

Novel Medical Device Business Model and Strategy Support



Innovation leadership of multibillion dollar medical device company evaluates the business case for a novel device.

Background and Objectives

The Client's innovation group was working on a new implantable device concept still in the incubation phase. The Client had completed substantial work internally to define and segment target markets for this product concept, and had also defined three potential business models it could pursue: a.) Develop and commercialize a Client-branded product; b.) Work with a commercial partner; c.) Be a material supplier to a device OEM.

As the client weighed the pros and cons of potential paths to market, the team identified knowledge gaps in three areas that must be addressed to drive a decision on the path forward. These included device business model requirements (cost structures, supply chain, etc.), refining the device market size (and forecast), and getting a deeper understanding of the customer. To accelerate this analysis, the Client asked BCE to help close knowledge gaps and analyze potential device business models.

Approach

BCE approached the engagement in phases, beginning with analysis of competitor business models. We interviewed >40 market sources to understand the business models used by four major competitors. We collected insights into costs, insourcing/outourcing trends, partnership and channel dynamics, and strategies. We translated this market data into insights the Client team used to model cost under different scenarios.

As a next step, we transitioned to interviewed with relevant physician specialists who treat the target patient population to better understand their influence, practice dynamics, prescribing behaviors, and needs. We also collected feedback on the Client's concept, which was largely positive.

Concurrent with these market interviews, BCE worked with the Client to design and launch a ~300 patient survey. The survey focused on concept feedback but also captured insight into other key patient dynamics and behaviors, such as willingness to switch devices and priorities.

Finally, BCE analyzed the collective insights from customers and competitors to assess the pros and cons of the Client's potential business models.

Recommendations

We found that the device concept had a strong product/market fit, and – assuming the technology worked as expected – would be an excellent business opportunity for the Client regardless of business model. BCE identified and highlighted key gaps the Client needed to fill to be successful – either directly or through partnership. We evaluated and presented analysis of pros and cons for each business model, and ultimately recommended the Client develop the product and consider use of a commercial partner to sell and market the device.

