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While this report is intended to provide an overview of the Medtech sector and its opportunities with a global perspective at the time of print, each individual Medtech manufacturer, supplier or other company may have to conduct their own analysis to get a better understanding of the possibilities and opportunities available to them. The reader is encouraged to explore and develop his/ her opportunities based on additional research and in-depth analysis tailored to your own specific situation.

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Introduction letter from the authors

Since publishing our first Global Medtech Industry Report, the healthcare environment has continued its rapid pace of change. The changing environment continues to hit the bottom-line of Medtech companies. Medtech executives have to cope with a multi-strategy world. Some are stretching their organizations to craft and execute radically different visions of the future. Partnering is becoming a key success factor, required to be able to implement new business models. Brazil, China and other fast-growing markets are emerging beyond recognition, with novel opportunities and threats. Although not yet seen as the most important lever to achieve top-line growth, there is a need to change the Medtech commercial model to remain competitive, particularly in developed markets, such as the US. Medtech corporate headquarters will play a vital role in accelerating the ongoing transformation and keeping-up the pace of change for companies to remain successful in the future.

The Medtech experts who participated in the 2nd World Medtech Forum Lucerne (WMTF) from September 17th to 19th, 2013 prioritized topics and challenges. They flagged the most important changes in 2013 compared to the year before, provided their views on the next two years until 2015, and anticipated the most important trends for the next five years, and beyond.

This report builds on their thought-provoking contributions and the highly interactive discussions held during the 2013 WMTF. The large number of Medtech experts on stage was challenged by the experienced audience who contributed their opinions through electronic voting on 15 different questions using PowerVote on the Executive Day, the North America Day and South America Day. The quantitative PowerVote survey and qualitative insights were sifted into a set of hypotheses that were then discussed one on one with 21 Medtech executives and experts. The interviews provide a rich insight into the future of the Medtech sector and were further distilled into quotes as a concluding food for thought in the last chapter, such as:

- “Smart and holistic solutions outweigh traditional product-only offerings”
- “Pressure across the health care value chains is squeezing-out intermediaries”
- “ICT players will digitize healthcare driving customer/ patient data business models”

In this report, we complement the Medtech insights with remarkable case studies from outside the Medtech sector, highlighting the impact and speed of radical innovations. The rate of change often accelerated faster than anticipated and overwhelmed established and well-known industry leaders. Once the tipping point was reached, the incumbents could no longer react adequately to correct the situation. With that in mind, there is a strategic imperative to shape future Medtech markets proactively before it might be too late for a company.

Based on the insights from the WMTF 2012 & 2013 and our reports, we have developed the “Medtech Transformation Tracker”. It is a tool to enable executives to visualize strategic vision and highlight initiatives needed to get there successfully. Three key questions can be addressed with the tool:

- Which strategic levers are being pulled (including ongoing initiatives)?
- What is the strategic vision across the levers over the next 5 years?
- How will transformation be accelerated over the next 2 years?

We want to thank all speakers and attendees who participated in the PowerVote survey at the WMTF 2013, as well as the Medtech experts who took the time to provide us with their perspectives during personal discussions. We hope that this report builds on your collective wisdom and provides you with further food for thought, enabling both you and your Medtech colleagues to identify and capture the many opportunities that the ongoing tectonic shifts in healthcare provide.



Beatus Hofrichter



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Appendix: Methodology & acknowledgements

'*The Global Medtech Industry: Accelerating Transformation for Success*' report is jointly published by ConCeplus GmbH and Executive Insight AG. The report builds on the presentations, panel discussions and electronic voting from September 17th - 19th, 2013 at the second WMTF Lucerne. It was written in close collaboration with Medtech executives and experts who provided their insights in over 20 interviews.

The quantitative PowerVote survey was conducted through real-time electronic voting at the WMTF 2013, similar to the WMTF 2012 a year earlier. Three sets of 15 questions were asked on September 17th, 18th and 19th using PowerVote, a user-friendly audience response system. The Medtech experts and moderators participating in the WMTF 2013 panel debates, as well as the Medtech experienced audience, answered each question which resulted in up to 44 answers per question on the Executive Day and up to 27 answers per question on the North American and South American Day each. The authors want to thank all the 2013 WMTF Lucerne attendees and, particularly, the presenters and panel members for their thought provoking contributions.

The quantitative PowerVote survey and qualitative insights were summarized in a set of hypotheses and synthesized in a 20-page discussion document. 21 Medtech executives and experts answered around 15 pre-formulated questions in personal interviews lasting up to 1½ hours. The authors want to thank all the Medtech executives and experts for taking the time from their busy schedules to participate in these interviews (Medtech companies and associations listed in alphabetical order):

B. Braun	Biodenta	Biomet ²	Biotronik
Cochlear	DePuySynthes/ J&J	Forteq	GE Healthcare
HBM Healthcare Investments	Hocoma	Holution	LifeScan/ J&J
Mathys	Philips Healthcare	Roche Diagnostics	Schiller
Smith&Nephew	Sonova	Straumann	Viveve
Zimmer ²			

Last but not least, the authors want to thank all those who contributed to the writing of 'The Global Medtech Industry: Accelerating Transformation for Success' report, particularly Sarah Moyle and Valerie Thompson.

² The interviews with senior management at Zimmer Europe and Biomet Europe were conducted in Q1 2014 independently. The merger of both companies was executed in April 2014.

Appendix: Authors

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Mr. Hofrichter is founder and Managing Director of ConCep+, an innovative Medtech & Healthcare value chain think tank and strategy consultant. He speaks to leaders on New Medtech Business Models, Business transformation and innovative/ holistic Value Chain integrations. He has published numerous articles, the Swiss Medical Technology Industry (SMTI) survey since 2006 and **the Global Medtech Report 2012**. Mr. Hofrichter has more than 15 years of consulting experience in the medical devices and pharmaceutical industries. He studied in London, UK, and holds a Master of Business Administration.

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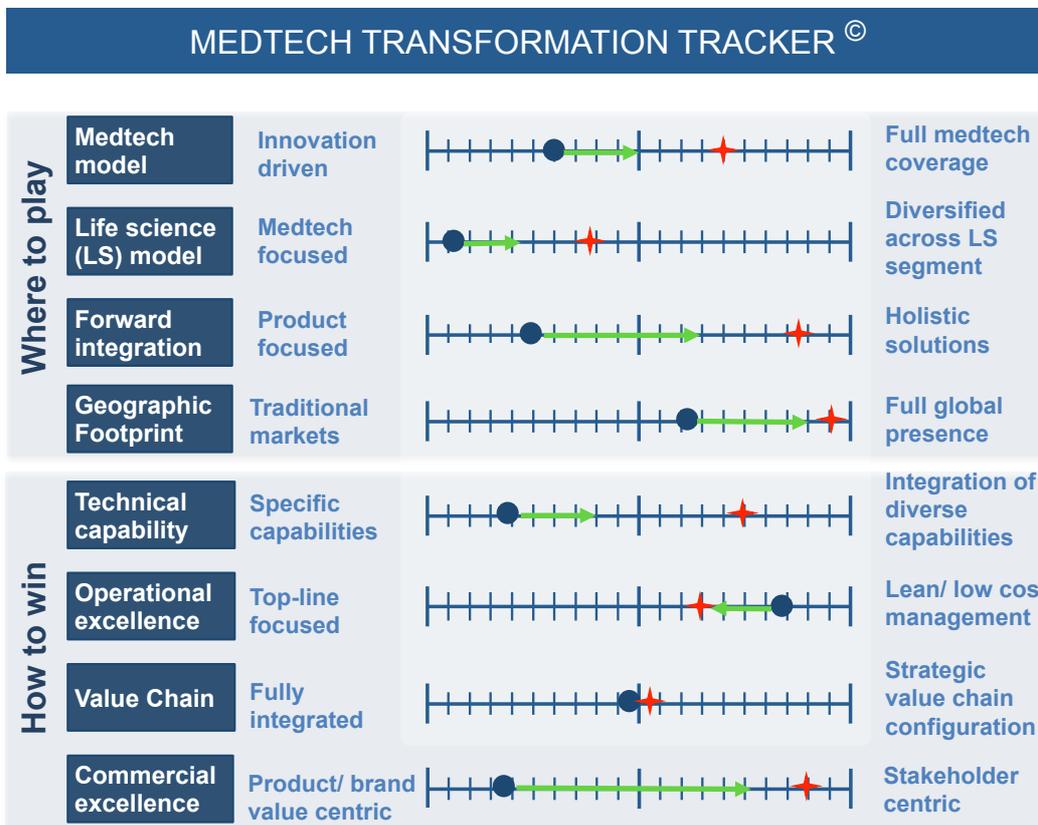
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Appendix: “Medtech Transformation Tracker”

Based on the insights from the WMTF 2012 and 2013 and our related reports, we have developed the “Medtech Transformation Tracker” to enable executives to plot their strategic vision and see how to reach it successfully. The proposed tool can be used to both identify and communicate “Where to play” and “How to win” levers.

Four steps to define your “Medtech Transformation Tracker”

- Assess your starting point ● for each strategic lever already pulled currently (considering the impact of prior initiatives that are already launched)
- Formulate the vision for each “Where to play” and “How to win” strategic lever (highlighting the key competitive differentiators)
- Position the anticipated target point ★ for each strategic lever after 5 years (reflects the magnitude of the transformation required compared to today)
- Scale the incremental transformation vector → for the coming 2 years (showing the required acceleration in an increasingly dynamic market)



You can review and challenge the self-assessment periodically to adjust the necessary speed to achieve the anticipated transformation, and unlock much-desired growth in a dynamic market.