

Digital Oxygen – Diabetes Care

Case Study: Hospital Market Entry for Connected Diabetes Care System

Update January 2020

The “Digital Oxygen – Case Study Connected Diabetes Care” shows the potentials of digitalization in the diabetes care market.

Management Summary



Our case study shows that **current diabetes care** in hospitals is inefficient and error-prone – especially the daily glucose measurements.



A **central and connected diabetes care solution** could significantly reduce medication errors and labour cost, which are key drivers in hospital management.



Admission processes and GDPR compliancy seem to be a greater threat to digitalization of medical technology than they are in reality.



The **proven set of methods** guarantees to bring new mindsets into the development of medical technology products; especially in the case of connected diabetes care.



Digital Oxygen’s long **track-record on connectivity integration projects** and development of digital products, enables us to bring faster progress.

Take a look inside our case study and see how Digital Oxygen creates value.

Case Study



DIGITAL OXYGEN
Management Consultants

Digital Oxygen – Diabetes Care

Case Study: Hospital Market Entry for Connected Diabetes Care System

Update January 2020

Background Info

- High-level market entry analysis
- Focus on diabetes care in German hospitals
- Conducted in November 2018
- For a large medical technology company

See Details on
following pages

The mission's objective was to develop a strategic approach allowing our client to access the market for connected diabetes care solution in hospitals.

Client Situation & Objective

Situation

Cost Savings as Entry Requirement

To **enter this market**, our client needed to offer a **cost saving solution**, as the most important criterium for hospitals.

High Labour and Error Costs for Diabetes Care

The **current diabetes care process** in hospitals is **inefficient** and **error-prone**. Providing a solution that can reduce medication error and/or labour costs is an **opportunity**.

Goal

Central and Connected Diabetes Care Solution

A **solution** consisting of **connected insulin pumps and glucose sensors** enables **nurses** to **monitor and medicate** their patients in **one central place**.

Less Labour and Medication Error Costs

The **central and remote glucose measurement** and **pump control reduces costs** for medication errors and labour.

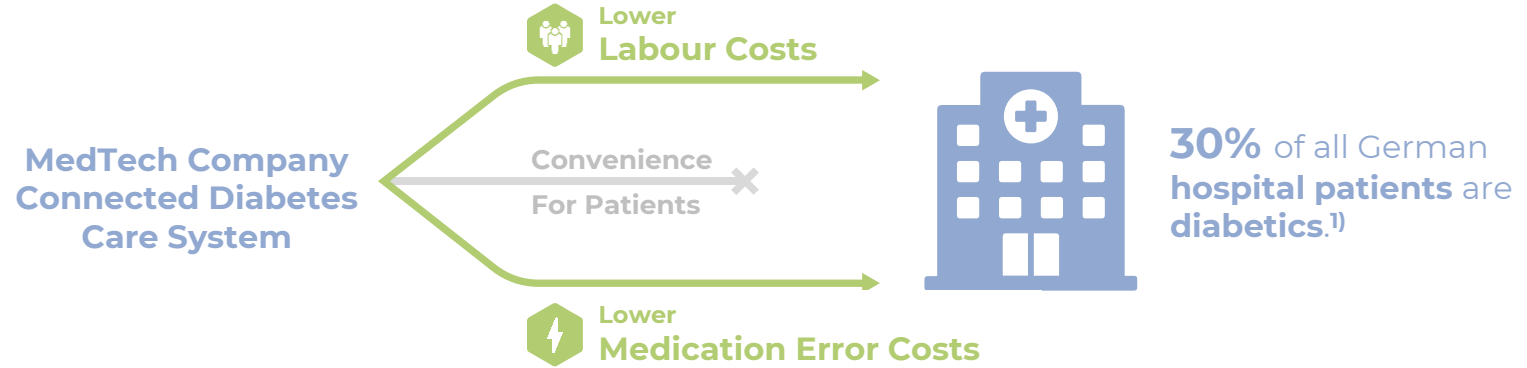
Market Positioning Focus

	Consumer	Non-Acute		Acute	
		Home Care	Nursing Home	Non Intensive	Intensive
Users	Privates (B2C)	Home Care Operators	Nursing Home Operators	Hospital Operators	Hospital Operators
User Advantage	Security & Convenience	Financial Savings	Financial Savings	Financial Savings	Financial Savings
Feasibility	✓	✓	✓	✓	✗
Client Focus	Present	Potential ¹			No interest
				Part of this Case Study	

1) Hypothesis: Implementation in non-acute and acute markets will not be funded by insurers

To enter the hospital market, our client needed to offer a solution that saves labour costs and/or reduces costs from medication errors.

Hospital Market Entry with Connected Monitoring and Medication Solution



Solution: Diabetes Care Glucometry

Connected diabetes care in hospitals

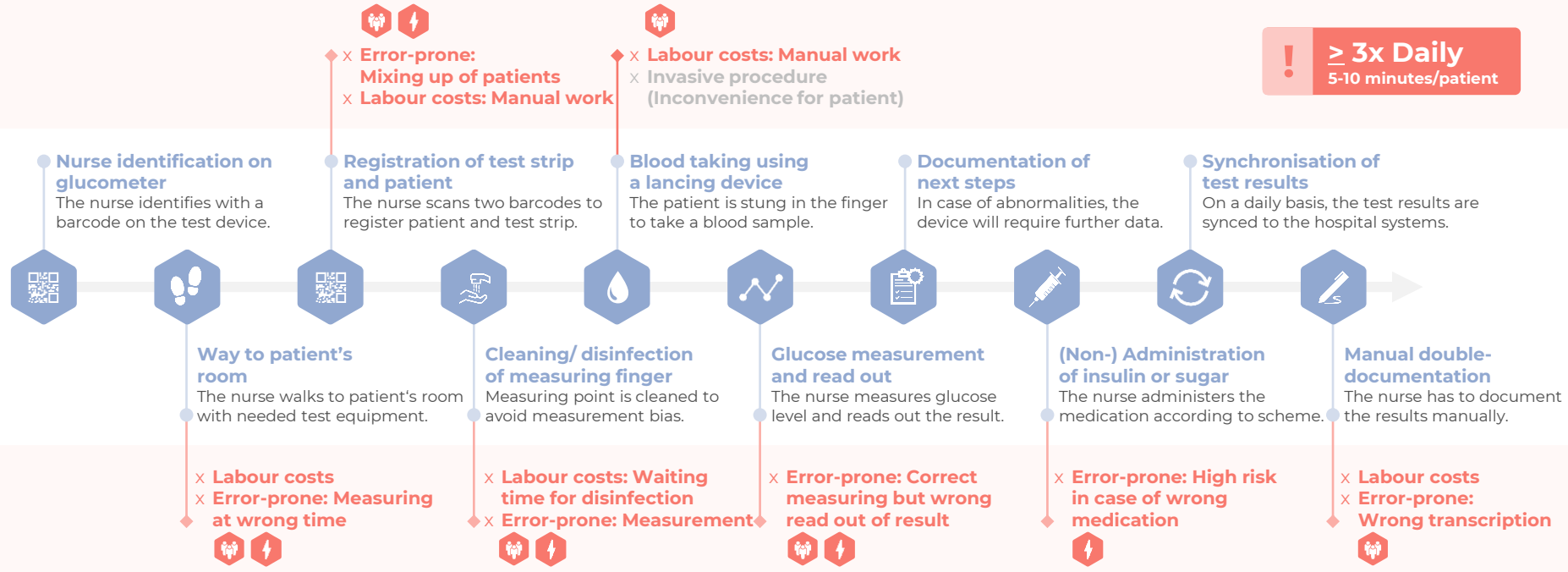
- **Reduced labour costs** through automated glucose measurement, central monitoring, medication, and quality management
- **Reduced error costs** through less human errors

Source: 1) DDG (2016)

Diabetes care in hospitals is inefficient and error-prone – especially the glucose measurements multiple times per day and patient.

Status Quo: Daily Diabetes Care in Hospitals (Example)

! ≥ 3x Daily
5-10 minutes/patient



Connected sensors, insulin pumps, and remote control capabilities enable centralized diabetes care in hospitals.

Central Diabetes Care

Connected Inpatients

Each* inpatient has a **glucose sensor** and an **insulin pump**.



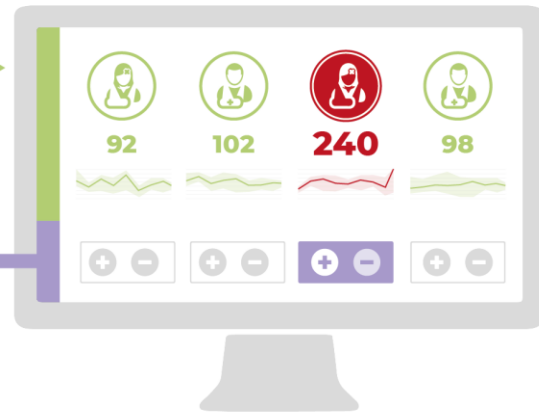
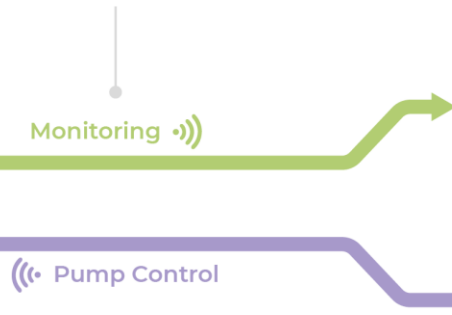
Remote, Continuous Glucose Monitoring

The **sensors** continuously send glucose data to a **central monitoring system**.



Central, Remote Insulin Pump Control

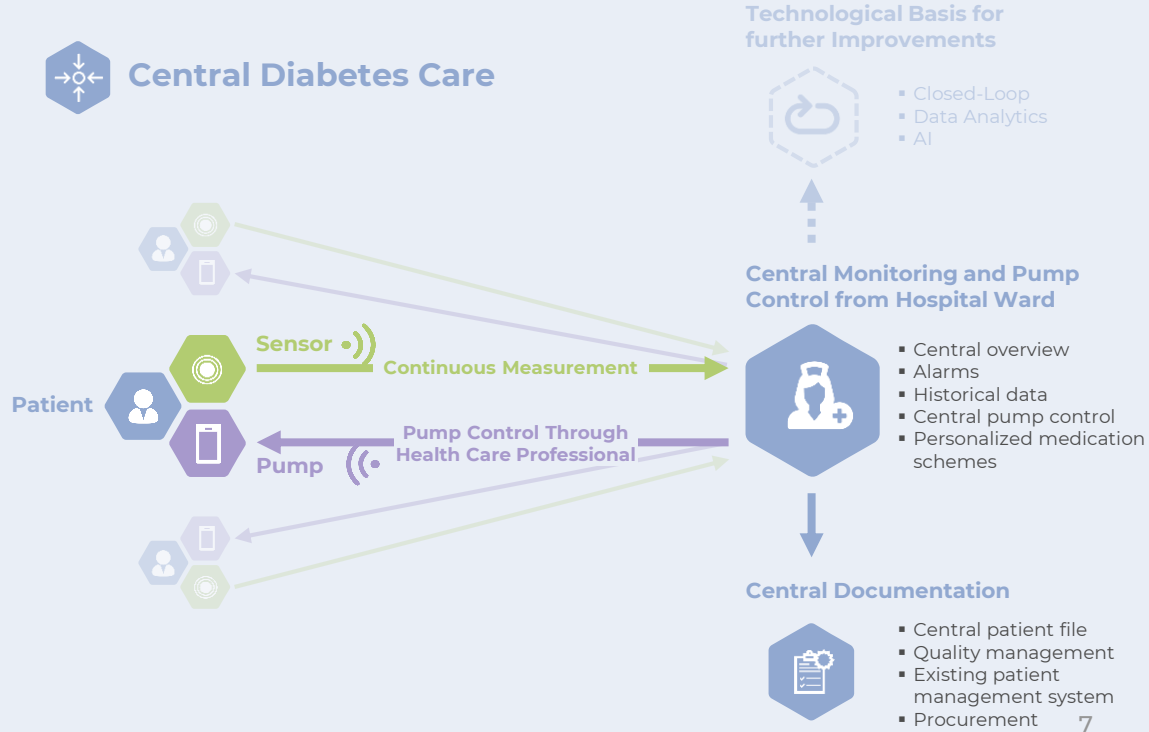
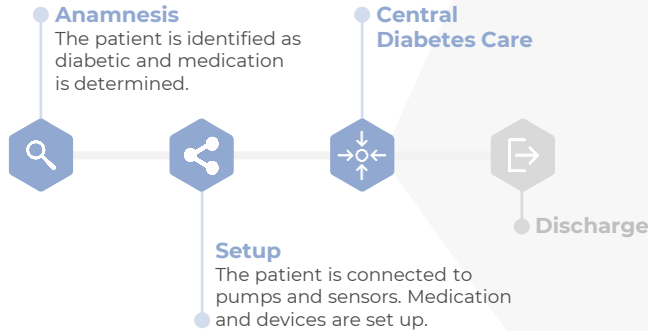
The **health care professional** can **monitor** the inpatients and **control their insulin pumps** in a central place.



* If applicable

A connected and centralized monitoring and control solution is the core of a much more efficient diabetes care process for hospitals.

Central Diabetes Care



A central and connected diabetes care solution can significantly reduce medication error and labour costs.

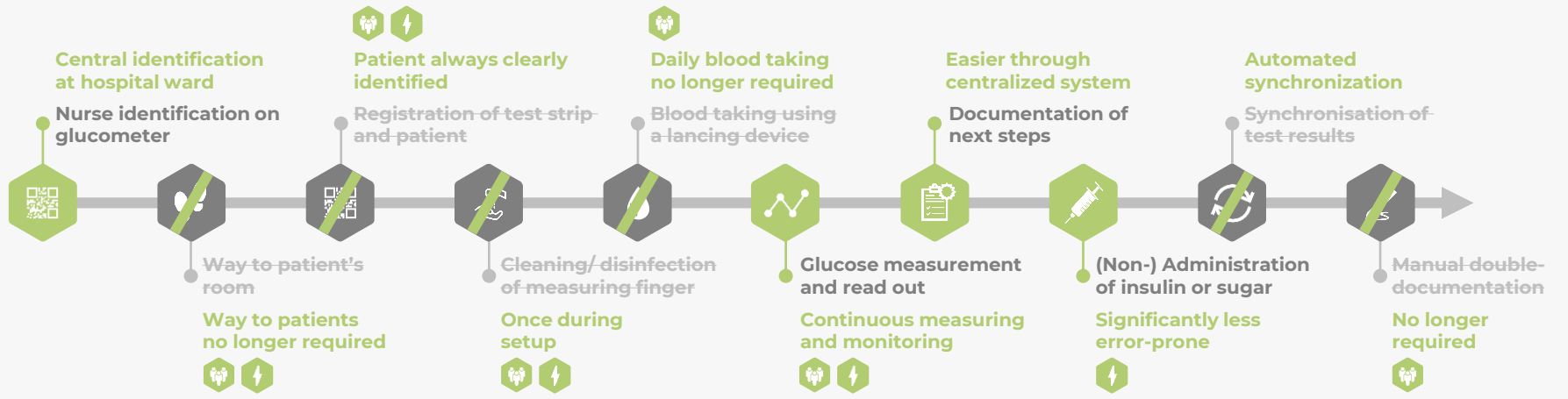
Cost Reduction through Connected Diabetes Care



Connected Diabetes Care

Cost Reduction for Hospitals

Labour Cost Savings Medication Error Cost Savings



Source: Interviews with nurses

In addition to lower labour costs, the cost saving potential through less medication errors is an attractive proposition for a central diabetes care solution.

Cost Saving Potential Through Less Medication Errors



Example UK

Diabetes Medication Errors

37%

Of hospital inpatients with diabetes type 2 experience

Insulin Administration Errors¹⁾

(40% for diabetes type 1 patients)

18%

Of hospital inpatients with diabetes experience a

Hypoglycemic Episode¹⁾

4%

Of hospital inpatients with diabetes develop a

Diabetic Ketoacidosis¹⁾

Estimated Cost Savings Potential

£ 500 m

“Reduction of excess spend resulting from poor care” for diabetes inpatients.²⁾

Sources:
1) National Diabetes Inpatient Audit (2017)
2) Diabetes UK (2014)

The case study offers valuable learnings that can be leveraged in any connected diabetes care project.

Learnings from the Case Study

1 Market Potential

Most of the competition has understood the potentials of connected diabetes care in B2C. However, though hospitals seeks for opportunities to save money, a viable solution is not in sight.

2 Admission Process

As for any new product in the medical technology market, the admission process limits market access. This especially counts for connected devices. By excluding intensive care use cases market entry barriers are lowered.

3 GDPR Compliancy

The introduction of new data protection rules has led to high levels of uncertainty in all industries. However, the underlying mindset has been the status-quo in the medication market for decades. If any, digitalization helps to manage the process.

4 E2E User Journeys

Success in implementation depends on the consideration of edge cases; e.g.: the application during MRI/MRT or CT treatments. Design Thinking methodology helps to look at user journeys holistically which lowers duration and cost until go-to-market.

Assessment

Attractive

Open

Manageable

Manageable
e.g. Design Thinking

Digital Oxygen supports its international clients in entering new markets as well as developing, improving and realigning their products and services.

Digital Oxygen: Selected Projects

Selected Projects



Customer Insights

Diabetes Management in Non-Acute Care

- ✓ Analysis of the care market and derivation of the potential for digital diabetes measurement systems in inpatient and outpatient care
- ✓ Verification of hypotheses via interviews with key stakeholders



Customer Insights

Workflows at the Point-of-Care

- ✓ Conducting of interviews and shadowing of employees and patients in selected medical offices
- ✓ Documentation of occurred pain points and observed benchmarks in the use of diabetes management systems



Market Insights

Mystery Shopping

- ✓ Execution of test purchases and shadowing in the sales and consulting process
- ✓ Comprehensive documentation of user experience and consumer requirements across all customer touchpoints



Value Proposition Development

Mobile Consumer IoT Proposition

- ✓ Market research and evaluation of IoT/M2M products
- ✓ Survey of success factors for the development and for the introduction of consumer IoT products



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