

Medical Device Adjacent Market Analysis Case Study



Leading medical device manufacturer seeks to accelerate new market entry via inorganic investment

Background and Objectives

A leading medical device company sought to accelerate new market entry and close a 5 year revenue gap through acquisition. While the client team had several hypotheses in terms of strategically attractive markets from which to begin, the opportunities within those markets were all far from the core, and consequently implications for the business and commercial model were less clear. Fundamentally, the team required a better understanding of the market, growth, customer dynamics, competitive reactions, and potential commercial strategies for target company/technology operating in each of the markets of interest.

BCE was tasked with studying each market, identifying potential targets, comparing them against each other, and providing recommendations on which targets to pursue. The task, in short, was to identify the right companies in the right markets that 1) fit the DNA of our client's broader organization, and 2) positioned the core client team to successfully meet its 5 year financial targets.

Approach

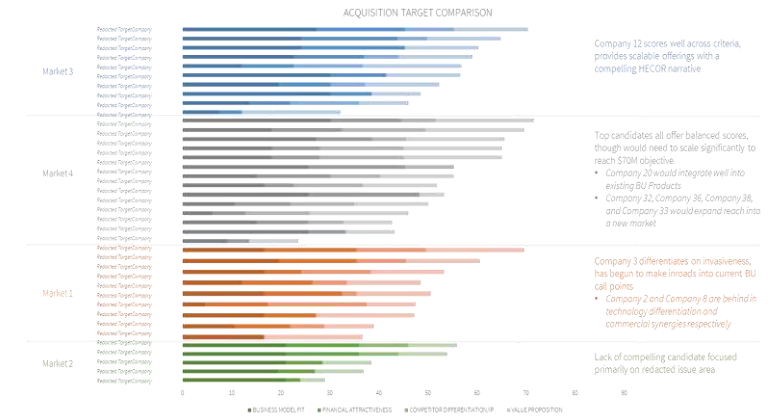
Before initiating primary research into markets of interest, BCE developed a customized, excel-based evaluation framework to compare targets. We used knowledge of financial objectives, operational requirements, and forward-looking strategy developed through previous work and collaboration with the client team to maximize the utility of this tool.

After collecting input from the client team on the structure and approach to target comparison, we then transitioned to target identification and research. The team sourced a majority of data through one-on-one conversations with market participants, including target company employees, customers, and market watchers. Data collected in this process populated the comparison tool and enabled the team to conduct a structured analysis of opportunity for the client.

Recommendations

While the ultimate objective of this project was to help our client identify an inorganic pathway to close its 5 year revenue gap, BCE incorporated a broader view of business unit and organizational strategy to inform recommendations. We considered strengths and weaknesses of top performing targets, and their reason to believe for the client and its objectives.

BCE recommended commercial diligence on 3 of the 38 companies evaluated, developed scenarios and contingencies should roadblocks arise with top targets, and cascaded key questions to consider for each target to the strategic marketing team.



TARGET	REASONS TO BELIEVE
TIER 1	<p>Company 12: Low-risk BU Product tackler, expands margin via product offerings & existing sales.</p> <p>Company 20: Potential to replace competitor as SOC with superior HECOR/ clinical narrative.</p> <p>Company 3: Access to growth market through differentiated, minimally invasive technology.</p> <p>Company 32: Model of infection monitor @ inpatient @ tech business to ICU/ER customers, expand market opportunity.</p>
TIER 2	<p>Company 38: Drives immediate leadership in X category potential to add tiers to X and X categories.</p> <p>Company 39: Strength of HECOR and patient comfort ear at X via product offering.</p> <p>Company 36: Reduces X to address clinician efficiency/patient comfort with X product.</p> <p>Company 13: Low-cost alternative to Company 12 or Company 18 with significant uptake.</p> <p>Company 16: Unmatched brand recognition and share position in its market, margin expansion play.</p> <p>Company 2: Larger immediate revenue IIR than Company 3, added value of capital sales.</p> <p>Company 21: Provides Market 3 platform and scalable X based room disinfection product.</p>

↑ Provides immediate revenue potential, or differentiated technology to establish a sustainable market leadership position.

↓ Strategic fit is contingent upon a broader commitment of resources by Client or target brings early stage technology.