

# Want to Incentivize Better Health? Use Carrots, Not Sticks.

There's no doubt—mobile applications have changed the way we live and work. Estimates show there are more than 2.5 billion smartphone owners worldwide who use mobile apps on a daily basis. Their voracious appetites are fueled by more than 12 million app developers who are vying to meet users' needs in increasingly creative ways.

Enter CARROT Pass, LLC (CARROT), a budding startup based in Royal Oak, Michigan. CARROT developed a one-of-a-kind health and wellness mobile app that is now being used by two of Michigan's largest healthcare systems—Beaumont Health and Henry Ford Health System—to encourage their staff and area residents to get up and start walking. Participants in the free program use the innovative CARROT Wellness mobile app to track their steps, earn points, and use those points to purchase exclusive rewards and play games. Voracious appetite, meet smorgasbord of health incentives.

We spoke with CARROT founder and CEO Michael Antaran to learn more about his company, its vision for “gamifying” community health, and how the MedHealth Summit helped nurture his relationship with major healthcare systems hustling to encourage healthy behaviors in Southeast Michigan.

## What was the impetus for creating the CARROT Wellness app?

Before CARROT, I worked for 15 years as a powertrain engineer in the automotive industry. I routinely clocked 70-hour work weeks and was losing touch with my family. I wanted to be the kind of dad who could take my three children to soccer practice and ballet, so in 2012, I made the decision to change careers.

I have always had a love for games, so I launched a mobile gaming company. I tapped in to my network at the University of Michigan for talent and mentored students working on senior design projects to develop apps.

In 2014, my wife approached me with a very valid concern. While our business was doing great, she noted that we were contributing to unhealthy screen-time behaviors. We found that people were spending as much as two hours every day playing our games instead of spending time outside—that really hit me hard. That's when we decided to change our games from a pay-to-play model to a walk-to-play model. Instead of paying a fee to upgrade or access a desired feature, our apps would require users to take 1,000 steps using the pedometer already built into smartphones. That switch changed everything.

In 2015, Henry Ford Health System approached us to use our game as a wellness program for their 25,000 employees, so we developed CARROT, our app that encourages you to make incremental progress toward achieving, and perhaps surpassing, the Center for Disease Control's recommended 10,000 steps per day.

## You said that Henry Ford Health System contacted you, but how did you connect with Beaumont?

Between 2016 and 2018, we had several small exchanges with Beaumont at events such as the Governor's Fitness Awards, Crain's Health Care Leadership Summit, and, of course, the MedHealth Summit. Every small engagement adds value. You never know who might talk with whom in these big health systems. Finally, in February 2018, we had a sit-down meeting with Beaumont, and they committed to using CARROT. As you can see, the sales cycle can be lengthy for a startup, so every touch point along the way counts!

## How Has MedHealth and its annual summit helped your startup?

The MedHealth Summit serves as a conduit for great conversations with health systems and investors. Because of MedHealth, we have developed a lot of promising leads. Being able to say that we are involved with MedHealth also has added credibility to our startup by showing we are associated with the right organizations in the region. Plus, MedHealth encourages health systems to pursue pilots with startups. If health systems didn't take risks with qualified innovators, the startup ecosystem in the region would not thrive.



### Fast Facts

**Founded:** 2014

**Headquarters:** Royal Oak, Michigan

**Company Stage:** Revenue and growth—Multiple customers and revenue

**Mission:** We improve people's daily lives by motivating them to live healthier.

**Website:** [carrotwellness.com](http://carrotwellness.com)



## Can you describe one challenge you faced on your path to market?

There are a lot of requirements to running a business that don't directly relate to the product or service you sell. For example, even though I'm an engineer who is competent in mathematics, working with income statements and balance sheets is completely different. I had to get comfortable with accounting, hiring processes, filing 1099s, and all the behind-the-scenes work that no one outside of the business ever sees.

I also had to become comfortable with knowing that not everyone makes money instantly. Oftentimes, it can take a year to prove out a business concept without earning a dime. It's important to find ways to sustain your business before you land your first customer or contract.

## What advice would you give to other startups trying to get their innovations in front of major funders or buyers?

You're either best in market, first to market, or can scale in the market. If you can master one of those three things, you can have a great run as a new business. It is also vital to differentiate your business in the marketplace. You have to articulate why your product is unique to get people to listen.

I would also recommend checking out Goldman Sachs' 10,000 Small Businesses program. It equips small-business owners with practical skills like negotiation and employee management and can serve as a great resource to take your startup to the next level.

