Lessons From The Top 5%

How Generative AI Can Transform Sleep and DME Operations

Presented By

NERU HEALTH

Executive Summary

Enterprises worldwide have poured $30–40B into generative AI, yet roughly 95% of pilots fail to deliver measurable ROI. According to MIT's *State of AI in Business*[1] report, the problem is rarely the technology itself. The real issue is failed implementation: tools that don't integrate into workflows, don't retain context, and don't adapt over time. Only ~5% of projects succeed—and they share a common DNA: embedded, adaptive, co-developed systems that evolve with customer workflows.

Durable Medical Equipment (DME) companies, especially those in sleep and respiratory care, sit at the heart of this opportunity. With razor-thin margins, high labor costs, and strict compliance requirements, DMEs cannot afford failed technology investments. Yet, their core economics—50%+ of revenue from PAP resupply, labor-intensive call centers, and payer-tied adherence benchmarks—make them ideal candidates for high-ROI generative AI solutions.

Neru Health applies MIT's success playbook directly to DME operations: automating resupply, troubleshooting, and adherence coaching through adaptive conversational AI (voice and messaging). Early results show labor savings and revenue lift, and margin expansion potential for DMEs.

[1] MIT (Project NANDA). *The GenAI Divide: State of AI in Business 2025*. Aditya Challapally, Chris Pease, Ramesh Raskar, Pradyumna Chari. July 2025.

Industry Context: **Why DMEs Are at Risk**

NON-ADHERENCE CRISIS

More than 50% of PAP patients fail therapy within one year, directly impacting reimbursement and resupply revenue.

COMPLEX RESUPPLY ECONOMICS

PAP resupply, with complex payor-compliance-reimbursement rules can account for >50% of a sleep DME's revenue. Missed reorders due to this complexity = missed margin.

LABOR BOTTLENECKS

Call centers handle thousands of patient interactions daily, with rising costs and shortages of respiratory therapists.

COMPLIANCE PRESSURE

Payers tie initial device and recurring resupply revenue to strict adherence metrics for most patients—4 hours/night for 70% of nights.

THE POTENTIAL RESULT: A FRAGILE BUSINESS MODEL, WHERE SMALL INEFFICIENCIES CAN EASILY COMPOUND INTO MILLIONS IN LOST REVENUE.

Lessons from MIT: Why **95% of AI Pilots Fail**

THE MIT CIO SURVEY FOUND THAT MOST AI PROJECTS (95%) FAIL BECAUSE OF:

LACK OF WORKFLOW INTEGRATION

Most AI tools sit outside of day-to-day operations, leading to operational friction and low adoption rates.

NO ADAPTIVE LEARNING

Most AI systems don’t retain context or improve over time.

INTERNAL BUILDS OVER VENDOR CO-DEVELOPMENT

In-house efforts fail twice as often as external partnerships due to a lack of deep AI expertise and underestimated complexity and costs.

CONVERSELY, SUCCESSFUL AI PROJECTS (5%) SHARE THREE TRAITS:

EMBEDDED IN WORKFLOWS

Effective AI tools are built into workflows rather than operating as standalone add-ons.

ADAPTIVELY LEARNING

AI gets smarter with every interaction—retaining context, adapting to feedback, and delivering better outcomes the longer it runs.

CO-DEVELOPED WITH AI EXPERTS

Effective AI tools are built in partnership with vendors, with engineers working directly alongside customers to test, learn, and refine quickly.

Applying MIT's **Lessons** to DMEs

NERU HAS DESIGNED ITS PLATFORM AROUND THE VERY PRACTICES MIT IDENTIFIES AS SUCCESS DRIVERS:

01 Tackling High-Value Flows First

Start with high-value flows like PAP adherence and troubleshooting and then expand into synergistic resupply workflows.

02 Co-Developing With Engineers

Neru Health engineers join customer-facing teams to scope, configure AI, and iterate workflows in the first 60–90 days, with continuous ongoing improvement.

03 Building Adaptive AI

Persistent memory, eligibility/compliance logic, and feedback loops ensure the system gets smarter with every interaction.

04 Creating DME-Specific Defensibility

Clinical annotations, QA monitoring, and custom workflow adaptation create your data + service moat that improves outcomes over time.

Implementation Roadmap with Neru Health

PHASE 1

AFTER-HOURS SUPPORT (VERY FEW DMES OFFER THIS)

- AI handles troubleshooting and resupply calls outside of business hours.
- Immediate labor relief from call-backs and improved patient access.

PHASE 2

BUSINESS HOURS CLINICAL SUPPORT & RESUPPLY AUTOMATION

- Eligibility + compliance checks, patient preferences, order validation.
- Integration with industry EMRs for reduced data entry and handling.

PHASE 3

ADVANCED ADHERENCE & MULTI-THERAPY

- Personalized adherence coaching.
- Manage patients across multiple chronic conditions.

Strategic Implications for the Industry

NECESSITY, NOT OPTIONALITY

With labor shortages and payer compliance pressures, DMEs cannot maintain profitability without automation.

AI AS AUGMENTATION, NOT REPLACEMENT

Employees remain critical for high-value cases; AI ensures they are not burdened with routine tasks.

COMPETITIVE DIFFERENTIATION

Early adopters can improve margins, increase referral retention, and offer better payer outcomes.

Conclusion

Generative AI is transforming industries—but only for the 5% of projects that succeed. By aligning with MIT's playbook for success and applying it to the unique economics of DMEs, Neru Health delivers proven ROI in the most critical areas of sleep care: adherence, resupply, and patient engagement.

DMEs that adopt AI support today can unlock margins, future-proof against labor shortages, and deliver better patient outcomes.

To learn more, visit Neru Health at www.neruhealth.com or book a demo at www.neruhealth.com/hme-news-demo

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