want me to come in when I'm not sick (so we can establish a baseline and continue to monitor changes in my health), and second, they want me to pay on a monthly basis for something that I currently only derive (perceived) value from once or twice per year (when I go see a doctor). and instead of offering me a (near-term) incentive to absorb these friction points, the company is hitting me with a price point that is 9x higher than that of one medical - the closest competitor from my personal perspective. and so, as I move forward in my health journey, I will continue to do so with one medical and/or the smattering of urgent care centers - both of which are almost as ubiquitous as automatic teller machines in the san francisco and the broader bay area.

forward likely is focused on offering its services as an employee benefit, but success in that space will depend upon employees championing forward's services internally, which, given the company's high price point, is unlikely to come to fruition.

55%

of americans rate the quality of the healthcare system as excellent or good[1]

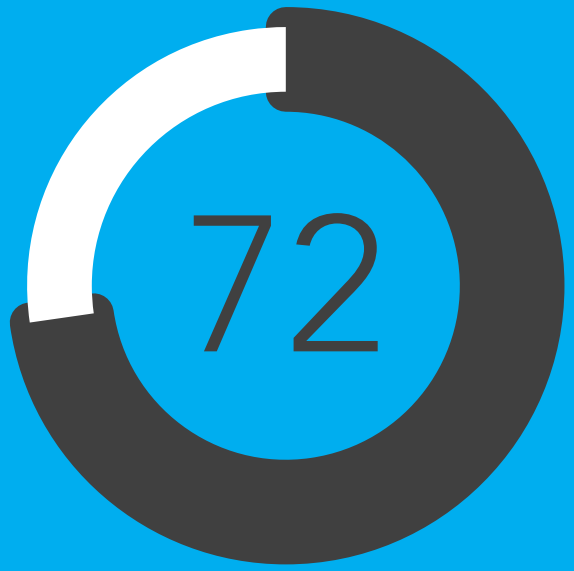
however…

80%

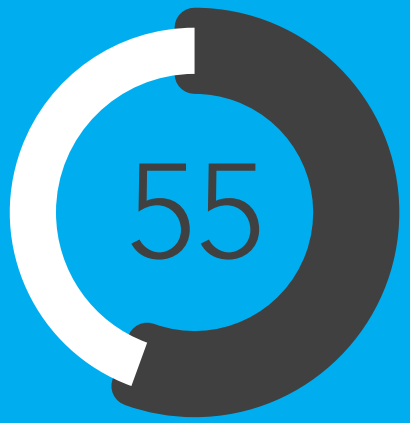
of americans rate the quality of the healthcare they personally receive as excellent or good[1,2]

1. mccarthy, justin. "most americans still rate their healthcare quite positively." *gallop*, december 7, 2018; news.gallop.com/poll/245195/americans-rate-healthcare-quite-positively.aspx.
2. it's worth noting that older generations are more positive about the healthcare that they personally receive versus younger generations. for example, only 74% of adults aged 18-29 rate the healthcare that they personally receive as excellent or good.

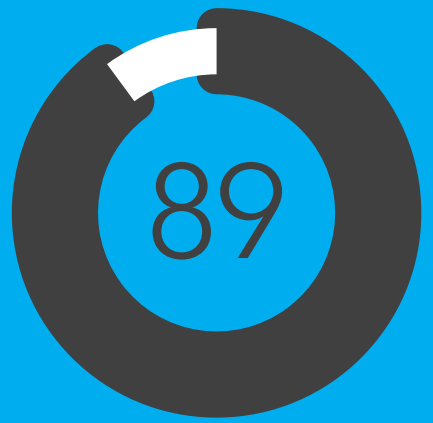
quality of the problem



category score



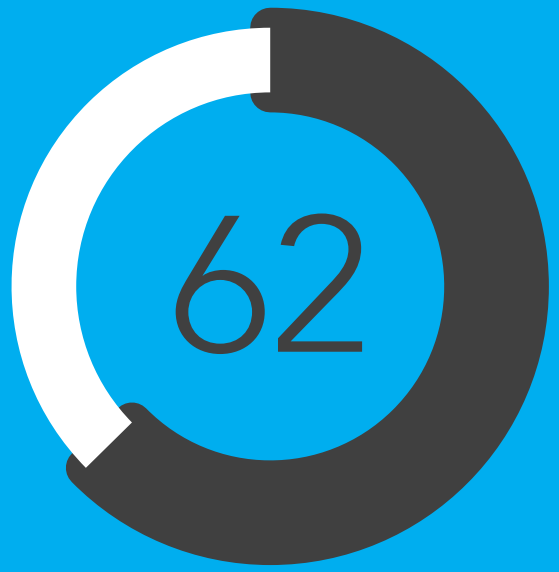
gravity of the problem[1]



scale of the problem[2]

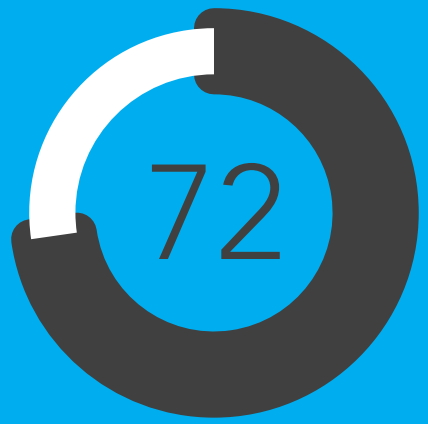
1. refers to how seriousness of the problem (from the perception of the consumer)
2. based upon the number of consumers who are affected by the problem

quality of the solution



category score

combined value propositon[1]



defensibility of solution[2]

1. based on the consumer criteria (outlined to the right) + the supplier (doctors) value prop.
2. based upon the ease with which a competitor could replicate the company's solution.

90
emotional considerations

- the company's proactive approach to healthcare makes consumers feel like they are safeguarding their physical and mental well-being
- the entire experience of forward makes members 'feel' special, from the lululemon outfit that you wear during the initial assessment to the privacy your experience for urine samples

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functional considerations

- the company's hardware isn't just for technophiles; it's designed to improve the experience of tests as pedestrian as drawing blood to exams as critical as early detection of illnesses
- the company has very limited locations (only 1 in sf compared to the 26 bay area locations offered by one medical – arguably the company's closest competitor).

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psychographic considerations

- in order to benefit from the company's proactive approach to wellness, they have to get members to change their typical user behavior of only seeing a doctor when they are sick
- the company's revenue model requires members to pay monthly to benefit from services that they utilize, at most, quarterly

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resource considerations

- the company's subscription price of $149 per month is materially higher than that of a gym membership and that of one medical, which charges members $199 per year
- in order to fully-benefit from the company's value proposition, members likely will have to spend more time at the doctor – a big ask for the increasingly time constrained millennial

key performance indicators
per location

pre-opening expense | $2m
tenant improvements, equipment + security deposit

monthly revenue @ stabilization[1] | $466k
stabilization is at the point where revenue is maximized

facility + staffing expense @ stab. | 72%
rent, utilities + staffing expense as a % of revenue

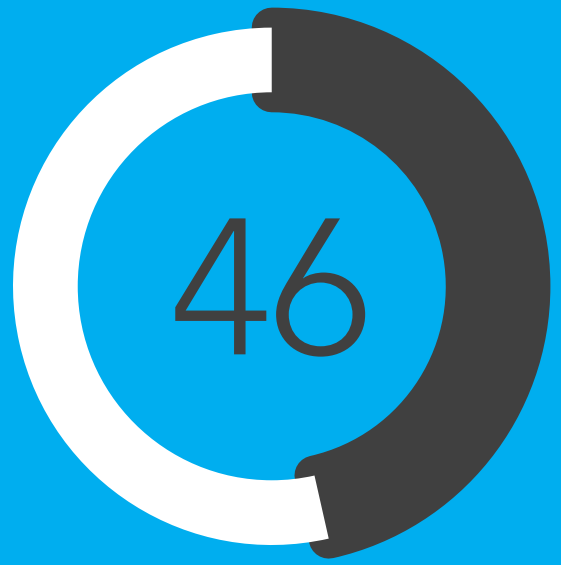
customer acquisition cost ratio[1] | 2.75x
measures the efficiency of member acq.; target > 3.00x

operating profit margin @ stabilization | 16%
target profit margin > 25%

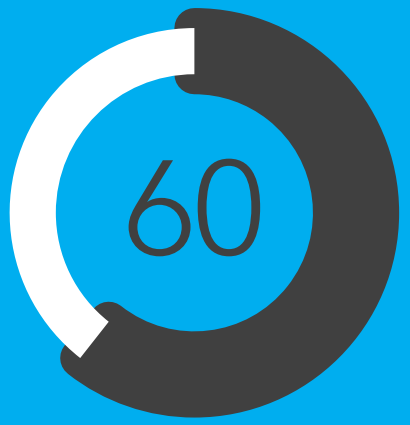
pre-op. expense/op. profit @ stab. | 25:1
ratio is a proxy for payback period; target is < 15:1

1. revenue assumes 3.8k members; avg. net mo. price per member = $123, based on blended price of individual and enterprise business. cac based on churn + acq. cost assumptions.

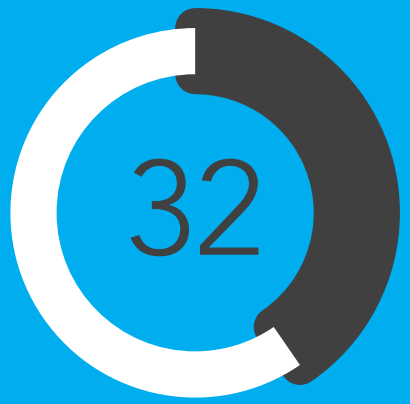
quality of the business model



category score



revenue durability[1]

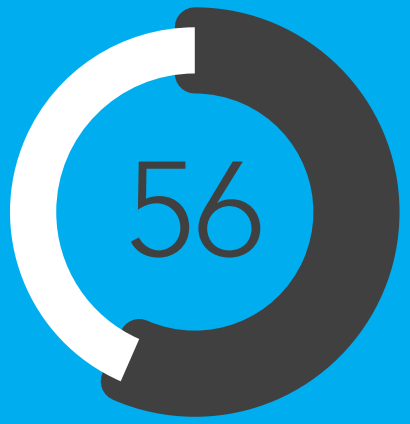


unit economics[2]

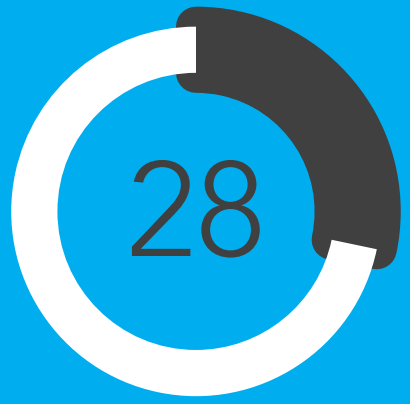
1. enterprise model has favorable durability; individual model likely will experience material churn
2. score is based on cac ratio (25% of score) and the pre-op. expense/op. profit ratio (75%)

quality of the exit opportunity

category score

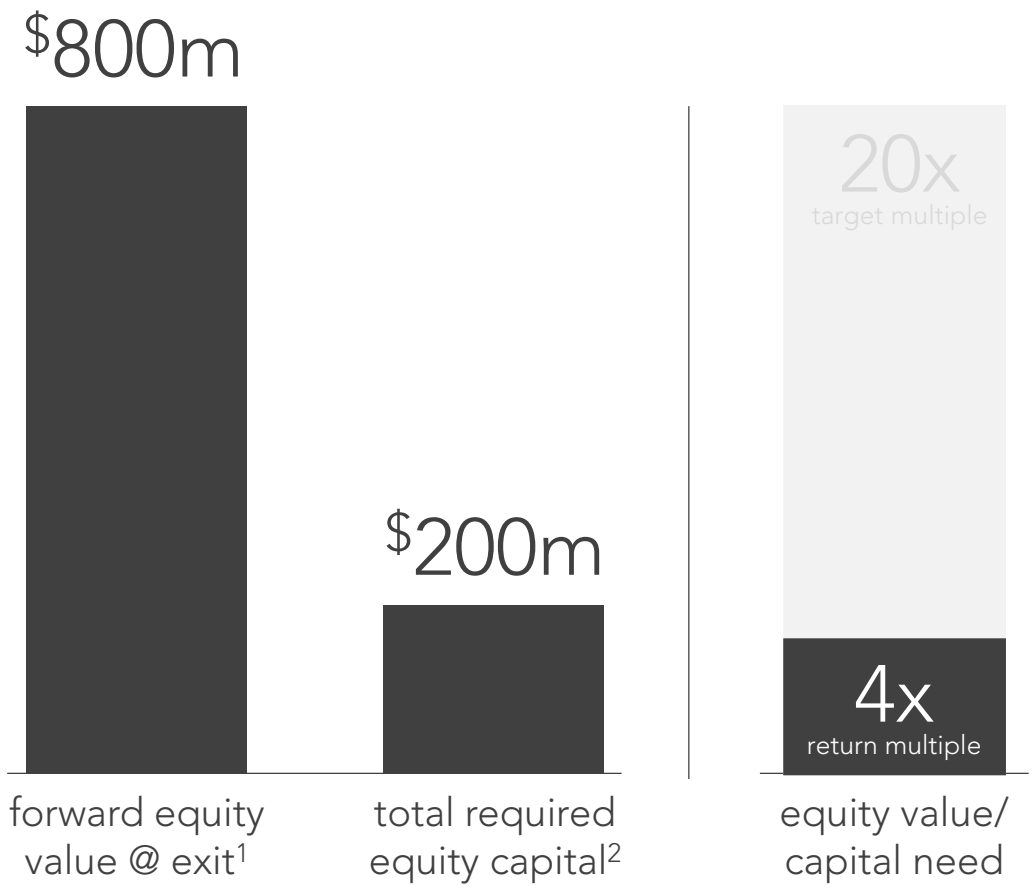


probability of exit[1]



exit value/capital raised[2]

1. based on the company's ability to raise the necessary capital and potential liquidity options.
2. see chart to the right for more details.



1. assumes a 4x multiple to the company's annualized revenue run-rate at the end of 10 years of operations is $200m (based upon 50 opened locations).
2. total capital need based upon financial model is $178m, which has been rounded up to $200m to provide an adequate cushion.
3. the target for a high-risk, long-duration investment opportunity like forward is 20x as investors are unlikely to own 100% of the company at exit (due to management and employee owning shares) and early investors should generate a return multiple > 20x. return multiple has little sensitivity to number of locations opened but could improve to 6x with debt financing.