MedTechs:

From **Hardware** To **Digital Solution Providers**

Discussion Paper

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To successfully transform into digital economy players, healthcare companies need to overcome a variety of challenges and gain new skill-sets.

Management Summary

Digitalization of Product Portfolios

The potential of **improved care through digital products** and integrated services, **transforms the healthcare sector**. Current **players need to adapt**, or else risk loosing patient access to tech start-ups from outside the industry.

New Challenges for Market Leaders

Market leaders encounter various **challenges in the transformation** towards a digital-innovation driven economy, that are **not native to the healthcare industry**.

Customer-Centricity as Key Requirement

On top of medical excellence, the **market potential** of digital healthcare solutions is **determined by the attention paid to the needs of patients and points-of-care** during product development and beyond.

Success Factors at Hand

A **clear strategy, learning from digital economy benchmarks** and consistent **product and customer lifecycle management** are the keys to success in becoming digital healthcare leaders.

The MedTech sector strives for digital product improvements, e.g. CGM assisted insulin pumps for connected diabetes care.
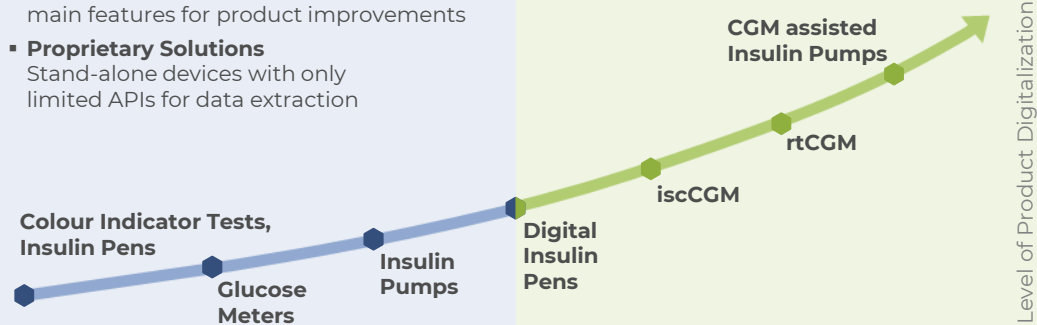
Increasing Level of Product Digitalization

Exemplary Development of Diabetes Care Products

Digital Solution Providers

- **Additional digital Interfaces and Services**
  Traditional hardware enhanced by software, e.g. apps and cloud-connectivity
- **Platforms and Cross-linking**
  Standardized APIs for data processing also by 3rd parties
- **Improved Base for Treatment**
  Added value of data analysis in therapy

Hardware Providers

- **Easy to handle Devices**
  Simple application based on manuals
- **Development Focus on Hardware**
  Function, size, weight and form factor as main features for product improvements
- **Proprietary Solutions**
  Stand-alone devices with only limited APIs for data extraction

1. **Digitalization in MedTech Prevalent**
   Shift of supplier's focus towards digital product portfolios in diabetes care and through-out MedTech

2. **Holistic View on State of Health Feasible**
   Introduction of 360° software solutions enabling holistic analysis of patient well-being and individualized therapy

3. **System Compatibility is Future**
   Linking of devices within diabetes care ecosystem; inclusion of data from further devices desirable (e.g. fitness trackers)

CGM assisted Insulin Pumps

rtCGM

iscCGM

Digital Insulin Pens

Insulin Pumps

Glucose Meters

Colour Indicator Tests, Insulin Pens

Level of Product Digitalization

2

Digital healthcare products still fail to address crucial pain points for professionals and patients.

Selected Pain Points in Application

Pain Points
Health Care Professionals

"Don't touch my therapy process."
New digital features need to smoothly integrate into existing treatment processes.

"The service is down once a week."
Digital services must run stable 24/7 for daily operations and to be trusted by professionals.

"My hardware is not supported. "
Digital products and services must support a wide range of hard- and software products at the point-of-care.

"This is way too complicated."
User interfaces and experience must measure up to digital economy benchmarks.

"The hotline is never available."
Increasingly complex products and cloud interaction require 24/7 user service via multiple channels.

"I need some explanations."
Autonomous onboarding of end-users is complicated by increased complexity of product and service.

"That's too digital for me."
Patients with low digital affinity are suspicious against solutions and show high need for explanation.

"My health data is private."
Patients are generally concerned about data protection, but suppliers profit from MDs' trustworthiness.

"Not sure how this will help me."
Changes in treatment need to overcome patient reservations against negative impacts on well-being.

Successful MedTechs address the challenges of digital transformation by setting a clear strategy and embracing customer centricity.

Challenges and Success Factors in Digital Transformation

Overall Challenges

Customer experience
and user journey design as new principles

Shorter inno-vation cycles
required in digital economy environment

Changed skill-sets
to be established and in-sourced for development

Lifecycle management
for continuous customer satisfaction

IT backend resilience
security and scalability as base for growth

Hardware
Providers

Market equilibrium
as stable starting point for innovation

Leading players
in respective markets or niches

Incoming cash-flow
enabling digital transformation projects

Digital Transformation

Digital Solution
Providers

New field of players
setting pace in competition

Active innovators
providing integrated software solutions

Customer-centric
addressing of customers' needs

Success Factors

Clarity on Strategic Targets
- Assessing current level of software integration
- Determination of target positioning and action plan to realize a digitalization strategy

Digital Economy Learnings
- Analysis of exemplary go-to-market strategies
- Improvement of own market access approach accordingly

Addressing new Point-of-Care Needs
- Determination of root-causes behind missed satisfaction goals at point-of-care
- Lifecycle-management creation for addressing point-of-care service needs

Addressing new Patient Needs
- Innovative user journey development including relevant patient behaviour
- User testing and continuous improvement of customer interaction and service

Digital Oxygen supports 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

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

Customer Insights
Workflows at the Point-of-Care

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

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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