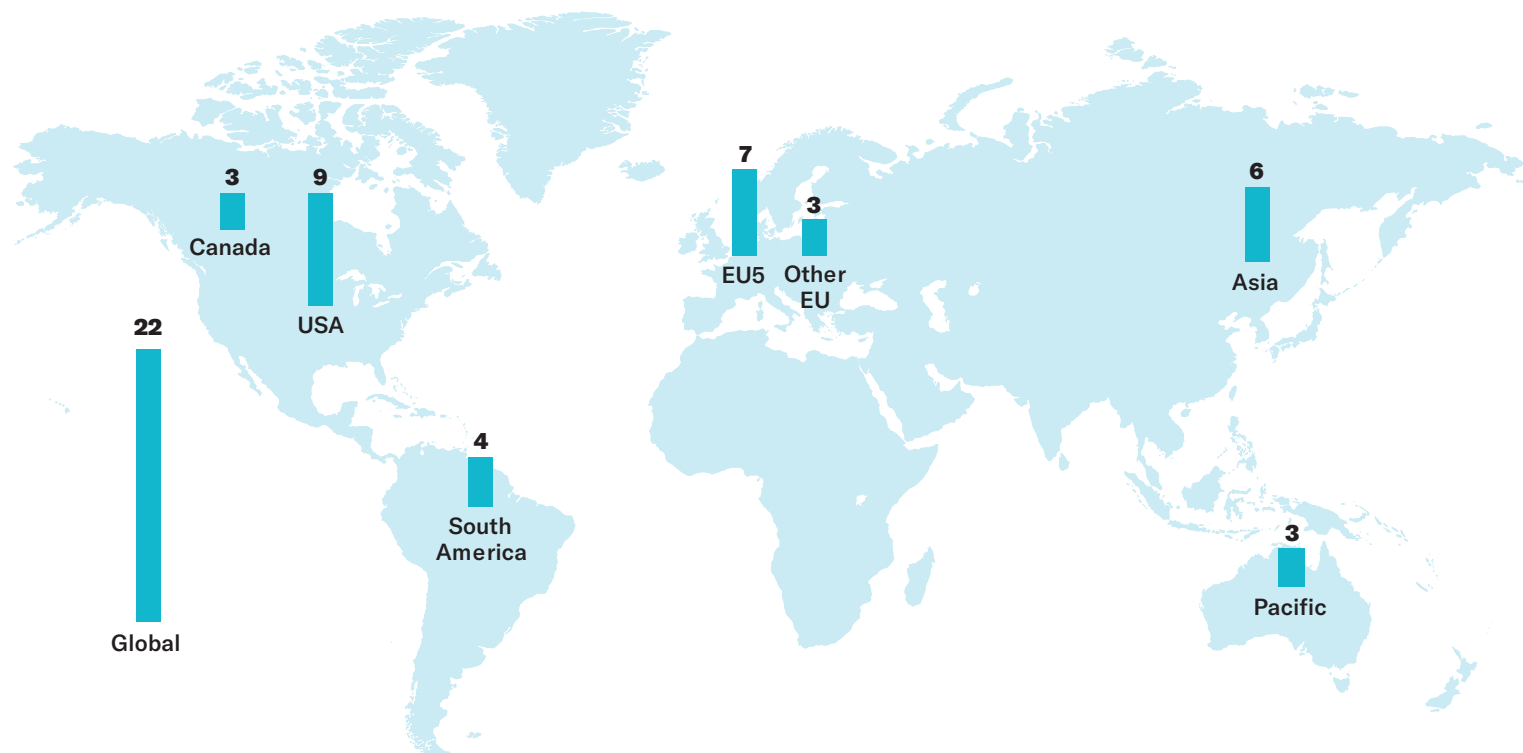


MedTech Strategic Priorities

CRA Charles River Associates

We surveyed 36 MedTech leaders to understand their strategic priorities and the impact of COVID-19 on their business

Survey respondents work in leadership positions in major companies including Abbott, Boston Scientific, Depuy, Medtronic, Olympus, Philips Healthcare, Roche, Smith & Nephew, Zimmer-Biomet, and more.



Respondent titles (descending frequency):

- Vice President/Head/Director/Lead of sales/marketing
- Vice President/Head/Director/Lead of corporate development, business development, and/or strategy
- Vice President/Head/Portfolio lead/Portfolio manager of a specific device type (e.g., minimally invasive devices, imaging, implants)
- Vice President/Head/Portfolio/Lead/ Manager of a specific therapeutic area (e.g., diabetes, cardiology, CNS)
- Head of Regulatory Affairs
- Chief Executive Officer (CEO)
- Chief Operating Officer (COO)

Methodology

10-minute survey focusing on questions:

Top strategic priorities for the next 5 years

- Open-ended text box
- Importance rank from proposed options

Impact of COVID-19 pandemic on strategic priorities

- Select from no/minor/significant
- Specify with open-ended text if minor or significant

*Multiple mentions allowed. Global as defined in respective company (not necessarily ex-US only).

MedTech Strategic Priorities

CRA Charles River Associates

MedTech leaders are prioritizing growth via strengthening innovation, especially in digital, expanding into Asia & emerging markets, and optimizing internal processes

Growth in revenue or sales was mentioned frequently as high priority, either by growing shares in current markets or by expanding into new markets geographically or with new launches. R&D and innovation was highlighted as key for growth, especially in digital solutions and robotics, as well as digital connectivity and the use of AI to generate value from data.

Internal Processes



Cost reduction

- Increase internal efficiencies
- Reduce overhead
- Mitigate third-party fees



Operational excellence

- Internal change management
- Standardize processes to prepare for rapid growth
- Improve R&D performance & efficiency



Launch excellence

- Achieve regulatory clearance
- Maximize overall launch impact
- Speed up adoption

Offering



Expand into digital

- Expand offering with AI, robotics, digital health, digital surgery
- Add digital connectivity to traditional offering
- Leverage data and analytics to add value (e.g., predictive modeling tools for physicians and life sciences companies)



Strengthen R&D / innovation

- Leverage new and emerging technologies to leapfrog
- Improve therapeutic integration of devices
- Continuous innovation



Portfolio optimization

- Improve focus (divest)
- Fill portfolio gaps organically or via targeted investments

Market & Customers



Market leadership

- Penetrate market
- Defend market position



Growth

- Revenue growth across portfolio or selected products / segments
- Geographic expansion, mainly into Asia and/or emerging markets
- Portfolio expansion



Drive returns

- Maximize reimbursement negotiations
- Combat price erosion
- Mitigate global pricing aggregation



Stakeholder engagement

- Demonstrate value to patients, HCPs, hospital/clinic managers, payers
- Drive technological awareness
- Transform capital equipment buying process
- Digital engagement
- Improve relationships with business partners

COVID impact on MedTech priorities

CRA Charles River Associates

The pandemic impacted priorities significantly almost half of the respondents, leading to reduced revenue and a shift in customer priorities and ways to contact them

The pandemic impacted the number of procedures performed by MedTech customers, and thus lead to revenue losses for manufacturers. Manufacturers that could shifted internal priorities to products in demand e.g. respirators or diagnostic tests, while others cut costs. As in other industries, MedTech manufacturers shifted to new strategies to interact with customers and invested into digital capabilities.

Share of Respondents Reporting Overall Impact of COVID-19 on Strategic Priorities*

Significant impact: 47%

Minor impact: 33%

No impact: 19%

Impact on Customer Priorities and Sales Strategy



Change in procedure volume/type

- Reduced elective interventions
- Build-up of cases requiring intervention
- Expected increase in complications due to delay



Change in sales strategy

- Shifting importance of distributor channels
- Increase in digital marketing and virtual customer engagement
- Need for new go-to-market models

Internal Impact

Reduced revenue

- Decrease in demand
- Projects cancelled
- Strategic sales halted
- Capital expenditures reallocated
- Price pressure

Need for cost savings

- Layoffs
- Efficiency maximization



Shift in internal priorities

- Higher priority for COVID-19-related programs
- Pivot to acute hospital market and/or diagnostic tests
- Investment in digital capabilities and digital products



Slowdown of processes

- Reduced capacities
- Slowdown in decision-making
- Selected activities and launches de-prioritized

**Please indicate how, if at all, the COVID-19 pandemic has impacted your strategic priorities" (n=36). Respondents were asked to "please specify" impact unless they answered "no impact" (see below graph, n=29).