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SHORTLIST MAKERS

How to turn healthcare CFOs into your solution champions

Contents

Introduction

You deserve to hear "yes" more often.

Any sales opportunity is a string of sliding door moments.

Presumably, if you make the right choices, prospecting meetings with a health system will go well. It unfolds something like this… The buying group expresses enthusiasm about your solution and what it can do for their business. You text back and forth with the IT project manager, exchanging positive emojis. Eventually, your team ends up swapping alma mater stories with the IT director over beers.

Then suddenly, your conversations drop off like a carbonate cliff in Utah.

Someone has put the kibosh on your technology. Eventually, you hear it was the CFO.

Was it something you said… or neglected to say? Probably.

But here's the good news: You can stop these setbacks before they happen. You just have to know a CFO's criteria for greenlighting a new solution. (Spoiler alert: It's probably not the same now as it was last year.)

Now, with this eBook, you can quit wondering "why" the CFO closed your window of opportunity with a decisive snap. Instead, read on to move on. Get our best advice for positioning your technology so it impresses even the most discriminating CFOs.

Get to know the CFO role

Ditch the bean-counter trope.

Modern CFOs balance more than the budget. They're quickly becoming stewards of entire health systems. In fact, nine out of 10 CFOs call the shots on business-critical decisions that impact their whole organization, not just finance.[1]

So if you believe the best way to win over a health system's CFO is to defend your solution's sticker price and maintenance costs, you'd be wrong.

Case in point: Many CFOs are leading their health systems' efforts to tackle digital acceleration, cybersecurity, talent retention, sustainability, and health equity.[2] Because CFOs view technology as a needle-mover in these areas (and a key force for combating inflation[3]), they're more likely to weigh in on significant digital tech investments to ensure they're driving efficient growth.

Pro tip

After a tough 2022 dominated by negative operating margins,[4] many CFOs want to identify the right tradeoffs for improving profitability while funding digital acceleration. To grab (and hold) the CFO's attention, demonstrate how your solution quantitatively and verifiably eases their most seething pains — namely, labor shortages, supply chain disruptions, revenue cycle management, cyberthreats, and/or workflow inefficiencies.

Prepare to sell through a champion

Got a no-show CFO? Enlist an advocate.

While CFOs are decision-making anchors for tech purchases, they may never directly speak with you. In these cases, you'll need to reach them through an internal champion.

As you look for a champion, you may be inclined to choose someone who's knowledgeable and excited about your solution. But these traits alone won't convince a CFO to consider your technology.

Good champions must also:

- Have a good "financial reputation"[5] — i.e., they don't make frivolous budget requests
- Be cost-conscious — they analyze their current spend and are able to suggest ways to reduce that spend, if necessary, to cover the cost of your solution
- Mobilize change — they work to break through status quo thinking.

Your champions should understand their finance chief's business priorities and challenges. How are they planning to drive growth for the health system while preparing for higher operational costs? Coach your champions so they can talk confidently about your solution within this context.

Pro tip

Create customized collateral for your champion to deliver to the CFO. This can be a deck that your champion shares during a 1:1 meeting or a one-pager explaining how your solution helps achieve the finance chief's goals. A list of customer references may also come in handy so the CFO can verify your technology's results.

Pitch to the organization's tech priorities

Have no clue? Start with a hunch.

Selling the CFO can feel like treading water in a straw if your solution doesn't map to a funded initiative. While you may not know exactly what these initiatives are (unless your champion or recent media coverage tells you), you can make an educated guess.

According to research from accounting and professional services firm BDO,[6] health systems' digital tech investments may vary, depending on their sector. Private healthcare organizations, which have previously invested in digital transformation, appear to be deprioritizing digital for 2023. Conversely, many public-sector organizations are actively allocating funds for digital technology despite wrestling with relatively intense financial distress in 2022. As BDO explains, This could be the public sector's move to catch up to their private counterparts, which are presumably more digitized.

Turning to health systems' investments in specific tools, these often fluctuate based on provider type. For instance, a provider executive survey by Bain & Company and KLAS Research[7] reveals that national health systems are prioritizing telehealth platforms, while security and privacy is the most important tech capability for regional, local, and community mental health care providers. Large physician groups, however, are focused on bolstering their revenue cycle management tools to improve their cash collections and relieve labor-intensive processes.

Pro tip

Before your first interaction, gather technographic data about the health system's tech stack. Which vendors are your prospects using? Are there any capability gaps that you can fill? Also ask them directly about their technology priorities, but also ask them why. You may uncover mistaken assumptions that pave a way to your solution.

Factor in the CFO's likely tech investments

Let market research be your guide.

Generally speaking, the CFO's tech priorities should align with the rest of the C-suite in their health system. If you're looking for deeper insight into the CFO's tech purchasing mindset, the 2023 BDO Healthcare Outlook Survey delivers helpful guidance. Apparently, CFOs are increasing investments in telehealth platforms, strategic planning tools, and revenue cycle optimization for 2023.[8] Also, to address labor shortages, they're looking at automation alternatives to reduce staff workload.

If you expected patient engagement solutions to be on the CFO's priority list, you're in for a surprise. The BDO report finds that yes, 24% of CFOs admit their previous digital investments have had the most impact on patient experience. Yet strangely enough, many of them plan to decrease tech investment in patient portals and automated patient communications in 2023.

Extending the spending time frame to the next three years, healthcare CFOs indicate clear increases in their capital expenditures. Compared to 2021, finance leaders expect a 79% increase in digital technology spend, and a 59% increase in data and interoperability tools.[9]

Pro tip

If your solution matches with a health system's high-priority tech category, lucky you! If not, be prepared to challenge your prospect's perspective. Say the CFO has decided to pull budget dollars away from patient engagement solutions. What belief is driving that decision? And what does the CFO fail to realize about that chosen course? What might be the negative dollars-and-cents impact on the business?

Prepare to cover the cost for entry

Take your ticket to the conversation.

You can follow all the advice you've read so far and still not make the CFO's shortlist. You may think you're presenting a clear picture of your solution's value. But unless your solution is integration-ready, what the CFO sees is an undeveloped photograph.

In fact, without proven integration capabilities, you're not likely to book an introductory conversation at all. Bain & Company and KLAS Research finds that 71% of providers look to their EHR vendors for new solutions before looking to others.[10] In part, this buying behavior is symptomatic of health systems' ongoing struggle to manage the growing complexity of their third-party tech stacks.

Unconnected technologies also fuel clinician burnout. In fact, 80% of clinicians say the inability to share data between information systems increases their stress levels.[11] This strain not only leads to abandoning unintegrated technology (aka, a wasted investment), but also hurts staff retention, a top strategic initiative for health systems[12] and, as such, a frequent CFO imperative.

Pro tip

Enter prospect conversations expecting to demonstrate your ability and readiness to integrate with the health system's EHR. Come prepared to showcase your experience with complex integrations across a diverse array of EHR vendors. Explain how your team and/or integration partner plan to manage the upfront development, integration implementation, tech support, security, and system updates.

Speak the CFO's quantitative language

Capitalize on CFO calculations.

Hospital margins have been crushed by rising clinical labor costs and the slow recovery to pre-pandemic patient volumes.[13] While health systems are faring better, they, too, are feeling financial pressures.

So, as you might expect, CFOs will apply a scrupulous eye to your solution's deployment and maintenance costs.

And how soon can CFOs expect to recoup these costs? The payback period now carries more weight in the CFO's ROI calculation than in the past.[14] That said, tying your solution to measurable outcomes that the CFO cares about is just as compelling (if not more so) than claiming your technology has a payback period of six months or less.

What might a persuasive argument for your tech's business impact sound like? Let's say you're selling a revenue cycle management (RCM) solution with automated claims management capabilities. To convince a health system CFO that your technology belongs on the shortlist, you might emphasize these customer-verified results:

- 67% reduction in prior authorization processing time
- .25% decrease in cost-to-collect[15]
- 15% – 25% retention of overall revenue by resolving billing and coding errors[16]

What was the total time/dollars savings for your customer? What might that savings look like for a health system similar to your prospect?

Pro tip

CFOs are automatically skeptical of ROI and benefits numbers cited by vendors. Be ready to explain how you've calculated your outcome metrics. Also, offer customer verification. CFOs want reassurance that your numbers accurately reflect real results.

Open a taxiway to growth

Cross the threshold. Reveal the runway.

Healthcare CFOs care about more than short-term costs and fiscal-year returns. They're also working to pave a sustainable path to long-term growth. This is why it's important to emphasize your solution's impact on a longer time horizon.

Let's return to our RCM solution example in the previous section. How might you describe your technology's longer-term value to the CFO?

Explain how your RCM solution can help the CFO prepare for risk- or population-based reimbursement models by assigning appropriate codes to track the financial impact of social determinants of health (SDOH).[17] This capability also equips the CFO to measure the ROI of health equity investments, which typically takes longer (three to five years) to pay off.[18] Using this data, the CFO can significantly reduce the overall cost of caring for their most at-risk populations while boosting reimbursement.

Pro tip

When discussing your solution as a growth catalyst, be sure to reference a real-world example (preferably, a customer). For instance, you might point to Montefiore Health System in the Bronx, which used SDOH data to identify homelessness as a predominant condition in its patient population (and a forerunner to higher healthcare costs). To combat this, it launched a housing program, which reduced emergency room visits and unnecessary hospitalizations, resulting in an annual ROI of 300%.[19]

Underscore clinical validation

Pass the practice test.

Because many healthcare CFOs are focused on retaining clinicians, they'll be listening intently for the clinical validation of your solution. To demonstrate true clinical validation, you'll need to do more than explain how your solution is designed to achieve a specific clinical goal (e.g., saving clinicians time). Be prepared to prove your technology is actually capable of achieving this goal in clinical practice.[20]

Specifically, CFOs will be looking for verifiable evidence that your tech provides information or insight that clinicians will act on. Does it trigger a clinical workflow or intervention that results in better care outcomes?

Supplying this evidence may sound obvious, as clinical validation is hardly a new term. But historically, digital health companies have fallen short on their clinical robustness, judging by their low number of regulatory filings and clinical trials.[21] Providing evidence that your solution is clinically valuable and easy to use is a big differentiator.

Pro tip

If your solution has no prior use history, work with a health system on a limited pilot with a small sample of clinicians. To contain costs, you might consider using clinical simulations and synthetic data.[22] Use the pilot results to address any usability issues and determine how (if at all) it impacts the desired outcome metrics.

Roll back presumed risk

Incorporate safety nets.

Inevitably, health system CFOs view third-party technologies as riskier than solutions offered by their EHR vendor. In fact, because these technologies pose interoperability challenges, 71% of providers look to their EHR vendors for new solutions before looking to others.[23]

To break through this barrier, be prepared to chip away at any financial objections. Come to the table ready to offer creative safety nets to convince the CFO that buying your solution won't lead to failure.

- Create a detailed project plan (with owners and metrics) before the deal closes
- Suggest a smaller package to start, with a chance to add expanded functionality
- Provide a variety of finance and purchasing options
- Propose a trial period
- Offer extended professional services support

Pro tip

A risk that many health tech vendors overlook is the hefty time investment required for evaluating a new solution. To buyers, it can feel like a liability. Make it easy for the CFO and other decision makers by listening to their concerns, understanding their key issues, and listing them. This way, you can address each of these perceptions before the RFP.[24]

Conclusion

CFOs are tough customers.

Sure, healthcare CFOs are obsessed with delivering a good debt-to-equity ratio. But when they consider new digital health investments, they're weighing more than purchase price, maintenance costs, and ROI.

Does this make your job harder? Yes. There's a lot of rugged conversational terrain to cross before you can turn skeptical CFOs into your solution champions.

Hopefully, after reading this eBook, you'll be able to anticipate the types of questions that CFOs (or their champions) are likely to toss your way. And you'll have what you need to thoroughly prepare your responses.

Now you can go into a conversation with a healthcare CFO with a more persuasive talk track than a protracted justification of your solution's price. Show your solution's full value using metrics that are meaningful. Leverage your champions, roll back risk, and snag your rightful place on that health system's shortlist.

You'll know what to do when the next sliding door opens.

Endnotes

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About Redox

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