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NET PROPHETS**Internet Resources**
Good Web medicine**The Medical Web**
by Pam Weintraub**Who's Doing It
Right**
Four cyber-health
providers**May: Tough Times
for Webzines**

Working at Boston's Beth Israel Hospital in the early nineties, Bill Reece lent his financial savvy to the team that developed PaperChase -- the leading electronic search engine for doctors who needed to sort through thousands of journals and studies. But while PaperChase and related systems were making data searches increasingly easy and inexpensive for doctors in the professional setting, Reece's entrepreneurial eye saw a use for laypeople: patients dealing with serious health issues, he felt, would want to access the medical literature, too.

Reece was so sure he was onto something that in 1994 he started a company of his own. His pioneering start-up, HealthGate, aimed to deliver an enormous array of biomedical databases, clinical and consumer reference materials and full-text journals, all through the then-novel medium of the World Wide Web. By March of 1995 Reece had raised half a million dollars in venture capital for his fledgling Internet service. With licenses for the world's major medical databases, HealthGate was poised for growth.

"From the beginning," Reece explains, "we focused on building a great system people could use, and stayed away from the hype." Indeed, instead of paying search engines like Yahoo for banner ads to drive traffic and then hoping to sell ads of their

own against that (resulting in minimal, if any, profit), HealthGate built a meat-and-potatoes system in which revenue could flow from content more directly.

Those who visit HealthGate will find extensive topic areas offering medical news updates and basic information free of charge. Those who have simple queries can search through databases gratis, but must sometimes pay on a view-by-view basis for abstracts. For the most fine-tuned research, including Morbidity and Mortality Weekly Reports, Ageline and other exclusive databases, HealthGate charges a flat fee of \$14.95 a month. Full text articles faxed or mailed to your home cost \$25 each. And, impressed by the targeted traffic, pharmaceutical companies have reached into their pockets to buy those banner ads.

Four years after start-up, says Reece, "HealthGate is one of the few non-pornography sites on the Internet to be in the black." The secret is a diverse business model with multiple money streams; advertising, for instance, accounts for 40 percent of HealthGate's revenue. "If we relied on advertising alone," Reece says, "we'd have to cut back."

But that is not in the cards. The boom for HealthGate and similar Internet sites derives from the state of medicine in the world. Today, as giant HMOs replace the family doc, patients have come to view themselves as medical consumers, the ultimate guardians of their own treatment and health. Luckily for Internet entrepreneurs, this trend has dovetailed nicely with the most potent information delivery system in history: the World Wide Web.

Even to the casual eye, the offerings are vast. Multiple Web sites and bulletin boards address virtually every condition, allowing laypeople to surf the Net for clinical drug trials, cyberspace support groups and the latest studies in every medical and pharmaceutical field. Today, the impetus to build the medical Web comes from the top: U.S. Health and Human Services Secretary Donna Shalala recently emphasized her commitment "to using the new technology, including the World Wide Web and the Internet, to

provide health information to the public."

Last summer, the U.S.'s National Library of Medicine did just that, announcing free public access to numerous biomedical databases, especially the world's largest, Medline. A listing of every article published in the world's top 4,000 medical journals, Medline includes abstracts and, sometimes, full text across all the major disciplines. (Services such as HealthGate provide free Medline as well as fee-for-access features, including full text of articles, that are unavailable anywhere for free.)

Despite the obvious reliability of blue-chip venues like Medline, much of the medical information found on the Internet is suspect, tainted by conflict of interest, questionable credentials and other factors. Internet bulletin boards and mailing lists, for instance, serve up not just a wealth of useful experience, but also charlatans trying to market untested remedies and snake-oil cures. Web sites are hosted not just by major teaching hospitals with impeccable credentials but also by supplement manufacturers promoting their products and inexperienced -- and possibly, inadequately trained -- practitioners hoping to get work. While sites like HealthGate will never tout an advertiser in a story, many smaller, struggling venues cannot make the same claim. "Getting medical information from the Internet can be like getting drinking water from a firehose," cautions Mary Jo Deering, director of health communication and telehealth for the Office of Disease Prevention and Health Promotion, U.S. Department of Health and Human Services. "There's too much of it. You need to find smaller spigots, and you need to make sure you know the source of the water before you drink."

This call for credibility has enabled a few key players to sell strong brand names and responsible rating and delivery systems to sponsors, physicians and the public at large. A major beneficiary of this trend is Intelihealth, one of the most extensive platforms for medical information on the Web. Founded in 1996 as a joint venture of Aetna U.S. Healthcare and Johns Hopkins University and Health System, InteliHealth has been positioned "to meet the growing demand for branded,

trustworthy health information," explains IntelliHealth's president, Bob Pringle. "We aggregate the best branded content in the world through contractual arrangements with journals, non-profit groups, publishing houses, national institutes of health and even news wires, right down to pollen and pollution maps." Intellihealth content, delivered free to Internet users in exchange for the traffic, comes from such venerable sources as the National Cancer Institute, the National Institutes of Health, the U.S.D.A. nutrition database and U.S. Pharmacopeia reports.

For IntelliHealth, assembling this high-quality, branded information has been a formula for success. The group not only manages its own Web site and e-mail newsletter, but also provides health content for such big-name players as America Online, Pointcast, CBS.com and CompuServe, as well as 50 others. By paying attention to quality and dispersing its material throughout the Internet, IntelliHealth boasts about 3 million page views a month. And advertisers, especially major pharmaceutical companies in search of a targeted patient audience, are signing on. Prospects are so good, says Pringle, that IntelliHealth expects to be profitable in 1998.

While dispensing medical information is important, it is, in fact, just one of many profitable services medical sites offer. Another major player in the medical Web game, Physicians Online (POL), derives its clout from the extensive physician community it services in a private, password-protected environment that provides the doctors with a cyberhaven free from patients' prying eyes. "We work very hard to authenticate members and create an interactive environment where doctors can talk to each other without the intrusion of patients," says Steve Zatz, founder and CEO of the service. "They can use their own shorthand language, and get feedback from colleagues on the Web."

It goes without saying that POL's 100,000 pairs of doctor-only eyeballs hold significant value for pharmaceutical companies, who pay the site to post their ads. But Physicians Online also generates income by setting doctors up with Internet accounts, posting online research surveys

for drug companies and hosting interactive conferences and events. HealthGate has also moved beyond the advertising-only business model: the group currently builds medical modules into corporate intranets for the benefit of information-hungry employees. One such client is a defense-technology company called Nichols Research Corp. in Huntsville, Alabama, whose employees receive wellness information at their desktops while they work. InteliHealth, meanwhile, has successfully generated revenue through its online store as well as sale of related content for TV and print. "The Internet was in many ways a Trojan horse for us," says Pringle. "Everyone was willing to work with us because of the Web connection, but afterwards, our contacts were in place."

It's easy to see why medical sites have been among the first to succeed. Advertisers are willing to pay to reach the professional and patient audiences they aggregate, while doctors will pay for services like easy Internet access, research capability and private chat rooms. And consumers, whose lives may depend on quality medical information, will often pay a premium for guidance.

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