Karen Zelnick:

You did it. You got your first round of funding and you're on your way. And then the landscape changes. Now, the outcome you promised to investors might not be possible. What do you do to maintain their confidence in you? Join us in today's conversation with Grant Gordon, co-founder and CEO of Artemis Health, and investor Dalton Wright as we bring you both sides of A Perfect Pitch. Perfect Pitch is a podcast from Kickstart that reveals the minds of both investors and entrepreneurs throughout a startup's journey. I'm your host, Karen Zelnick. Grant and Dalton, thank you so much for being here today. Before we jump in, I want to tell everybody a little bit about you, Grant. So you are the CEO and founder of Artemis Health. You have a degree in information systems management and Japanese, and on top of speaking Japanese, you also speak German. I'm feeling very inadequate because I don't remember any of my high school French. I would love to know what else listeners should know about you.

Grant Gordon:

When I was a kid, it took me a little bit longer to pick up social skills than the other kids. And it's okay. I've got a wife and friends now. I figured it out eventually, but my dad got a computer for me to learn for his business. He was an entrepreneur. For me, the idea that in a computer you can build something from nothing and other people might care, even if those people are your parents, that just melted my little brain. And I think most of what drives me is that the computers have changed. Now they're in data centers we call clouds and hand health computers, but I just love making things. And I think that the digital world in general is such an amazing canvas to do that.

Karen Zelnick:

That, and you are making things at Artemis, so I'm really excited to dive into that and all that you're building there. And Dalton, welcome back to the show. Always a pleasure to have you. We're going to have a link to your bio on our show notes, but I would love for you to tell listeners one thing they don't yet know about you.

Dalton Wright:

I should have come a little bit more prepared for that one. I help Gavin get Kickstart going back in the day and then I left for a number of years. And one of the things I did is I went to grad school and as I was wrapping up grad school, I was invited back to Kickstart. And so I was finishing schooling and starting to ramp back up and do the venture capital career that I wanted. And I was lucky enough to have Artemis be the first board that I joined. I traveled up, so I was in Philadelphia, to New York to see Grant and his co-founders and those guys were all living in a single bedroom apartment, living the startup dream, basically.

Karen Zelnick:

The dream or yeah.

Dalton Wright:

They were dreaming. Overlooking the fact that they had left significant others and loved ones back in Utah and other parts, to go to New York in order to participate in an accelerator. That's just a fond memory of mine. As I'm getting started back up with Kickstart, being able to go connect with Grant and

the Artemis co-founders and see them in that raw state packed in like sardines trying to make it happen. I love it.

Karen Zelnick:

That is a good visual. I know some amazing stories from that time Grant, but I would like to start out with you telling our listeners about Artemis and its story and what led you to found it.

Grant Gordon:

To understand the founding story of Artemis, I'm going to take a little circuitous route. I was born in a family where my dad always had a business and my earliest memories were member of the family, slave of the family business scenario. And so when people talk about work life balance, I don't really know what they mean. My dad didn't come home at a certain time for dinner. I have a lot of memories of bugging him at his workshop at nine o'clock at night while he was selling prototypes. In a lot of ways I think I was doomed to be a founder of some kind, because you just have to be able to live that grind. But because of the opportunities he gave me, buying me a computer and really supporting me and I taught myself how to program and then the internet happened and I swapped an early social life for an early career.

Grant Gordon:

And I was building websites and learned more programming languages. And then I got interested in product design and then I got interested in product. And then long story short, took me nine years to graduate from college with my bachelor's degree, because I kept dropping out to do stuff. And the last thing I did was my first real venture backed startup. And I fell in love with the format there, getting a group of smart people together and tackling some crazy problem, sleeping under your desk, the whole nine yards, but it was ad tech and ad tech is existentially unfulfilling. We had this really amazing group of talented people building genetic algorithms that ultimately just shuffled ad dollars around. And so when someone came along and wanted to buy the company, I threw my weight behind that and we learned a ton and I really wanted to do something more meaningful with my life.

Grant Gordon:

And so one of my current co-founders Dallin Regehr and I spent three years doing consulting work and just working on ideas. And in the middle of that, my dad actually got cancer. This isn't a Grant sob story. Everyone's got a story like this. This just happened to be mine. And with him, I was spending a ton of time in the Huntsman Institute in Salt Lake City, which is a global cancer facility. Just amazing. But everything about that experience was pretty terrible, amazing facility notwithstanding. And I was killing time trying to distract myself between things that were engaging by watching the doctors and nurses struggle to use the computer in the room and thinking, wow, this is an amazing facility. And they're using the worst software I've ever seen in my entire life.

Karen Zelnick:

And you're like, I'm going to fix this.

Grant Gordon:

Yeah. The epiphany for Artemis was okay, everybody says healthcare is broken. I've experienced one perspective on that. And in all of this cocktail of pain, their software and people who do healthcare have

to use software. And I know very little about healthcare besides anatomy and physiology from college, but I know a lot about designing and building software now, so maybe if Dallin and I go and find a corner of this world, we can chip away at a problem. And that would be a good way to spend our lives.

Grant Gordon:

And that was really the genesis of it. We got religion about two things that we didn't know before, which were employers pay for half of healthcare in the US, which was crazy. And then most of them are self-funded meaning when you go and get your drug from the pharmacy, you pay your copay. The rest of that's getting paid out of your employer's pocket. It feels like insurance and it looks like insurance, but the employer is actually at risk for all those claims, which makes them literally the only constituent in all of healthcare who cares how much it costs in the US, which is really important.

Karen Zelnick:

I know. And I'm like, I'm sure there are so many listeners right now who are like, what?

Grant Gordon:

No. Yeah. That melted our brains. You'd think health insurance companies would care, but actually no, the more money they pump through their systems, the more money they make because their profit margin is capped because some interesting legislation. And if you have insurance, once you hit your deductible, you don't care. And doctors, the more they charge, the more they make, so they don't really care, looking at it cynically. And so it's underinsured people who have no power and its employers. We wanted to really figure out how to throw our weight behind that group, that constituency, because they also need their people to be healthy and happy. It's the right set of efficiency incentives. And we started pulling on that thread and realized that they were mostly flying blind. We talked to people who are running half a billion dollar health plans spending that much money every year. With a single PDF, they were getting as a report from their health plan that they called the door stop.

Grant Gordon:

They didn't know what to do with it. If you were running a marketing team, it was spending half a billion dollars. With that level of oversight, your entire department would get nuked. It would get nuked. It's crazy what's happening. And so we're like, look, let's start from basics. We understand a lot about how to run experiments using data from ad tech. Let's just take that pattern. Let's put it here. We'll apply it to this world of benefits in terms of forming hypotheses about how to change benefit design and which programs to add and all of these things. And it will be slower. It's going to be months and years, not milliseconds, but we can help optimize that. Artemis Health empowers employers and their advisors to use the data generated by benefits programs to optimize those benefits programs so that the members of those plans to get the biggest bang for their buck.

Karen Zelnick:

I love finding out founder origin hero stories. I think that's the most fascinating thing when you sit down and figure out why someone started to company and Dalton, I'd love to know your initial thoughts on Artemis.

Dalton Wright:

What I saw in Artemis, I just really loved that lean startup methodology that they had applied in selecting their opportunity. Healthcare is big. You see tons of founders who go after healthcare and they encounter exactly what Grant just described, where they have a great new digital health application and it's going to change the world. It's going to be good for insurers. It's going to be good for the healthcare system. It's going to drive efficiencies into the hospitals. Patients are going to have better visibility in their healthcare and we can all be nodding saying, yes, yes. Finally, someone's done it. And then they sit on the shelf for years because of this misalignment in healthcare. And so what I liked about Artemis was it was a very pragmatic view on the industry. And they said, where we see a ton of spend and pure alignment is with the self-insured employers.

Dalton Wright:

But I think in Artemis' case, and Grant in particular here, he said he wanted to go where there was actual clear line of sight with spend and alignment with what his product could deliver to them. I just love to see that when founders spend the time talking to the customers, talking to the users, understanding how thought leaders are seeing this industry, where other companies have failed in the past. They just save themselves so much time. And we're able to get to the more interesting, unique insight for market opportunity that a lot of people miss.

Karen Zelnick:

I love the insight of that they save themselves so much time doing something that seems like a lot of work and maybe a time suck in the beginning, but do your homework up front and it's going to pay off in the long run. Grant was nodding his head so often throughout that, I think he'd give you a big amen to everything you just said, Dalton. Grant, can you walk us through what steps you had to take to ensure Artemis had product market fit.

Grant Gordon:

Once we got to New York and we decided that we wanted to help employers, we wanted to help them with data. We went out and started talking to employers and was like, we're going to build this data thing. Do you want in on that? And they were like, yes, if you build that thing, we will get in on that. But to really dial in the product market fit, it took two and a half years, Dalton?

Dalton Wright:

Yeah.

Grant Gordon:

We incorporated in July 2013 and then our first real sales to employers were Intuit and Nielsen at the end of 2015. And in the interim, it was a lot of grinding on product work. I like to call it anthropological research. I think we ended up talking to over 150 benefit teams trying to understand their world. Who's your boss? What's your day to day like?

Grant Gordon:

What are you doing? How do you think about getting the most bang for your buck for your employees? Do you use data? Do you wish you could have more data? If you had data, what could you actually do with it? What is within your span of control? Data is not valuable unless somebody acts on it. And so understanding what those potential actions are or were and working backwards to try to build a product

to connect the dots between raw claims data and eventual actions and outcomes, that was the approach we took. And eventually we built this platform that ingests all this data and helps them sift through it and figure out what's working and what's not. And what else should I be doing that the data's telling me that I need to be paying attention to. It was just a lot of asking questions, iterating on prototypes, doing user testing, changing, changing, changing until people finally said less of change this and more of, I want to buy that.

Grant Gordon:

And that's when-

Karen Zelnick:

That's when you know.

Grant Gordon:

That's when you know, but cautionary tale, there's selection bias that we didn't account for in the early research that we did, because the kinds of people that will respond to a cold message on LinkedIn saying, Hey, we're building a data product for benefits. Will you talk to us about it? There's a lot of selection bias there. We thought based on all the people that we talked to, that there was this army of prosumers. And so we built a prosumer product for them and it sold really well.

Grant Gordon:

Look, we've got 9 million lives on the platform. We work with Amazon and Google and the Home Depot and Boeing and all these amazing employers, but in reality, it's a bimodal sophistication distribution. There's a whole bunch of basic users who even if you make the tools easy, they can't use them. They just want to consume data to help them make decisions. And then there's really sophisticated users that want more sophistication. And so the product market fit was good enough. And we obviously raised a lot of money and have grown a lot, but it could have been better. Even when you take two and a half years and spend a lot of time and energy to try to nail that, it can be better. It can miss things. It's a lot of work.

Karen Zelnick:

What would you have changed in the process?

Grant Gordon:

I ask myself that every day.

Karen Zelnick:

Okay.

Grant Gordon:

What would I have changed? I think I would've tried to recognize the homogeneity and the kinds of conversations we were having. It felt heterogeneous at the time, but I was looking at the wrong dimensions. I would've looked at sophistication of understanding and how they wanted to use the product and said, wow, we're getting a lot of people that seem the same. I wonder if there's some

selection bias in our research subjects and tried to find people who were definitely less sophisticated or definitely more sophisticated in how they wanted to consume and use data.

Karen Zelnick:

Well, that's a very valuable takeaway for people who now don't have to go through the pain that you did. Thank you so much. And Dalton, I would love your thoughts on all this.

Dalton Wright:

There are so many first time founders who would've heard just a three or four of these homogeneous responses and they said, we've got it. Let's go put a million dollars into product right now and let's go build for those guys. And Grant's now with the intellectual honesty that he has, he's looking back and saying, I could have known even more had I been able to look beyond all of these repetitive conversations that I was having. I guess what I take away from that is that there's a lot of different ways to make it as an entrepreneur. Some people will just make a lot of mistakes, but just iterate so fast that they'll eventually get to the truth and their speed is their advantage. Other people, it's the thoughtfulness of their approach and they're willing to do the hard work that ultimately saves them a year, a round of funding that goes into the wrong development because they didn't do that work.

Karen Zelnick:

And Dalton, there was one point in Artemis' journey where you realized that the total addressable market wasn't going to be what everyone hoped for on the outset. I'd love to know what impressed you about how Grant handled the situation.

Dalton Wright:

There are leaders that sometimes will just tell you what you want to hear. And then you don't have enough time to actually change anything because you thought, oh, everything's going great. Everything's on track. In this case, it was Grant looking out and saying, if we want to build a really big business, we have to rethink some of our assumptions about the market we're going after, how are markets changing, how the pricing's changing within our industry, and what that means for the size of company that we can even build within the initial market that we identified when we all set out together to go take on this challenge. That was a defining moment in Grant's leadership as a CEO is when he told investors and told everybody, I know that we're all operating under this expectation of what our market size is. I'm seeing something different.

Dalton Wright:

That's the last thing anybody wants to hear is, Hey, maybe some of our assumptions are flawed here. And yet he did that. And I think it means that Artemis has an opportunity to play to be a bigger business than it would otherwise. It also means that the people around him trust him more because you get so used to just being told what you want to hear, but leaders that can deliver the hard news backed up by the data that resulted in them getting to that conclusion, combined with a recommendation for the path forward, that's a beautiful thing to see in a leader. And we have that with Grant.

Karen Zelnick:

And Grant, I want to hear your thoughts on this.

Grant Gordon:

I'm a little uncomfortable with both of you so kindly casting what I think is maybe a personality quirk as a personality attribute, but I tell investors and our employees and our customers and anyone who will listen, that if I just wanted to get rich, I would've started a different company than this. This is a hard company to do. The data is hard to get. It's hard to clean. It's hard to make useful. It's hard to get people to use it, but it's the right thing to do. If you really want to help fix healthcare, this has to be solved. Data has to come into play. And the value here has to be tapped. For me, I wanted to get the kinds of people around the table who could actually engage with the problems as they are, not as we want them to be.

Grant Gordon:

I think there's a lot of culture in startup land where founders you ask them how things are going and they're like, we're crushing it. Everything's great. But it's almost never that. It is almost never that. I can't handle that kind of pressure. I can't lie to people about how things are going and how they're going to be. The truest thing is what I usually say, which is, I could tell you a story about how everything is amazing. And I could tell you a story about how everything is the worst. And they are both true all the time. It's just hard. In the future, our market will shrink. It will be small than we thought. And if that's the case, we are not going to have the impact that we want to have. And if that's the case, what are we doing here? Let's engage with that and let's solve it. A lot of that's just self care, trying to keep my emotions and intellectual approach to things in check so that I can do my job and do something that's hard for me.

Dalton Wright:

I have a question for you Grant. When you were running an analytics product, how did you get to the point where you were able to eliminate implementation cycles as a bottleneck? Are there shortcuts that you could make now having already been through this?

Grant Gordon:

Yes, certainly so many things we could have done differently. I think we were naive when we approached this problem. We just thought, well, look, we'll just go get the data and we'll put it in a database and then we'll build analytics on top of it. But what we didn't realize is that in healthcare for the kinds of data sets that we're talking about, all them modern conveniences that other industries have come to expect around API availability and sane ways of sharing data are not here. And so we kept smashing into these walls that we didn't expect. When we sign up a customer, you have to call all the vendors that support that customer and they give you an introduction and then you have to ask them to send you the data, which means you have to sign some legal agreement with them, which can take months. And then when they actually send you data, they're sending you a data file via secure file transfer protocol, or SFTP, instead of opening up an API for you.

Grant Gordon:

And there're all kinds of things that can happen. They may forget to send it. They may not automate it. When they send it, it might get truncated in transit. They might send you the wrong data. We've gotten a lot of PII that we should not have gotten, that we had to destroy and call vendors and say, Hey, don't send us that again. And all of this stacked up into this world where implementations were taking a really long time. And when you're doing hard things or trying to start a business, you can look at these big problems as problems, or you can look at them as potential advantages later. For us, we decided to look at that and say, okay, clearly the hardest thing about this business, which we did not realize, is getting

this data and making it useful. And so if it's really hard for us, that means it's really hard for everybody. How do we solve this in a way that makes us better than everybody at it in a way that scales.

Grant Gordon:

And so we approach that by breaking it down into the pieces of here's the process to get the data. Once you have it, here's the process to standardize it. Here's the process to quality check it. Here's the process to enrich it. And then we build technology around that. We created a system that we call Zeus. That now processes over 50,000 files worth of data every month. And some of those are 500 gigabyte files. And we decided to build process and technology to make us the best in the world at this. And that is what allows us to now implement a lot of customers, much faster, much more effectively, at much higher quality. Last year, I think we implemented 20 times more customers than we did the year before, with 10% fewer people because of the investments that we made there. And that's not to say that we're perfect and that's not to say that we don't have a lot of things we could build, but that's the approach.

Karen Zelnick:

One. I'm inspired as you talk and I'm also feeling the weight of what you've had to carry for so many years a little bit. I would love to know what are your strategies for managing and avoiding stress?

Grant Gordon:

Early on in a startup your job changes from someone who does things to someone who finds people to do things and makes them successful. And if you do that and you do it well, then a lot less stress gets to you. I've implemented that with varying degrees of success over the years, and always learning new things about that. But another thing that I highly recommend founders do, as soon as they feasibly can, is find a coach. That's something that never even crossed my mind, but having someone who's going to be intellectually honest with you and hold up that mirror and say, you need to stop this. You really need to get on this and you need to cut yourself some slack here. And just helping to parrot that back to you is very, very, very helpful.

Karen Zelnick:

Dalton, do you have anything to add?

Dalton Wright:

I just think that it's really wise what he just said around finding that sounding board, coach, mentor, somebody who can be an intellectually honest back with you when you're being super vulnerable and real with what's going on. I think there are risks to taking all of the baggage to the board and saying, Hey, here's where things are melting down on my relationship with this other member of the team, or here's where I think I'm failing because it quickly turns into, well, do we have the right guy as CEO? How do employees react when they find out that he's not sleeping well because of anxiety or whatever the case may be. And I'm not saying that's Grant's case. I'm just saying there are so many things that CEOs deal with that there is some risk in actually being totally vulnerable with your board. And I want to be the board member where it's like, call me, talk to me, tell me what's going on.

Dalton Wright:

Let me be your support. But when you're dealing with a bunch of different financial institutions that are invested in your company, in some ways you have to manage and frame what you're sharing back with

them, because you don't actually want to ruin the morale of the company or ruin the confidence of your own board and you as a CEO or what you're doing as a company. I think what Grant just described is really important where you have somebody that you trust, who's willing to sit with you and help process a lot of the difficult emotional and intellectual challenges that you face as a CEO in a completely safe environment.

Karen Zelnick:

Amen. And thank you for being willing to dive into that, the good and the bad. Those are very important points of knowing when to be vulnerable and who to share information with and making sure you have a trusted source to talk to. And I just have one final question for you Grant and that is, what's an effective practice you've implemented in your work or personal life that you think has had a great impact on your success?

Grant Gordon:

It's really easy for your everyday to get blocked out with meetings. And it feels like if you're not taking all those meetings, that you're not doing your job, but I found myself spending years where I was just in meetings, writing down things I needed to do and never actually doing any of those things. And those start piling up. And that becomes very overwhelming, and that gets really challenging. And so I actually conspired with my executive assistant, Amanda, who is incredible and we just protect every morning until 10:00 AM for me. And I use that time to work out, think, and do some of the things that need to be done to grow the business instead of constantly being in reaction mode. And that feels strange. It felt strange to me at first, but actually it's been incredible. Definitely would recommend it.

Karen Zelnick:

I feel like I'm just going to laminate all of your advice today, Grant, and just put it up by my desk. You've got some really good advice and Dalton, I'd love to know how you've seen this have a positive impact on Artemis.

Dalton Wright:

There are things that other people can do, but there are some things that only one person can do in the company. The founder is unique in their core vision that they set for the company. Grant does it, how he does it. But what I have seen from Grant consistently is the courage to stand by the vision and protect the North Star for the company. And I've seen that when the North Star goes away in companies, the companies tend to fail.

Karen Zelnick:

That's very well said, so wise. Thank you both so much for being on here. My biggest takeaway really is to just be more like Grant. Probably everyone else listening the same thing too. Thank you both for your insights, for your time, and for the thought and effort that you've put into this podcast. It's been great having you today.

Grant Gordon:

Thank you for having me.

Dalton Wright:

Thank you, Grant.

Karen Zelnick:

And of course thank you for listening as we dive deep into what it takes to create the Perfect Pitch. If you want to learn more about our investor, Dalton Wright from Kickstart, or our founder Grant Gordon and his team at Artemis Health, we'll have a link to the company and a longer bio in our show notes at kickstartfund.com. You can listen to more episodes of Perfect Pitch wherever you listen to your podcast. And if you like what you're learning, leave us a reviewer rating. We'll be back next time with more insights from entrepreneurs and the investors who fund them, so be sure to subscribe so you don't miss a thing.