



MedTech Outlook 2013

To help navigate the increasingly complex healthcare industry, L.E.K. Consulting has developed a high-level forecast for three central issues facing medical device companies in 2013 and beyond. In addition to our insights below, we have also developed projections for additional market sectors across the economic spectrum – including life sciences.



What are the Biggest Challenges and Opportunities Facing the MedTech Industry During the Next Year?

Many medical device industry executives are working to blunt the impact of the Patient Protection and Affordable Care Act (PPACA), particularly the medical device excise tax. This will have implications on pricing decisions, how to address margin pressures and funding models.

Broadly speaking, global MedTech companies have addressed internal structural cost issues and will likely have a renewed focus outward, which could result in continued mergers and acquisitions (M&A) activity in 2013. MedTech executives will be evaluating strategic targets that will provide new product opportunities in core and adjacent markets to drive profitable top-line growth. And many industry executives are realizing that the supply of truly innovative opportunities has been dwindling and are moving to identify and acquire innovations at earlier stages of the life cycle.



What's the Current State of the Industry?

In recent years, traditional venture capitalists (VCs) have suffered longer holding periods than anticipated in their investments and have faced higher research and development costs in MedTech compared to other industries. This has caused many VCs to pullback from this sector and has left several early-stage companies scrambling to identify other funding avenues. If VCs are no longer helping emerging companies commercialize their ideas in a meaningful way, large medical device and technology companies will need to step in and develop their own programs that foster innovation across the MedTech ecosystem and give them the inside track to share in the success of new products that they help to develop.

Beyond just providing funding to emerging companies, large MedTech companies will need to develop programs that identify and assist promising companies in moving their ideas to the next level. Make external innovation initiatives market friendly by establishing a central accountable executive (or team) that connects internal resources with vetted companies that could one day help to advance your company's portfolio.

This approach can also accelerate speed to market for externally accessed innovation, and that benefits everyone – the entrepreneurs taking the risks, the MedTech partners supporting their path to market, and ultimately the patients that will benefit from the care.



What Burning Issues are Senior Executives Facing?

To address the shift toward more integrated and cost-effective care, L.E.K. research shows that hospitals are increasingly looking beyond just product innovation and clinical benefits, and are seeking MedTech partners that can help them solve their overarching challenges. As such, forward thinking medical device companies will need to migrate from “product excellence” to embracing a “customer excellence” approach that incorporates new services, solutions and commercial models. Using this strategy, MedTech companies will provide full solutions to healthcare providers – including sharing risk, helping to engage with patients, offering clinical data and cost-benefit analysis and reimbursement support – and becoming an indispensable partner in improving care.

Our MedTech Practice

Market pressures to innovate while simultaneously keeping costs competitive create continual challenges for MedTech companies. L.E.K. Consulting provides demonstrated expertise in helping MedTech executives address their most pressing issues including identifying new growth opportunities, enhancing profitability and providing the insight to manage all phases of transactional services.

Capabilities Overview

Our offerings for MedTech companies include:

- Identify and Prioritize Growth Opportunities:** Create the foundation for new product successes, product line extensions and geographic/channel expansions by conducting meticulous market analysis and competitive intelligence. Also serve as a trusted partner throughout the product screening, development and launch process.
- Enhance Profits:** Increase profitability by optimizing product features, pricing, and sales force deployment. Also support the communication of clinical and economic product benefits to key audiences and influencers.
- Guide Value-Creating Transactions:** Identify M&A opportunities and deliver unparalleled due diligence within compressed deadlines by examining the key issues across the MedTech, life sciences and healthcare ecosystem that may impact target companies. Also, accelerate integration with post-merger management services.
- Support Reimbursement, Regulatory and Government Affairs Programs:** Capitalize on L.E.K.'s global expertise to create effective reimbursement programs that increase margins and adoption. Guide regulatory processes to support rapid and cost-effective regulatory approvals. Also develop and articulate key messages to regulatory audiences and establish effective advocacy programs.

Meet Our Experts



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