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# What Will Keep Medtech Industry Leaders Awake At Night In 2018?

by **Brian Chapman**

Brian Chapman, principal at ZS consultancy, spends a lot of time predicting, analyzing and solving market access hurdles and opportunities for clients within the group's medical products and services division. Here he tells *In Vivo* what is preoccupying the thoughts of the industry's leaders as 2018 gets underway, and suggests two key areas where he thinks change would reap dividends for all stakeholders.

The first concern on the minds of the industry's leaders is that the gains of large-scale transformation are a long time in coming. The industry has talked about commercial transformation for a considerable time. Some companies have consolidated their previously separate business units. Others have invested in strategic account management. Others still have created new business models and value-sharing approaches. While this higher-order commercial evolution is absolutely required, the pace at which customers are preparing is maddeningly slow.

More than a few hospital system customers, for example, are not organized to partner in the way that medtech might like. Traditional purchasing processes used by the customer can make the new, innovative value-sharing programs seem simply too sophisticated or at least out of sync with their needs.

In reality, a high degree of heterogeneity exists within the customer universe, which means that large medtechs are realizing that they have undertaken some of the very difficult work of transformation, without really being rewarded for it yet.

Another worry for stakeholders is that there are cracks in commercial analytics and operations, and these are becoming more and more visible. A history of prioritizing action in the field over measurement has meant that medtechs have skewed investment toward having a well-equipped sales and service team and away from the commercial analytics and operations that support them.

Add that to a rich history of acquisitions and autonomously run business units and we get a clear picture of companies that struggle with commercial discipline. Commercial teams differ substantially across the divisions of a large medtech. These teams struggle to manage prices effectively or to enforce anything but the simplest contracts. Identifying common customers across divisions, enforcing compliance and providing a consolidated view of business performance are becoming increasingly acute challenges at the same time that the industry is recognizing just how important these fundamentals are.



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The fragility of the global supply chain is a growing issue. Obviously, the supply chain is always important, but we have seen some very high-profile problems recently that have put leaders under a lot of pressure. They can range from moving too aggressively to shift manufacturing into low-cost areas, to grappling with disaster recovery from hurricanes in the Caribbean, to not sufficiently rationalizing product portfolios after an acquisition. It is ostensibly an obvious pillar of executive responsibility, however, and lack of attention in this area has cost some players dearly in 2017. These are three issues that I think will be pivotal in 2018, and their pressing nature may even be giving some decision-makers sleepless nights.

## **And What Could Help Those Leaders Sleep The Sleep Of The Righteous?**

There are two areas I would love to see addressed in 2018, and if they were, it could signal improvements across the ecosystem in the coming years. The first is digital health/health tech money flow. There is a tremendous amount of funding going into the sector that we refer to as "digital" and "connected health," and the potential is tremendous. This ranges from monitoring patients in remote areas, to connecting patients with caregivers virtually, to creating feedback loops that bring insight and behavioral change, and everything in between. The promise is to prevent acute events, keep patients out of the hospital, increase independence and facilitate good choices that better manage chronic conditions.

Although there are a variety of stumbling blocks that have slowed down innovation, a big one is

money flow. Old payment mechanisms reward the traditional stakeholders and traditional hospital-centric approach to care. While not every “innovation” is worth having, many innovators are simply waiting to figure out how to get paid and overcome the barriers erected by those who would lose. My first wish for 2018 is flexibility and innovation in how we pay for digital health.

The second is the area of longitudinal data interoperability. While we are on the subject of dreaming big, the promise of integrated patient data, captured longitudinally, would be a game changer. Today, patient data are fragmented and focused on interventions and episodes, instead of capturing a complete picture of the patient over time. The true impacts of interventions are not well understood. Sites of care change frequently, as do payers, which makes a comprehensive picture of outcomes over time very hard to come by.

But by truly understanding long-term outcomes from interventions and therapies, we can attach appropriate value and enrich choices. The recent decision of the US FDA to speed the approval process and rely more on real-world evidence would make the impact of longitudinal outcomes data even greater. These are my two standout wishes for 2018.

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