



*Healthcare Web 2.0 Innovators*

## Sermo Case Study

### **Business Drivers**

Sermo is a start-up that was founded by a doctor with a passion, to create a professional community in which often-isolated U.S. doctors can advise each other. Once confirmed as practicing physicians, members create pseudonyms that are attached to their specialties. No other information about members is required, but they can volunteer other information about themselves.



The Sermo story reflects the limitless applicability of Web 2.0 collaboration, in healthcare and other industries.

### **Summary of Web 2.0 Activities**

#### **How It Works**

Unlike most "social" networks, Sermo is mostly about enabling members to exchange knowledge with each other anonymously—not to create relationships for business networking.

Its business model does not call for selling advertising on the site. Sermo monetizes the activities of its users by selling their anonymous comments and polling data to healthcare organizations, financial institutions and government agencies. These "clients" pay to understand conversations, thoughts and practices of members, but they do not know any member and may not contact members directly. However, clients can poll members, and members respond anonymously.

Sermo is banking that clients will appreciate the rare value of physicians' conversations *among each other about applied medicine the way it is really practiced* to be of immense value.

#### **Why It Works**

Sermo readily exhibits the disruptive yet compelling nature of social networks. As healthcare practice has moved out of hospitals to reduce costs, most doctors spend most of their time in small offices. They are quite isolated, and Sermo provides the opportunity to exchange information and give and ask for advice from a 56,000 and counting member community. Members advise each other in surprising ways, like workarounds and alternative uses for drugs.

Sermo shows the power of "crowdsourcing" in which a member makes a request in a "public" forum. Community members comment on and rate advice proffered by others, which exposes outliers and magnifies contributions. The power of the community is significant, and members benefit by the asynchronous nature of social networks: they contribute at the time of greatest need and/or lowest cost to themselves.

#### **It All Began with a Focused Vision—and Rapidly Outgrew It**

Founder Daniel Palestrant, M.D. originally envisioned Sermo as a vehicle for physicians to report adverse effects of treatment to each other, but it soon became applicable to a far



greater range of issues and today enables physicians of every type to post all kinds of questions online, and to get answers from other trusted members, all of whom are verified M.D.s or D.O.s. The business model is innovative, as he explains: " The community generates "heat maps" around different subject areas or ideas. This is valuable information to our clients. We are able to sell this information, without compromising physician anonymity in way shape or form, while providing an environment that is free from outside influence and advertising."

### Crossing Boundaries

Sermo also aims to contribute to public health by collaborating across boundaries with professional organizations like the American Medical Association as well as learning universities like Northwestern University.

- Help forecast potential problems or new uses for commercially significant medical products and therapies
- Gain early insight into outbreaks and other changes in disease states and conditions that can affect the public health
- Perform epidemiologic research investigations
- Perform real-time surveys of the opinion of practicing physicians on topics related to medical care
- Assess the success and adoption of best practice recommendations
- Find opportunities to improve medical practice, and protect and promote patient safety and the public health

### Lessons Learned

- Social networks can grow wherever there is a group of people facing a set of problems that is not addressed using traditional means—and whenever open collaboration can make the difference. These networks can later expand by connecting with other networks; they grow according to a networked rhythm.
- Sermo shows that some of the most high-value professionals will find time to collaborate when they are motivated. In terms of the hourly value of time, physicians put a very high value on every minute of the day.
- Pharmaceutical companies sometimes criticize Sermo because they are afraid that members may advise each other inappropriately, without accessing appropriate research. This shows that stakeholders are uncomfortable with word of mouth, which digital social networks make visible for the first time on a wide scale.
- Surprise: most of Sermo's power users are the older physicians, who prize the value of the advice and the sense of community.

### References

Description	Reference
A MySpace for physicians	<a href="http://tinyurl.com/3tcebv">http://tinyurl.com/3tcebv</a>
Video: HEALTH 2.0: Sermo CEO Daniel Palestrant	<a href="http://tinyurl.com/42e42a">http://tinyurl.com/42e42a</a>
Sermo entry in Wikipedia includes excellent links	<a href="http://en.wikipedia.org/wiki/Sermo">http://en.wikipedia.org/wiki/Sermo</a>
A Conversation with Sermo: Healthcare Vox	<a href="http://www.sermo.com/about/news/blogs/hcv_111406">http://www.sermo.com/about/news/blogs/hcv_111406</a>
Social Networking Goes Professional	<a href="http://tinyurl.com/2uupup">http://tinyurl.com/2uupup</a>