

# DiGA Target Assessment

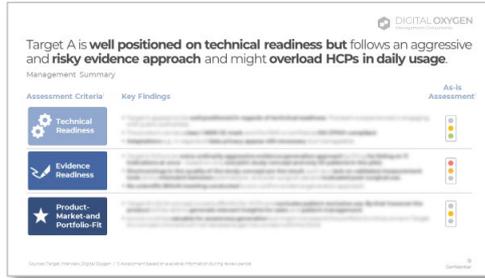
## Digital Health Due Diligence @Digital Oxygen

**Case Study and Framework**

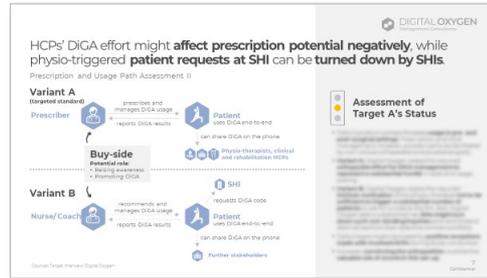
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# Among other references, Digital Oxygen has supported a global MedTech corporate on evaluating three **DiGA manufacturers as acquisition targets.**

## DiGA Due Diligence Case Study



DiGA Project Timeline



DiGA Listing Process



DiGA Technology Overview



DiGA Proof of Evidence Types

### The Challenge

Buy-side due diligence of short-listed, potential acquisition targets either already being listed DiGAs or working on their preliminary BfArM listings status

### Our Activities

- Analysis of inputs from targets with focus on red flags and their actual capabilities
- Conduction of in-depth-interviews to further investigate on reasoning for chosen approaches and on mitigating activities for identified risks
- Comparison of different prescriber- and usage-relations as underlying determinant for a successful leverage of the existing buyer's salesforce
- Derivation of recommendations for follow-up activities of the buy-side

### The Result

- Three potential DiGA acquisition targets analyzed qualitatively with highlighted red flag areas
- Differences regarding technical and evidence readiness as well as market and portfolio fit elaborated
- Comparison of the targets on relevant buy-side and DiGA dimensions

# Digital Oxygen analyses potential DiGA acquisition targets **in three dimensions for listing and market success**: tec, evidence and product-fit.

## Assessment Scope

### Review Dimensions Selected Key Questions



#### How fit is the target for preliminary and permanent listing?

- Does the manufacturer already have an **ISO27001-certified ISMS**?
- How far is the product in terms of **CE-marking and readiness for MDR**? Which risk class is the product?
- How does the manufacturer plan to facilitate **DiGA code validation and invoicing (A&B)**?
- How good is the team's **technical background** and diligence in fulfilling **compliance with the German healthcare system**?



#### How fit is the target for preliminary and permanent listing?

- How professional and established is the target's relationship with BfArM?
- Which strategy has the manufacturer chosen to generate evidence (indications, pilot study, duration, power, etc.)?
- Which validation measurement tools does the target apply to conduct evidence?
- How well established is the manufacturer's network towards study sites and who are these?



#### How well positioned is the target for marked success and to integrate well with the existing product line-up?

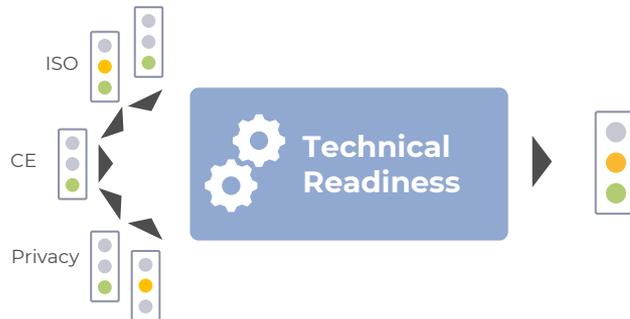
- Does the product concept allow both prescription and usage paths (via HCP and directly via SHI?) and how do they look?
- How convenient is the product in usage to allow loyal relations towards for HCPs as well as for patients?
- How good is the target's understanding of the German healthcare market and the relevant stakeholder's interests?
- How well does the product fit into the existing line-up of the local sales team?

# Our **traffic light assessment of relevant dimensions and the underlying aspects** has proven itself as an **effective tool** for a DiGA target assessment.

## Assessment Methodology

### Individual traffic lights within each dimension and its underlying aspects to:

- Assess individual **strengths and weaknesses in detail**
- Identify overly **aggressive and risky approaches**
- **Highlight professional attitudes** and positive acquisition factors
- Evaluate the **DiGA concept and set-up** in detail
- Establish a thorough **picture of the company bottom-up**



## Traffic-light Gradients



- Positive outlook
- No concerns



- Positive outlook with manageable risks
- Mediocre assessment with upside potential



- Mediocre assessment
- Positive and negative aspects in balance



- Mediocre assessment with notable risks
- High risk profile with certain upside potential



- High risk profile
- Aggressive attitude detected

# Putting several targets into perspective and comparing their profiles supports the decision-making process for DiGA acquisitions.

## Comparative Target Analysis

### Comparative analysis of the assessed targets across relevant dimensions to:

- **Achieve a comprehensive understanding** of the targets' differences and **further narrow down** the short-list of potential acquisition objects
- **Avoid overlaps in evidence generation** when aiming for a portfolio of several DiGAs
- **Avoid cannibalization** effects within the product portfolio by focusing on **separate indication areas or clearly differentiated use cases** for each DiGA and already existing products
- Empower the sales team with an **easily distinguishable line-up of products** – easing the sales process with prescribers and other HCPs

### Target Profiles

#### Target A

#### Target B

#### Target C





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