

Business Strategy Development for Health-Tech SaaS Startups: A Case Study of Assist.id

Muhammad Fachruddin, Harimukti Wandebori

Institut Teknologi Bandung

mfachruddin56@gmail.com, harimukti@itb.ac.id

ABSTRACT

The rapid digital transformation of Indonesia's healthcare sector has created both vast opportunities and intense competition for health-tech Software-as-a-Service (SaaS) providers. Assist.id, a popular Indonesian health-tech SaaS startup with over 6,000 client clinics, experienced early growth but reached a strategic inflection point requiring a formal strategy. This study analyzes Assist.id's strategic gaps and develops a business-level strategy to ensure sustainable competitive advantage. Using a qualitative case study approach, data were collected via in-depth interviews with company executives and clients, and analyzed through frameworks including Segmentation-Targeting-Positioning (STP), external environmental analysis, value chain and VRIN analysis, and SWOT/TOWS. The findings reveal that Assist.id's core issue is an inefficient internal feedback loop leading to a feature gap, which, combined with regulatory changes, exposes the firm to freemium-priced competitors in the low-end segment and feature-rich rivals in the high-end segment. To address this, an integrated cost leadership and differentiation strategy is proposed. Key initiatives include launching a compliant freemium tier to defend the volume-driven segment, accelerating R&D for advanced features to strengthen the value-driven segment, and aligning organizational processes to rapidly respond to market feedback. The case offers broader insights for early-stage SaaS startups in health-tech on balancing cost and differentiation to achieve sustainable competitive advantage in a dynamic, regulated market.

Keywords SaaS; Health-Tech; Freemium; Hybrid Strategy; Competitive Advantage

INTRODUCTION

Indonesia's healthcare industry is undergoing rapid digitalization, driven by globalization and technological advances. In particular, a government-mandated push for Electronic Medical Records (EMR) – *Peraturan Menteri Kesehatan (PMK) No. 24 of 2022* – requires all healthcare providers to implement EMR by the end of 2023. This top-down policy has created enormous demand for digital health solutions, benefiting SaaS vendors like Assist.id, while also imposing complex compliance requirements. At the same time, internet penetration in Indonesia has reached over 82% of the population, providing a broad user base for cloud-based services, although a rural-urban digital divide persists. These developments have fostered a fertile but fiercely competitive environment for health-tech startups. Assist.id is a prominent Indonesian health-tech SaaS provider offering a cloud-based clinic management system. It quickly acquired a large customer base of primarily small and medium clinics, leveraging the surge in demand for EMR solutions. However, by 2025 the company found itself at a critical juncture – a strategic inflection point (Grove, 1996) – where early momentum had slowed and new challenges emerged. Despite its initial success, Assist.id lacked a formal documented strategy, leading to ambiguity in resource allocation and exposure to significant business risks. Notably, the company faced high customer churn in two key market segments:

(1) the high-volume segment of primary clinics, pressured by competitors offering “freemium” (free basic) software, and (2) the high-value segment of larger clinics, pressured by competitors with more feature-rich, premium offerings. In essence, Assist.id's generalized approach was inadequate to defend both segments, leaving it

vulnerable to price-based competition at the low end and feature-based competition at the high end.

Given this context, there is a pressing need for a clear business-level strategy that addresses these dual competitive pressures and leverages Assist.id's strengths in a sustainable way. The purpose of this study is to identify the strategic gaps contributing to Assist.id's challenges and to formulate a comprehensive strategy to secure its long-term competitive advantage. While grounded in the Assist.id case, the insights aim to be applicable to other early-stage SaaS firms in the health-tech sector facing similar inflection points. This article emphasizes the strategy development process for SaaS startups, illustrating how tailored strategic frameworks and analysis can guide decision-making in a fast-evolving, regulated market.

The remainder of this paper is structured as follows: The Literature Review discusses relevant concepts of business-level strategy, hybrid (integrated) competitive strategies, SaaS business models, and strategic analysis frameworks. The Methodology section explains the qualitative case study approach and analytical tools used. The Results and Discussion present the findings from the external and internal analyses of Assist.id, the identified strategic issues, and the proposed integrated strategy. Finally, the Conclusion summarizes key recommendations and implications for practitioners and researchers in the field of startup strategy and health-tech management.

METHODOLOGY

This research employed a qualitative case study methodology to deeply examine Assist.id's strategic situation and formulate recommendations. A single-case study is appropriate for investigating a contemporary phenomenon within its real-life context, especially when the boundaries between the phenomenon and context are not clearly evident (Yin, 2018). Assist.id was selected as a revelatory case of an early-stage SaaS startup at a critical strategic crossroads, offering rich insights for theory and practice in startup strategy development.

RESULTS AND DISCUSSION

Market Segmentation and External Environment

Customer Segments: Assist.id serves the Indonesian clinic market, which can be broadly divided into at least two pertinent segments: Segment 1 – Primary Clinics (low complexity, high volume) and Segment 2 – Main or Specialized Clinics (higher complexity, lower volume). Segment 1 consists of small primary care clinics (*Klinik Pratama*), which are often independently operated and highly cost-sensitive. These clinics have “Basic Compliance and Efficiency Needs” – they primarily seek to digitize records and streamline daily operations to meet the new regulatory requirements, with minimal investment. Segment 2 comprises larger clinics or specialty clinics (*Klinik Utama* and similar), which handle greater patient volumes or offer more complex services. This segment has “Optimization and Integration Needs”, meaning they value more advanced features such as integration with other systems (e.g. national insurance systems), analytics, and customization to optimize their expanding operations. While smaller in number, Segment 2 is significantly more profitable per customer, as these clinics are willing to pay for premium solutions and have higher lifetime value.

Assist.id had initially targeted both segments. Its product was tiered into two versions: *Clinica Lite* for basic needs and *Clinica Pro* for advanced needs, roughly

corresponding to Segment 1 and Segment 2 respectively. This dual market approach allowed Assist.id to grow rapidly by capturing a large user base in Segment 1, while also onboarding early adopters in Segment 2. However, the value propositions required by each segment differ markedly. Segment 1 customers primarily care about compliance (ensuring their EMR meets government standards) and cost-effectiveness. They tend to be extremely price-sensitive; interviews indicated that many small clinics operate on thin margins, and some would even consider downgrading to free software after initial compliance is achieved, just to save monthly fees. Segment 2 customers, conversely, care about rich features and reliability – they are businesses looking to optimize workflows, gain insights from data, and integrate with other healthcare systems. They are less sensitive to price and more concerned with whether the software can scale with their needs.

Regulatory Opportunity and Threat: The Indonesian government’s mandate (PMK 24/2022) for universal EMR adoption has essentially made digital systems *mandatory* for all clinics. This presents a massive opportunity (O1) for health-tech SaaS providers: thousands of clinics that previously used paper records must now purchase or subscribe to an EMR system. Assist.id, being a cloud-based solution, is well-positioned to capture a share of this wave of new adopters, particularly among small to mid-sized clinics that lack internal IT capacity. Indeed, one strategic option for Assist.id is an “SO strategy” to *capture the mass market* of Segment 1 by leveraging its strengths (such as an easy-to-use product and verified compliance) to onboard the many clinics rushing to comply.

However, the regulatory environment also poses threats. Compliance requirements have introduced a “*complicated network of regulatory compliance*” that tends to advantage firms with the resources and know-how to navigate them. Assist.id’s early attainment of ISO 27001 data security certification, for example, was cited as a strength because it helps meet the Personal Data Protection Law obligations, but maintaining such compliance incurs ongoing costs. Additionally, as part of PMK 24, all EMR providers must integrate with the government’s SatuSehat national health data platform. This levels the playing field on one feature (interoperability), effectively turning integration capability into a basic requirement rather than a differentiator. It also means that any new entrant who can meet the technical standards could potentially compete, although the complexity of integration is non-trivial. Moreover, government initiatives sometimes include free or subsidized software for small clinics (either developed in-house or via partnerships), which could emerge as a substitute threat in the future if policymakers decide to provide a public-domain EMR for basic use.

Competitive Landscape: Through competitor mapping, the study identified three main categories of competitors in the market, visualized on a perceptual map with axes of price (affordable vs. high-cost) and feature comprehensiveness (basic vs. advanced):

- **Other Local SaaS Vendors:** These competitors cluster in the “Affordable & Basic Features” quadrant. They, like Assist.id, offer cloud-based clinic management systems but often with limited functionality. Some use a freemium model – providing a free basic version with options to upgrade. They aggressively target the price-sensitive Segment 1. Assist.id’s management noted that a key rival in this category offers a free forever basic EMR, enticing small clinics once they feel they have met regulatory compliance. The trade-off is that such free systems may lack depth (e.g. fewer analytics, no

integrations), but for a subset of tiny clinics, that is acceptable. This represents the Threat (T1) of price wars and freemium competition. Assist.id's current Lite product, while low-cost, is not free, putting it at a disadvantage for the most frugal customers. Churn data confirmed that some Segment 1 clients left Assist.id to switch to a free alternative after using it for a year – essentially “downgrading” once they got comfortable with digital records, to cut costs. This trend is alarming as it can cap Assist.id's growth in the very segment that provides volume and word-of-mouth.

- **Legacy On-Premise Systems:** These are older software solutions (often installed on-premises) historically used by larger clinics and hospitals. They fall in a mid- to high-price range but often provide only basic-to-intermediate features. Many are not specialized for the Indonesian context or are outdated in user experience. They are on the decline for smaller facilities due to high upfront costs, but they highlight an important dynamic: some larger clinics (and certainly hospitals) have the resources to either buy enterprise software or build their own systems. For Assist.id, these legacy systems are not the primary competition in Segment 2 *currently*, but they set a baseline of what high-end clients might compare against. One advantage Assist.id has is being cloud-based (lower total cost of ownership and continually updated) versus these often clunky systems. However, a technical Weakness (W5) identified was that Assist.id lacks certain enterprise-grade features (e.g. advanced customization, migration tools) needed to compete for hospitals, meaning it should “avoid Segment 3 (hospitals) until ready”. Thus, legacy systems are more of a future threat if Assist.id attempts to move upmarket without adequate capabilities.
- **In-House and New Entrants (High-end):** At the very top end, large hospital networks often develop their in-house systems, sitting in the “High Investment & High Features” space. These are typically not commercial competitors to Assist.id for the SMB clinic market, but they demonstrate the kind of sophisticated features that could trickle down into commercial offerings. More relevant is the threat of new entrants or larger tech firms recognizing the market potential and entering Segment 2 with superior resources. The analysis noted a Threat (T3) of new regional competitors – for example, a well-funded health IT startup from another country or a big local tech company diversifying into health could quickly offer a more integrated platform. Such entrants might bundle services or use aggressive pricing for upscale clients, putting pressure on Assist.id's main revenue segment.

From the Five Forces perspective, we see that competitive rivalry is intense in the Segment 1 space (many SaaS players, low switching cost for customers) and moderate in Segment 2 (fewer credible providers, higher switching costs due to data and integration). The threat of substitutes is low in the sense that manual paper records are no longer viable (due to regulation), but moderate in that clinics could choose very simplistic tools (even generic software like spreadsheets) if desperate to cut cost – though those wouldn't fully meet compliance. Buyer power (the clinics) is mixed: individual small clinics have little bargaining power (they take standard packages), but they have many choices; larger clinics have more power because each is a significant account and they can demand better terms or custom features. Supplier power (for a SaaS, key suppliers are cloud infrastructure providers, and perhaps data providers) is manageable as cloud services (like AWS, etc.) are competitive markets

themselves. The threat of new entrants is real given the market growth, but mitigated by regulatory complexity – new entrants need healthcare domain knowledge and compliance credentials, which raises entry barriers.

In sum, externally Assist.id sits at a convergence of huge market opportunity (digitizing healthcare SMEs) and significant competitive threats (price-based attrition at the low end, feature-based encroachment at the high end). This external picture underscores the need for a strategy that can protect the low end without sacrificing profitability, and double down on the high end to secure the most valuable customers.

Internal Analysis: Strengths and Weaknesses

The internal analysis revealed that Assist.id has several strengths that provide a foundation for competitive advantage, but also critical weaknesses that have led to its current strategic predicament.

Strengths: Notable strengths of Assist.id include:

- **Strong Service Quality and Customer Support:** Assist.id’s customer success and support team is widely praised by clients, reflected in a Customer Satisfaction (CSAT) score of about 96%. Fast response times and helpful onboarding were frequently mentioned in interviews. This Service Excellence (S2) has been a key differentiator, fostering customer loyalty. In an industry where clinics often lack in-house IT expertise, hand-holding by the vendor can be as important as the software features themselves. This strength underpins Assist.id’s ability to command a price premium among those who value reliability and support.
- **Compliance and Trust Credentials:** Assist.id invested early in compliance, obtaining ISO 27001 certification for information security and ensuring its product met Indonesian health data standards. This verified compliance (S3) is crucial in healthcare, where data privacy is paramount. With new data protection laws (UU PDP 2022) in effect, clinics are wary of vendors without clear security standards. Assist.id’s compliance gives it a marketing edge and reduces clients’ perceived risk. It can be leveraged as a reputational shield – a defense mechanism to assure clients of data safety and thus mitigate the threat of losing business due to trust issues (e.g. in case of any competitor’s security incident).
- **Proven Business Model with Recurring Revenues:** Financially, Assist.id has achieved a Net Revenue Retention (NRR) exceeding 100%, meaning expansion revenue from existing customers outpaces churned revenue. This indicates a healthy SaaS model where upsells and usage growth from satisfied customers drive growth. Moreover, Assist.id uses a flat-fee, unlimited-user pricing model (S4) for its paid plans. Unlike some competitors that charge per user or per device, Assist.id’s flat subscription for a clinic (regardless of number of doctors or patients) is very attractive to growing clinics. This pricing strength can be exploited in marketing against per-user priced competitors – effectively an “Anti-Per-User” positioning that says: as a clinic grows, Assist.id becomes more cost-effective compared to others. This model also simplifies billing and could encourage clients to onboard more of their staff onto the system (driving usage stickiness) without worrying about incremental costs.
- **Adaptable Cloud Technology and Integration Capability:** As a modern cloud SaaS, Assist.id can update its software continuously and integrate via APIs

with third-party systems. It has already built integration with government systems like BPJS (national insurance) for patient billing, which is a competency not all rivals have. While integration is now mandated (removing some uniqueness), Assist.id's technical team having accomplished it is a strength in execution capability. Additionally, being cloud-based confers scalability advantages – it can rapidly scale to thousands of users without requiring on-premise setup. This technical scalability and a robust platform underpin the potential to pursue both low-end volume and high-end complex use cases, provided the features keep pace.

Despite these strengths, Weaknesses were identified that have hindered Assist.id's ability to fully capitalize on its market position:

- **Inefficient Product Feedback Loop & Slow R&D (W1):** Internally dubbed the “slow feedback loop,” Assist.id's process for capturing customer feedback and translating it into product improvements is cumbersome. Interviewees admitted that the product development team was often out of sync with market needs – feature requests from customers or suggestions from the support team took a long time to be prioritized, if ever. This has led to a feature development lag. The root causes include a lack of formal product management structure and perhaps communication gaps between the customer-facing teams and engineering. The implication is that competitors have introduced features (especially niche features for Segment 2) faster, creating a feature gap (W3) for Assist.id. This weakness is the crux of losing advanced clinics: some clients outgrew what Assist.id could offer and switched to alternatives that had, for example, more detailed specialty-specific modules or analytics – features Assist.id had in its roadmap but not yet delivered. Thus, the slow feedback loop is directly linked to losing high-end customers (a critical weakness given Segment 2's importance).
- **No Free Tier / Limited Low-End Strategy (W2):** Assist.id's decision to not offer a free version (beyond a temporary trial) is a weakness when facing “freemium” competitors. While its paid plans are affordable, the psychology of the market – particularly small clinics – is such that free offerings attract a lot of interest. The inability to compete on “free” has hurt Assist.id's retention in Segment 1 (as churn reasons revealed some clients leaving for free apps). This weakness (W2) makes the company vulnerable to any price war, because its lowest price still isn't zero. It essentially concedes the most price-sensitive segment to competitors. In the long run, not having an entry-level free option could also slow down lead generation; many SaaS firms use freemium as a marketing pipeline. Thus, W2 is a strategic gap in addressing the full market pyramid.
- **Low Conversion from Segment 1 to Segment 2 (W4):** The expectation that a small clinic (Segment 1) would grow and eventually upgrade to the premium tier (Segment 2) has not materialized strongly – there is a low upsell rate between segments. Data indicated that very few clinics that started as small and using Clinica Lite later became large enough or convinced enough to move to Clinica Pro. This suggests that Segment 1 and Segment 2 behave almost like distinct markets with different needs (as the analysis indeed showed). The low upsell could be due to the product not offering a smooth path or compelling incremental value to justify upgrading, or simply that many small clinics never reach the size or sophistication to need Segment 2 features. This

weakness matters because it means Assist.id cannot rely on “growing its own” Segment 2 clients; it must acquire and serve Segment 2 in a targeted way. Also, it implies that heavy focus on Segment 1 for volume won’t automatically translate into future high-value clients, so both segments demand dedicated attention.

- **Resource Constraints and Organizational Focus:** As a startup, Assist.id has limited resources and has been spread thin trying to serve two segments. The organizational structure (functional departments) is robust for its size, but the strategic ambiguity meant there was oscillation in priorities – sometimes focusing on acquiring many small clients, other times chasing big deals – without a cohesive plan tying it together. This led to misalignment; for example, marketing campaigns were very general, not segment-specific, and product features were developed without clearly choosing which segment’s needs to prioritize first. Essentially, the company risked doing an “okay” job for both segments but excelling in neither. This lack of focused strategy is a weakness that exacerbates W1 and W4, as it fueled the feedback loop problem and the mistaken assumption about cross- segment upgrading.

In summary, Assist.id’s strengths like excellent service, compliance, and innovative pricing give it competitive weapons, but its weaknesses in product development speed and segment strategy have hamstrung its performance. The SWOT matrix (Table 1) summarizes the situation:

(Table 1. SWOT Analysis of Assist.id – [Note: A summarized table can be included here highlighting key S, W, O, T])

- **Strengths:** S1. Proven service excellence (96% CSAT); S2. ISO-certified compliance & security; S3. Scalable cloud platform with flat-fee pricing; S4. Healthy unit economics (NRR > 100%).
- **Weaknesses:** W1. Slow internal feedback loop in product development; W2. No freemium offering (can’t compete on “free”); W3. Feature gap in high-end functionality; W4. Low upgrade rate from small to large clients.
- **Opportunities:** O1. Mandatory EMR adoption expanding total market; O2. Growing demand for analytics/integration in Segment 2; O3. Competitors’ reliance on per-user pricing (a weakness Assist.id can exploit); O4. Increasing healthcare digitization funding (public and private) post-pandemic.
- **Threats:** T1. Freemium competitors triggering price-based churn; T2. Competitors with more advanced niche features luring Segment 2 clients; T3. Entry of well-funded new competitors (local or regional) upping the innovation bar; T4. Heightened reputational risk if any data breach occurs, given sensitive health data (trust is crucial).

This SWOT served as the basis for developing strategic options through the TOWS analysis.

Strategic Issues and the Need for an Integrated Strategy

The analyses above highlight a fundamental strategic issue for Assist.id: a single generic strategy cannot optimally serve both of its primary segments under current conditions. Initially, Assist.id’s approach could be described as a Focused Differentiation strategy – it did not target the entire market (ignoring big hospitals, etc.) and aimed to differentiate its product via compliance and service quality within the clinic sector. However, the implementation of this strategy had flaws that made it

unsustainable across the two segments:

- In Segment 1 (Primary Clinics), Assist.id's differentiated value (better service, compliance) was not sufficiently shielding it from price-based competition. These small clinics, once legally compliant, could revert to free solutions despite inferior service, because cost considerations dominated. The differentiation on service was appreciated (as evidenced by high CSAT) but not enough to overcome a free vs. paid decision for many. Thus, the differentiation strategy in Segment 1 was extremely vulnerable to price wars (T1) and the "Freemium trap" (W2). The CMO confirmed that losing deals in Segment 1 often came down to clinics saying "we chose the free option" – implying Assist.id's value proposition, while strong, could be undercut by zero-cost alternatives.
- In Segment 2 (Main Clinics), the differentiation strategy was failing due to internal execution weaknesses. The intended differentiation – having more integrated features and analytics – was compromised by the slow feedback loop (W1), resulting in Assist.id lagging behind competitors on key features (W3). Thus, some larger clinics who initially tried Assist.id eventually churned when they outgrew its capabilities or required a feature that Assist.id hadn't yet developed. This is a classic case of an execution gap undermining a differentiation strategy: the strategy requires continuous innovation, but the organization's process wasn't delivering innovation fast enough. Therefore, Segment 2 was being lost on the basis of product differentiation shortcomings, even though price was not an issue (Assist.id's prices were moderate and often lower than legacy systems). Both the CMO and CS Manager interviews confirmed that the top reason for churn in Segment 2 was missing features that other vendors offered.
- There was also a cross-segment misassumption: Assist.id had hoped to "funnel" Segment 1 clinics into Segment 2 upgrades as they grew, but evidence showed this rarely happened. The needs of the two segments are distinct enough that a clinic essentially jumps from one category to the other only if it fundamentally changes its business model (which most don't). This means treating them with a one-size-fits-all strategy was not effective.

Given these realities, it became clear that Assist.id could not rely on a single focus strategy to win in both segments. Sticking purely to differentiation was over-serving Segment 1 (in terms of quality they may not pay for) and under-serving Segment 2 (in terms of feature depth). Switching to pure cost leadership (e.g. drastically cutting price or features) would sacrifice what made Assist.id appealing and likely not work for Segment 2 at all. The company was essentially at a fork: either pick one segment and double down, or find a way to adapt its strategy to effectively cover both.

The chosen path, emerging from the TOWS analysis, is to pursue an Integrated Cost Leadership/Differentiation Strategy – effectively a hybrid strategy that allocates a different emphasis to each segment under one umbrella plan. This is not about trying to be all things to all customers with one product; rather, it recognizes that Assist.id is fighting "two different battles" and must apply two different strategic thrusts in tandem. In practice:

- For Segment 1, the strategy will incorporate a Cost Leadership element – focusing on best-value and accessibility, even if it means introducing a free tier or ultra-low-cost option. The goal here is customer acquisition and

retention at scale (volume play), not maximizing revenue per client. By lowering the price barrier (while still meeting basic needs), Assist.id can neutralize the freemium threat and prevent losing the long tail of small clinics. This essentially means not ceding the lowest end of the market to competitors.

- For Segment 2, the strategy will reinforce Differentiation – investing heavily in advanced features, integrations, and possibly tailored solutions to be the superior choice for mid-sized clinics that want more than basic record-keeping. Here the goal is value creation and premium service, to justify being the provider of choice even if competitors exist. It's about delivering *significantly better functionality and support* than cheaper or incumbent alternatives, so that these clinics remain loyal and even advocate for Assist.id.

Crucially, these two approaches must be executed without one undermining the other – a challenge that the organization will have to manage by structuring offerings and operations appropriately. The notion of “dual positioning” had already been implicitly in place (Clinica Lite vs Clinica Pro), but now it will be formalized and optimized as a deliberate strategy.

Before detailing the strategic recommendations, it's worth noting how this aligns with modern strategic thinking. Traditionally, mixing cost leadership and differentiation was cautioned against (Porter, 1985). But as discussed, many successful companies, especially in software, do employ a form of hybrid strategy – often by using a tiered product system (e.g. freemium basic vs. premium full-feature). The key is to maintain organizational agility and avoid blurring the value proposition for each segment. Research by Gutiérrez-Broncano et al. (2024) supports that SMEs can benefit from hybrid strategies if they also foster innovation and adaptability internally. Assist.id's case is a textbook scenario for a hybrid approach because the market segmentation is clear-cut and each segment rewards a different dimension of competitive advantage (cost vs. uniqueness).

Strategic Recommendations: An Integrated Strategy for Assist.id

Based on the TOWS analysis and the need for a hybrid approach, we propose a three-pronged business-level strategy for Assist.id, each prong corresponding to a major initiative:

- 1. Launch a Compliant Freemium Plan to Defend Segment 1 (Cost Leadership Focus).** To directly address Weakness W2 (no free offering) and the Threat T1 (freemium competitors), Assist.id should introduce a freemium tier of its product. This “Clinica Free” (for example) would be a slimmed-down version of Clinica Lite, providing core EMR functionality that meets the minimum legal compliance (so clinics can fulfill PMK 24/2022 using it) – this is critical, it must be *fully compliant*, which many free competitors might not guarantee. By doing so, Assist.id taps into the mandatory market (Opportunity O1) not just as a paid vendor but as an accessible platform for even the smallest clinics. The freemium plan's role is defensive: prevent clinics from leaving purely due to cost, and capture new budget-constrained adopters who might otherwise go to a competitor.

Key considerations for the freemium strategy: - It should carry the Assist.id branding and quality of service (perhaps with slightly limited support compared to paid plans, but still leveraging S2 excellence to build goodwill). - It must be designed to allow easy upgrading to paid tiers when clinics grow or need more features, acting as a funnel. - Features likely limited in the free version could be advanced analytics, multi-site support, or integrations beyond basics. However, it should not feel

“crippled” for a small clinic’s basic operations. - From a financial perspective, offering a free tier will initially mean foregone revenue from some entry-level clients. But the bet is that the lifetime value (LTV) of customers will increase as the pool widens and conversion rate improves. Importantly, it curbs churn – instead of losing a client entirely to a free rival, Assist.id can retain them on the free tier and upsell later (when they perhaps hire more doctors or require new capabilities, aligning with Opportunity O3 – turning the competitor’s per-user pricing weakness into Assist.id’s upsell leverage). - This move creates a cost leadership posture in Segment 1: Assist.id would effectively compete on price (it can’t be undercut if it’s also free at entry) while still differentiating on trust (the “safest free EMR” due to compliance and security). It is a controlled way to participate in a price war without devaluing the premium brand, by clearly delineating this as a basic offering.

The expected outcome is maintaining market share in the volume segment and using the free tier as a marketing tool. The presence of a free plan also helps in marketing campaigns – Assist.id can advertise “Free EMR solution available” which increases brand reach. The TOWS WO strategy encapsulating this was “Develop a ‘Freemium’ Counter-Strategy” leveraging O1 (mandatory market) to fix W2.

2. Fast-Track R&D for Advanced Features & Integration to Strengthen Segment 2 (Differentiation Focus).

To solidify its position in the profit-generating Segment 2, Assist.id must close the feature gap (W3) and outpace competitors in delivering value. This requires a significant acceleration of product development – effectively turning the identified Weaknesses W1 and W3 into priorities to fix using the funds and focus garnered from Segment 2’s potential (Opportunity O2). The strategy here is twofold: an offensive component and a defensive component, both under the umbrella of differentiation:

- Offensively, leverage Assist.id’s unique flat-fee pricing (S4) as a compelling differentiator for larger clinics. Competitors in Segment 2 often charge per user or have costly licensing; Assist.id can market that a clinic with, say, 10 doctors pays the same as one with 3 on its platform – a “More for the Same” value proposition. This can be highlighted in campaigns (an “Anti-Per-User” marketing campaign). The idea is to exploit competitors’ pricing weakness (O3) – many hospitals complain about per-user pricing becoming expensive as they scale, so Assist.id’s fixed pricing can attract those looking for cost predictability. This pricing, combined with a robust feature set, positions Assist.id as a high-value alternative to legacy systems: essentially delivering 80-90% of big system functionality at a fraction of the cost. This resonates strongly with mid-tier clinics that want enterprise-like capabilities without enterprise budgets. By aggressively selling this narrative, Assist.id aims to capture a larger share of Segment 2 (SO strategy: use superior unit economics S1 and S4 to dominate the maturing Segment 2 market).
- Defensively, the *product* must live up to the claims. Thus, the most critical investment is to fix the core product weaknesses: speed up the feedback loop and deliver the advanced features that are missing. The TOWS analysis pinpointed “Fix the Core Business Issue (W1, W3, O2)” as a vital strategy. Concretely, this means implementing organizational changes such as:
- Establishing a stronger product management function or a cross-departmental team specifically tasked with translating Segment 2 client feedback into requirements quickly.

- Potentially reallocating budget (funded by Segment 2 revenues – use the “profit engine” to fuel R&D), or seeking additional investment, to hire more developers or domain experts so that feature development accelerates.
- Adopting agile development methodologies, with frequent releases targeting top-priority features needed by high-value clients. For example, if data analytics or a particular integration (like with lab systems) is highly requested, that goes to the top of the roadmap.
- Setting up a formal Voice of Customer (VoC) feedback loop: regular meetings between customer success, sales, and engineering to discuss recent customer feedback and market trends, ensuring the roadmap aligns with what clients want (this directly addresses W1).

By strengthening the product, Assist.id can defend its Segment 2 customer base against rivals who compete on features (Threat T2) and also be prepared for any new entrants (T3). The goal is to make Assist.id’s Clinica Pro the indisputable best choice for clinics that outgrow basic tools – *because it will have the advanced workflow, reporting, and integration capabilities they seek*. If Assist.id achieves a reputation for rapid improvement and being at the cutting-edge of clinic tech, it turns what was a weakness into a strength: agility and innovation.

Furthermore, being strong in Segment 2 has a financial virtuous cycle: these clients pay more (higher ARPU) and have lower churn if satisfied, boosting net retention. That cash flow can then sustain the freemium model in Segment 1 (which might operate at a loss or break-even for a time). This is aligned with the concept of funding the defense/offense: *“Double down on the profit engine to fund R&D”*. In essence, Segment 2 success finances Segment 1 defense.

3. Align Organizational Structure and Processes for Agility and Market Responsiveness. Implementing the above two initiatives requires internal changes. The hybrid strategy will fail if the organization cannot execute each part well. Therefore, Assist.id should undertake an organizational realignment focusing on agility and customer-centric feedback integration. This recommendation addresses the internal process weakness (W1) in a holistic way. Key actions include:

- **Restructure Teams around Segments or Value Streams:** Instead of purely functional silos (engineering, marketing, etc.), consider creating segment-focused teams or squads. For example, a “Segment 1 team” responsible for the freemium product and volume acquisition, and a “Segment 2 team” focusing on premium features and high-touch sales/support. Each team would include cross-functional members (a product manager, some engineers, a marketing person, support rep) and be empowered to make decisions for their segment. This can ensure that the nuances of each segment are addressed quickly and not lost in a one-size-fits-all process.
- **Improve the Feedback Loop:** As noted, instituting a formal VoC program is critical. This could be as straightforward as bi-weekly meetings that include representatives from customer support, sales, and product development to go over recent client interactions, lost deals, and feature requests. Capturing “reasons for churn” systematically and feeding that into product planning is part of this. The case’s findings showed that churn reasons like *“clinic closed”* or *“switched to free competitor”* or *“missing X feature”* were known anecdotally; those need to systematically inform strategy (for instance, the high incidence of “switched to free” churn directly informed the freemium

strategy).

- **Adaptive Capacity and Agile Culture:** To successfully pursue a hybrid strategy, the company needs to remain flexible and avoid internal conflict between the low-cost and differentiation components. Leadership must communicate a unifying vision: both segments are important to the company's mission of empowering clinics, but they will be served in different ways. Training and incentivizing employees to understand this dual approach is important. For example, customer success agents should know which segment a client is and tailor their upsell or retention approach accordingly (you wouldn't try to upsell a freemium clinic aggressively if they clearly will never upgrade; instead you'd ensure they're happy and act as brand advocates). On the development side, agile methods (sprints, quick iterations) will support the needed faster feature rollout.
- **Metrics and Monitoring:** Introduce or refine KPIs to track the success of each strategy component. For Segment 1, metrics like number of freemium sign-ups, conversion rate to paid, and churn rate of freemium users will show if the free tier is effective in building the pipeline and retaining users. For Segment 2, metrics like feature adoption, NPS (Net Promoter Score) among premium clients, and the rate of churn due to missing features should be monitored. Internally, tracking the cycle time from customer feedback to feature release can gauge if the feedback loop is truly improving. These metrics ensure that the strategy execution stays on course and allows mid-course corrections.

This organizational initiative echoes what the TOWS WT strategy highlighted: "Fix the core vulnerability" which was the slow feedback loop making the firm vulnerable to competitors. By correcting internal processes, Assist.id not only solves its current problems but builds a capability – adaptive capacity – that is a competitive advantage in itself (not every startup is good at rapidly adapting to customer needs; if Assist.id becomes one, it gains an edge).

Anticipated Outcomes and Discussion: If these recommendations are implemented, Assist.id's position should shift favorably. The company will essentially have a two-tiered market strategy: a broad base of clinics on its free or low-cost service ensuring market share and brand presence (preventing competitors from easily gobbling up that segment), and a solid core of premium clients driving revenue and profitability. This echoes a "market penetration + market development" dual approach – penetrate the mass market for EMR (Segment 1) while developing the higher-end market (Segment 2) with new offerings. By doing so, Assist.id can achieve growth (volume and revenue) without being stuck in an unprofitable price war or a narrow niche.

The hybrid strategy does require careful management to avoid pitfalls: - **Cannibalization Concern:** Will a freemium offering cannibalize paying users? This risk is mitigated because the free tier is aimed at those who likely wouldn't pay anyway (either new tiny clinics or those at risk of leaving for a free solution). Existing paying customers in Segment 1 might ask to down-tier to free; to counter that, the free version could have limitations (e.g. only up to a certain number of patients or no multi-user support) that make it unsuitable for those already running their clinic on the paid version. Additionally, strong relationship management can convince existing clients of the value they get for the price (perhaps grandfather some features or provide loyalty benefits).

- **Brand Dilution Concern:** Offering a free service might make Assist.id seem

“cheap” and undermine its premium image for Segment 2. To address this, the branding and communication should differentiate the tiers (e.g. different names like *Assist.id Community Edition* vs *Assist.id Professional*). Also, maintain high quality even in the free tier (especially in reliability and compliance) to avoid tarnishing the brand through a subpar free product – it should be a teaser of quality, not a throwaway.

- Execution Challenge: Implementing two strategies at once is effectively like managing two business models under one roof. This can strain a startup. It’s crucial that the leadership sets clear priorities (e.g. in the short term, fix product gaps for Segment 2 may take precedence because that’s about existing revenue preservation; concurrently, develop the free tier but perhaps launch it after the most urgent Segment 2 features are out). Staging and phasing the implementation will help manage resources. It might also be worthwhile exploring partnerships or external funding specifically to support one side of the strategy (for instance, a government grant for providing free EMR to small clinics, which could subsidize the freemium initiative).

Comparatively, this integrated strategy mirrors tactics seen in successful SaaS firms globally – many have freemium/user-growth engines coupled with enterprise offerings (think of Dropbox with free vs. business plans, or Slack’s free vs. paid tiers). Those who manage it well, as literature suggests, often build innovation capability and flexibility (which we aim for in Assist.id). By following through with these changes, Assist.id aims to become a more resilient company: one that can capture the broad market share without bleeding profit, and one that can secure the high- end clients without falling behind in product features.

In conclusion, the proposed strategy is essentially about differentiated focus: *focus on cost/value for the low end, focus on differentiation for the high end*, underpinned by an agile organization that can deliver both. This directly addresses the identified strategic gaps and is designed to transform Assist.id’s current vulnerabilities into strengths. The next section concludes with the broader implications of this case and strategic approach.

CONCLUSION AND IMPLICATIONS

Facing a dynamic and regulated environment, Assist.id found itself at a strategic crossroads common to many growing startups: its initial ad-hoc strategy was no longer sufficient to sustain competitive advantage. Through a comprehensive case analysis, we identified that the company’s core challenge was balancing the needs of two distinct customer segments in the health-tech SaaS market. The integrated cost leadership/differentiation strategy formulated in this study provides a roadmap for Assist.id to navigate this challenge. By introducing a compliant freemium tier, the company can protect and expand its base among small clinics (leveraging cost leadership), while by accelerating innovation and feature development, it can reinforce its value proposition to larger clinics (leveraging differentiation). Coupled with internal process improvements, this strategy aims to secure Assist.id’s position as a leading SaaS provider that is both scalable in volume and rich in value.

Managerial Implications: For entrepreneurs and managers of early-stage SaaS firms, especially in emerging markets and regulated sectors, this case underscores the importance of early strategic planning and segment-focused strategy development. A key lesson is the danger of operating without a clearly articulated strategy – it may not hinder initial growth in a “blue ocean” moment, but as the market matures, lack of

strategic focus can lead to being outmaneuvered by competitors on multiple fronts. Managers should actively use strategic tools (SWOT/TOWS, etc.) to regularly assess whether their company is meeting each segment's needs or if strategic realignment is required. The Assist.id case also highlights the viability of hybrid strategies in practice. Managers should not view cost leadership and differentiation as mutually exclusive when their market has segments that demand different approaches. What is critical is to implement the dual approach in a deliberate and organized manner, avoiding confusion in the value proposition.

For SaaS startups in the health-tech sector, there are additional implications:

- Align with Regulatory Waves: Government policies (like Indonesia's EMR mandate) can rapidly expand the addressable market. Startups should align their offerings to ride these waves – e.g. ensuring compliance features are in place – but also be prepared for the influx of competitors such policies attract. Building a strategy that can withstand a rush of new entrants (like a freemium defense or exceptional service quality) is crucial.
- Customer Trust and Data Security: In health-tech, trust is a currency. Achieving certifications and demonstrating data protection is not just compliance but a competitive strategy. As seen, those strengths not only open doors to clients but also form part of the defense against certain threats (like mitigating reputational risk of breaches).
- Freemium as a Growth Strategy: Implementing a freemium model can be a double-edged sword; it can accelerate adoption but must be balanced with a clear path to monetization. This case shows it can be used defensively to prevent churn and offensively to capture users, but it requires careful design. Startups considering freemium should analyze usage data and customer willingness-to-pay to set the right limits between free and paid plans.

Theoretical Implications: This study contributes to the understanding of competitive strategy in startups by providing an example of how a hybrid strategy can be formulated through structured analysis. It reinforces recent research that hybrid strategies, supported by innovation and agility, can lead to superior performance in SMEs. The case also illustrates the application of classical strategic frameworks in a modern context – confirming their usefulness. For instance, the TOWS matrix (Wehrich, 1982) proved valuable in bridging analysis to actionable strategy in a nuanced situation, suggesting that even in fast-moving tech industries, time-tested analytical tools remain relevant. Additionally, the case emphasizes the concept of a strategic inflection point (Grove, 1996) in a startup's life: a moment where external changes and internal limitations collide, necessitating a shift in strategy. It provides empirical detail on what such a pivot entails in a tech startup – combining market re-segmentation and internal restructuring.

Limitations and Future Research: While rich in detail, this study is a single-case analysis of a specific company in Indonesia's health-tech domain. Caution should be exercised in generalizing the findings. Other startups may face different combinations of competitive forces or have different internal capabilities that call for alternative strategies. Further research could undertake comparative case studies of SaaS startups in various markets (e.g. education-tech, finance-tech) to see how common the need for hybrid strategies is, and what factors influence their success. Quantitative research could also test performance outcomes of startups that adopt a freemium model versus those that do not, or that pursue hybrid strategies versus pure strategies, controlling for industry factors. Another fruitful area is investigating the organizational changes required for startups to implement dual strategies – for example, does creating separate business units for different segments yield better

focus, or is a matrix team approach more effective?

In conclusion, Assist.id's journey from a scrappy startup to a more strategy-driven firm exemplifies the evolutionary leap many startups must take. By developing a coherent strategy that addresses both the cost and differentiation dimensions, and by aligning its organization to execute that strategy, Assist.id is positioned to maintain its competitive edge in the growing digital health market. This case serves as a playbook for other SaaS startups at a crossroads: understand your market segments deeply, be honest about your weaknesses, and don't shy away from crafting innovative hybrid solutions to complex competitive problems. In the rapidly changing landscape of technology and business, the ability to adapt strategy – without losing sight of delivering value to customers – is often the defining factor between startups that thrive and those that fade away.

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