Failed cases of mobile healthcare apps: why Kanchufang has failed

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Kanchufang has three co-founders. CEO Dr. Martin Shen has more than 15 years of experience as a medical professional. Ciline Xu has spent 11 years in Internet operations and has been involved in running several large online platforms with more than 100 million users. She also has strong connections with the investment community, and that background is a crucial reason why the platform's developer team can still obtain funding more than 1 year after it was declared a failure. Wang Yuan has 7 years of IT business experience and previously worked at Siemens Healthcare's IT department.

The platform is developed by a Shanghai IT company established in February 2013. Six months later, the platform was launched for patients to share their treatment experience. The platform was unofficially declared a failure in September 2014 when the company's another mobile app Trusted Doctor was put online.

Product philosophy and operation data

When the developer team conceived the idea of developing Kanchufang, they believed many patients are skeptical of their doctors' treatment solutions, and the patients would find more information online to confirm whether their doctors' solutions are reasonable and appropriate. Therefore the developer team hopes to build a platform where patients can share their medical experience and other patients with similar health problems can take it as a reference. That platform is in essence a patient community.

Through the platform patients can upload their medical records and build an unstructured and unsophisticated database of electronic medical records to facilitate access to the information by other people with the same or similar health issues. These medical records and treatment

solutions are of great value for patients to refer to.

Kanchufang has no mobile app version, but it has a WeChat version and an online platform. At its WeChat account, users can review medical records and treatment solutions posted by other patients and manage their own records.

Dr.2 compiled data about how many records and solutions were shared for each category of diseases.

As of August 24, 2014 there were 23,441 items of questions and discussions and 21,837 items of medical experiences and shared records.

According to the statistics, you can see in *Table 1*, more than one third of the total medical experiences and records shared in August were related to pediatrics, followed by those associated with obstetrics and gynecology.

As of January 6, 2015 there were 23,536 items of questions and discussions and 32,370 items of medical experiences and shared records. Compare the numbers in the 5-month period, we found that the platform has almost stopped operation.

As of August 2014 there were 23,441 items of questions and discussions and 21,837 items of medical experiences and shared records, and only 3,136 items of shared medical solutions (*Table 1*). As of January 2015, there were 23,536 items of questions and discussions and 32,370 items of medical experiences and shared records, but the number of shared medical solutions decreased to 1,062 (*Table 2*). The decrease is believed to be a result of manual removal of unrelated and meaningless postings. When Dr. Martin Shen said in April 2014 that Kanchufang platform had collected some 20,000 medical records, that number was believed to be a reference of discussions. As we can see that many questions and discussions are sent in emotional and consultative tones and could not offer too much help to

Table 1 Kanchufang's website traffic of August 24, 2014

Disease	No. of medical experiences and records
Communicable disease	144
Tumor	100
Pediatrics	1,260
Plastic surgery	204
Orthopedics	42
Endocrine system	80
Obstetrics	400
Neurosurgery	25
Otolaryngology and Head & Neck Surgery	81
Mental health	9
Stomatology	1
Cardiovascular diseases	72
Gynecology	210
Dermatology	169
Respiratory system	49
Other medical diseases	72
Ophthalmology	36
Digestive system	182
Total (18 categories of diseases)	3,136

Table 2 Kanchufang's website traffic of January 6, 2015

Disease	No. of discussions	No. of medical experiences and records
Communicable disease	48	43
Tumor	14	93
Pediatrics	134	228
Plastic surgery	59	88
Orthopedics	16	24
Endocrine system	45	77
Obstetrics	109	60
Neurosurgery	15	42
Otolaryngology and Head & Neck Surgery	53	38
Mental health	9	13
Stomatology	2	11
Cardiovascular disease	37	58
Gynecology	11	40
Dermatology	36	35
Respiratory system	26	108
Other medical diseases	37	43
Ophthalmology	12	15
Digestive system	52	46
Total (18 categories of diseases)	715	1,062

the analysis of the medical data. After manually sorting out the useless information, we collected not more than 100 qualified medical records.

Alexa web traffic data of Kanchufang

Data generated by alexa.chinaz.com are calculated from samples and are generally 3 to 4 times higher than the actual numbers. That is to say, Kanchufang.com's actual daily unique visitor (UV) was 300-1,000, a very low number. But it was mysterious that data showed every visitor viewed an average of 15 pages on the website.

In order to verify the data authenticity, Dr.2 has compared Kanchufang.com's web traffic data with that of www.yx129.com (Medical experience sharing platform) and www.soyoung.com (Online community for plastic surgery customers) to determine whether the PV figures are reasonable.

We can see from *Table 3* that the daily IP at kanchufang.com was one sixth that of yx129.com and one third that of soyoung.com, but daily PV was exceptionally higher. The comparison suggested PV data at kanchufang.com was not

reasonable and may be a result of deliberate interventions to drive up web traffic.

After a period of persistent monitoring, Dr.2 figured out that there are no questions, no discussions and no genuine sharing of medical experiences posted on the platform, and it's basically been in a dead state.

Business mode

Kanchufang is apparently a replicate of the foreign patient community Patients Like Me, and they also share a similar prospective business mode like in *Table 4*. For members of Patients Like Me, they are willing to give up some privacy in exchange for experiences and shared information that might be helpful to treat their own illness. Therefore, managing and structuring patient data and protecting their privacy are the core focus of the operator of Patients Like Me. The community does not charge any fees from its members and does not accept any advertisement. They

Table 3 Traffic comparison of patient communities

Patient community	Daily IP (week)	Daily PV (week)	Page view per visitor (3 months)
yx129.com	19,800	85,140	4.1
soyoung.com	3,600	14,000	6.4
kanchufang.com	1,200	36,000	15

Table 4 Study on Kanchufang's business mode

Key partners
　No
Key businesses
　Function development: potential
　Cooperation with drug companies and medical device makers
　Database
Core resource
　Co-founders and their technology & operation teams
Values
　Patients and their families share genuine medical
　experiences as a reference for other patients
　Users can build personal health records
Customer relationship
　Online community
　WeChat public account
Marketing channel
　Online community
　WeChat public account
Clients
　Patients: potential
　Drug companies
　Insurers
　Medical institutions
Cost structure
　Software development
　Maintenance, operation and marketing
Revenue structure
　Potential revenue from data analysis and advertisement

receive payments from drug makers, insurers and medical instrument manufacturers by providing their patient data that cannot be used to identify any individuals. These privacy rules are published on its website and informed to every member before they join.

When a patient community has more members, it's more valuable for information exchange and will attract even more members to join, and in turn its value will increase geometrically as user growth accelerates. Based on the analysis of kanchufang's web traffic and data quality since its launch more than a year ago, user base is still not broad enough for the community to create more commercial value and build a so-called "database", let alone offering "privacy management service" and "data service". It's apparently not going to work for Kanchufang to build the same business mode as its US counterpart Parents Like Me—make research institutions, drug companies and medical device makers pay money to get access to its patient data.

Conclusions

Kanchufang announced on April 14, 2014 that it secured $1 million angel investment from Lightspeed China Partners. It announced on August 30 an additional $5 million investment from a group of investors led by Sequoia Capital.

Kanchufang project has been declared a failure when the second investment was announced, and the money actually went to fund the developer team's second project—Trusted Doctor.

The company said in a statement that "its patient platform Kanchufang had completed a $5 million financing to fund the development and operation of 'Trusted Doctor' app that helps facilitate communications between doctors and patients and manage their relationship." The statement dealt at length with how the new app would develop in the future, but made little mention of Kanchufang. Dr. Martin has also changed his Weibo name to "Trusted Dr. Martin", and he has never written any Weibo message about Kanchufang since July 2014. The official Weibo and WeChat accounts of Kanchufang have also been closed. Starting from March 2014, users name and ID numbers shown on the photos uploaded to the website have been automatically hidden to protect user privacy. These signs and moves have suggested that Kanchufang has basically been running on its own course without any outside help.

Now Dr.2 will make a detailed analysis of the chief reasons behind the failure of Kanchufang.

Web traffic quickly dwindled

Nearly one and a half years after the community went online, there were 715 discussions, 1,062 shared medical

experiences (most are fabricated), or roughly 2 shares a day. If we take into account the assumption that the community was more active in the initial stage and many discussions were initiated by the developer team, we believe that the community has nearly been abandoned by users in the later stage. Based on incomplete statistics, there were some 220 hot threads in 28 web pages. Data in the *Tables 5,6* was collected in August 2014, but little change had been monitored when the statistics were updated in January 2015.

Apart from the threads above, there is no thread discussed by more than 20 participants.

Flawed top-level design

Based on Kanchufang's publicly disclosed information, we can see that it's a platform for anonymous patients to exchange medical experiences and help each other in their fight against the same diseases. Users can also upload their own medical records onto the platform to build their personal health records.

Medical records document a series of medical activities from the discovery and development of the disease to its examination, diagnosis and treatment and are health archives written according to specific format and requirements. Medical records are produced based on the collection and analysis of patients' health data. Kanchufang is a copycat of a foreign website that shares medical data, but the two have much different fate, mainly due to the

totally different healthcare systems between China and western countries. In advanced countries, most households have family doctors and they can get easy access to their own medical records, either in electronic or paper forms. Moreover, a large portion of their medical bills are paid by insurance companies and the government, and that also makes individual medical records more easily available. In China, however, public hospitals play a dominant role in providing medical services, and they are reluctant to share detailed medical records, so as to protect their economic interest and prevent potential medical disputes with patients. After discharged from the hospital, most patients will only receive a brief report of the treatment process and some test reports. If you want all medical records, you need to go through lengthy and troublesome procedures to get them. Many patients only care about fragmented data because they did not receive enough education to understand what had been written on the records. Moreover, cultural difference has also played a role in Chinese people's different views from foreigners on sharing of medical experiences.

Since the medical records and experiences collected by Kanchufang have not been properly structured and categorized, that makes them useless and valueless for any institution and holds the company back from pouring more resources into the platform. Therefore its failure has been doomed and is just a matter of when. In addition, developing a market requires patience and perseverance, but the developer team seems to be desperately eager to make tangible achievements to prove themselves and they always try to take a shortcut to the destination, manifested by their subsequent operation of the "Trusted Doctor" project.

Trusted Doctor is naturally repellent to Kanchufang

In terms of product nature, we can see that Kanchufang

Table 5 Threads with the most participants

Participants	No. of threads
≥40	2
≥20	1
≥10	11

Table 6 Details of hottest threads

Thread name	Date of first post	Posted by	No. of participants	Type of participants
Parenting knowledge—52 parenting misunderstanding	2013.12.13	Wang Yuan (CTO)	55	54 posts were consecutively sent by Wang Yuan
Liver cancer diary: My fight against liver cancer in 2014	2014.03.04	Wang Yuan (CTO)	42	More than half of the posts were sent by colleagues and friends
Rare diseases: Story of a father traveling to different hospitals with his sick daughter	2013.12.02	Wang Yuan (CTO)	21	Most posts were sent by paid users

and Trusted Doctor are naturally repellent to each other. Kanchufang targets doctors and patients who have never met each other, while Trusted Doctor is a social networking app connecting acquainted users. It's very hard for a company to run both projects, and one of them has to be abandoned. Since it's already been proven that Kanchufang cannot work, the Trusted Doctor becomes the next business focus. We would continue to analyze the prospect of Trusted Doctor in future articles.

In conclusion, the unsuccessful launch of Kanchufang is largely a result of flawed top-level design and the imcompatibility between successful foreign business mode and China's market conditions. Deficient strategic tactics have also contributed to the failure, but are not a leading cause.