

Microdosing

The Innovation Gatekeeper: Fast-Cycle ROI

Why financial validation now
needs to happen in 1–2 budget
cycles, not 3–5 years

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Healthcare innovation still loves elegant stories. Unfortunately, elegant stories don't get funded when budgets are constrained.

For years, the industry has relied on value narratives that sound reasonable but collapse under scrutiny. The most common failure is distance in the value chain. They often sound like: *"If imaging quality improves, outcomes improve. If outcomes improve, costs go down."* Each step may be directionally true, but between the first link and the last sit dozens of confounding variables, including physician behavior, care pathways, payer policy, patient compliance, downstream utilization, and time. When value depends on all of them lining up, it is not value; it is a wish.

The second failure is misaligned economics. *"We need to focus on the patient"* is often presented as a moral and strategic north star. But unless the patient is selecting the solution, paying for it, or directly influencing utilization, they are not the economic buyer. Health systems do not adopt innovation because it feels good to patients in theory; they adopt it because it generates revenue, protects margin, or removes cost for the entity writing the check.

Nobody likes to hear that. But in the U.S., when we choose not to have government-provided healthcare, we are choosing a private system. That decision places care inside a capitalistic model, one that frustrates many people and ultimately requires political action to change. Until that happens, behavior follows money. Don't believe it? Then ask why it takes government penalties to move patient experience scores. You don't have to like this reality, but you must understand it if you want healthcare innovation to be adopted.

These two mistakes share a common flaw: they defer accountability. They ask leaders to believe that value will emerge later, somewhere else, under conditions no one fully controls. That approach worked when margins were healthier and capital was cheaper. It does not work anymore.

If there is one structural shift reshaping digital health more than any other, it is the collapse of the innovation timeline. If a technology cannot demonstrate meaningful revenue generation or revenue protection within one to two budget cycles, it will struggle to be adopted. This is not because leaders have lost interest in innovation, but because economics leave them no alternative.

Peter Chang of Tampa General captured this with striking simplicity: *"There's no innovation without cashflow. Every new idea needs a revenue story."* His follow-up was even sharper: *"If the dollars don't appear early, the idea doesn't move."* Innovation hasn't lost its importance; it has lost its runway.

Experience Isn't a Soft Metric Anymore

This shift extends beyond cost-cutting into the core of how health systems define experience and transformation. Douwe Bergsma of Piedmont reframed the issue in economic terms: *“Experience is only strategic if it grows the business or protects it.”* Experience must now translate into measurable improvements in utilization, loyalty, leakage reduction, or service-line performance. If it doesn't influence revenue, it doesn't justify investment.

Chris McGhee of Best Buy's Current Health underscored how dramatically expectations have accelerated: *“ROI has shifted from ‘We think this will matter’ to ‘Here’s the lift in 90 days.’”* He added: *“Pilot periods aren’t for learning anymore. They’re for proving value.”* Pilots are no longer experiments. They are financial validation gates.

And this is exactly where the industry's tolerance for vague or indirect ROI claims has evaporated.

CFOs Are Now the Real Innovation Leaders

Health systems didn't choose this discipline out of preference; they were forced into it. Declining margins, labor inflation, hybrid care complexity, and mounting IT debt have rewritten investment rules. The old three-to-five-year evaluation window, generous, patient, and speculative, has collapsed into a one-to-two-budget-cycle requirement.

Across domains and geographies, leaders describe the same expectation: financial value must be obvious early, defensible under scrutiny, and repeatable across sites. Every innovation investment now competes directly with staffing stabilization, operational throughput, and debt management. The opportunity cost of experimentation has never been higher.

Leaders cannot afford interesting ideas. They can only afford economic engines.

This doesn't mean revenue generation is the only valid pathway. Cost reduction, decreased length of stay, improved referral capture, reduced leakage, throughput gains, and verifiable labor savings all count, but only when they appear early and are supported by evidence. Abstract efficiency claims, such as *“improved workflows”* or *“reduced friction,”* no longer count unless they translate into measurable financial or labor outcomes.

The New Rule for Vendors: Lead With Math, Not Magic

This environment forces vendors to rethink their go-to-market strategy from the ground up. Value propositions must begin with numerical impact, not aspiration. Reimbursement pathways must be explicit. Revenue-recognition mechanics must be modeled. Leakage reduction must be quantified. Labor substitution must be proven.

Features don't sell anymore. Financial performance does. The companies that win understand they are not selling software or devices. They are selling economic outcomes. They don't need to promise transformation. They need to prove profitability.

Because in the eyes of today's CFOs, the governing principle of innovation is brutally clear:

Don't tell me you're strategic.

Show me you're profitable.

Show me fast.

References

Insights for this report were exclusively sourced from podcast interviews on Healthcare Rap

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