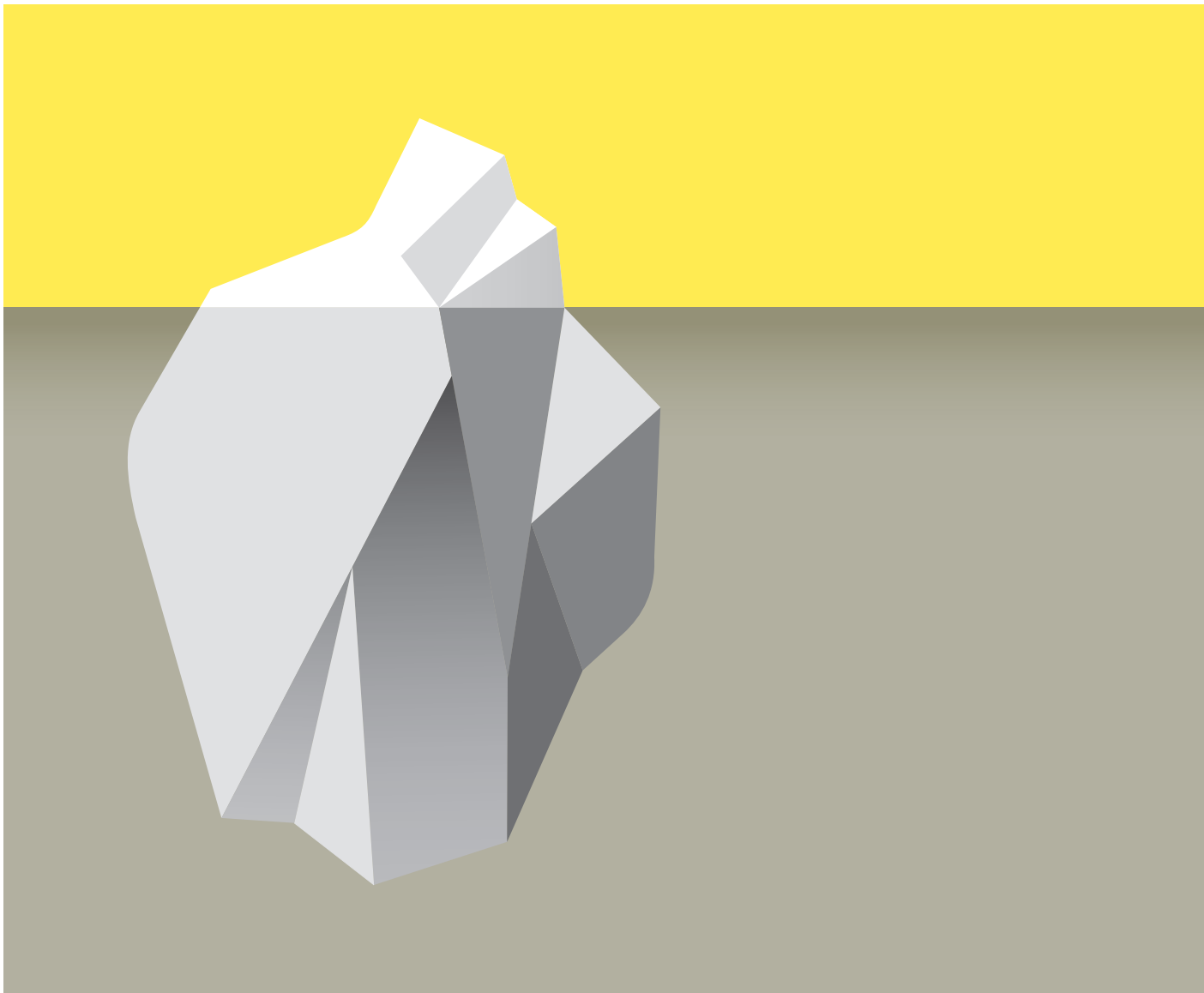


# Digital communications and the new medtech commercial model

The hidden potential  
of digitization



# The key role for technology

This mini-report explores how digital technology can help medtech companies implement the new commercial model that has arisen in response to changes in the business environment.

We are indebted to the work of Boston Consulting Group (BCG) who, through a series of industry-wide surveys and analyses, uncovered the changing business environment that medtech faces and demonstrated how the best-performing companies have responded.

The application of technology is just part of the answer but an important one. Digital technology can not only reduce commercial costs but also enable medtech companies to better understand their customers and respond more effectively - adding value and raising the service level for all stakeholders.



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# Medtech's changing business environment

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## **Changing rules of engagement**

Two factors have increased the pressure to reduce medical device pricing. First, healthcare systems are applying value-based models that look for real-world evidence that premium medical devices improve patient outcomes and reduce the total costs of care.

Secondly, new low-cost companies – often arising in emerging markets – are providing clinically-acceptable products at much lower price points.

Traditional medtech companies have been slow to respond – both in terms of the kind of products that are brought to market and the need to reduce commercial expenses, which BCG calculates as three and half times as much as a typical technology company.<sup>1</sup> These high costs not only affect a product's marketability, it also impacts support (when manufacturing costs are low, there is an opportunity to increase services) and innovation expenditure.

## **Power shift to institutional decision makers**

The focus on value-based models is linked to the change in who makes purchasing decisions in healthcare systems. Power continues to move from clinicians to institutional decision makers: hospitals, committees, buying groups, and regional and governmental agencies.

Without clear value-based arguments for premium products, decisions are increasingly based on clinical acceptability 'good enough' rather than the preferences of individual clinicians.

Organizational issue	Business result
Business units operate in silos	Customer experiences are not consistent across product lines
	Missed opportunities for synergies and collaboration
Commercial organization focused on sales rep communication to clinicians	Limited experience with other stakeholders
	Selling is relationship-based rather than value driven
Limited market access capability	Little experience with institutional buyers
	Communication mostly on product features

New commercial model: issues to address

Failure to shift to focus on institutional payers is costly. BCG estimates that: "Those companies that employ primarily a clinician-focused model generate revenues per sales rep that, on average, are 35% to 50% of the revenues generated by companies whose commercial models target administrative decision makers."<sup>1</sup>

# Digital technology and **the new medtech business model**

In the face of these challenges, BCG have recommended changing the commercial business model<sup>2</sup> through a number of transformational steps:



- **Customize the marketing strategy:** Start with a systematic review to understand stakeholders, prioritize market segments, set specific strategies, and tailor the commercial model to execute.



- **Reinvent clinical selling:** More focused clinical selling and, at the same time, invest in new institutional selling capabilities to reflect the shift in decision-making power.



- **Partner with key accounts:** With the top 10 percent of customers representing as much as 50 percent of the business in a given product category<sup>1</sup>, identifying, understanding and then partnering with key accounts is vital.



- **Drive home a product's value:** Rather than focusing exclusively on the technical features, make the case for improved outcomes, reduced cost of care, shorter hospital stays, or lower rates of repeat surgeries.



- **Invest in reimbursement capabilities:** Provide evidence of health-economic benefits and enable local teams to communicate them effectively.



- **Make service a differentiator:** Achieve real competitive advantage by differentiating the product offering, adding additional sources of revenue, and reducing costs.

To explore how and where technology can play a role, we have broken down the new commercial model into a series of practical actions.

Strategic move	Practical action(s)	Application of technology
<b>Customize the marketing strategy</b>	Identify stakeholder needs and priority market segments	Digitize communication to enable data capture at every interaction
<b>Reinvent clinical selling</b>	Smaller field forces focused on the most important customers	Empower reps to do more with less through digital sales technology
	Access lower priority targets through cheaper channels	Use remote engagement and multichannel communications
	Reduce commercial costs	Digitize to lower production costs & enable content flexibility
<b>Partner with key accounts</b>	Partnership model to enable co-creation of solutions	Provide digital services that meet specific customer needs
<b>Drive home a product's value</b>	Make a case for reduced cost of care / improved outcomes	Deploy compelling interactive communications to bring data alive
	Demonstrate value through the entire patient pathway	Provide digital services that address specific 'pain points'
<b>Invest in reimbursement capabilities</b>	Build reimbursement competences and systems	Use virtual engagement to directly connect internal experts with payers
<b>Make service a differentiator</b>	Differentiate with improved product training	Provide on-demand educational content and guided e-learning tools

How technology enables the new commercial model

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### **Setting your digital strategy**

BCG's commercial model calls for fundamental changes to business strategy – often tough decisions that enable companies to respond to new market conditions. Getting these in place clearly comes first.

Then, as the table above shows, digital technology can be applied to each 'strategic move' that the new commercial model calls for – and enable you to maximize the value that you deliver to customers.

Every company is unique, with specific priorities, and so how people choose to deploy technology to these transformation steps will differ. Yet there are a number of immediate opportunities – which we will now explore in detail.

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“To explore how and where technology can play a role, we have broken down the new commercial model into a series of practical actions.”

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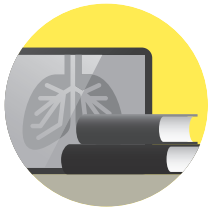
# Five immediate **digital opportunities**

To show what's possible, we've taken five concrete business objectives from the new commercial model and then explored how technology can be applied to make them happen.

- Demonstrate value with clinician education
- Increase marketing efficiency with data-driven communications
- Create compelling health-economic communications
- Provide digital services throughout the patient pathway
- Enable a key account strategy







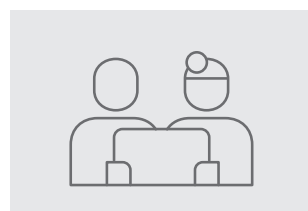
# 1. Demonstrate value with digital clinician education

Patient outcomes for the same procedures can vary wildly in different markets.<sup>1</sup> The UK has four times the mortality rates for bypass surgery than in other countries. Germany has 18 times the reoperation rates for hip surgery than the average. Sweden has 36 times the normal complication rates for cataract surgery.

What this shows is that *how* procedures are conducted by clinicians has a big impact. With increasing focus on outcomes from institutional decision-makers, there are major opportunities to improve these rates and increase the value provided.

With well-established relationships with clinicians – and the benefit of a global perspective – the industry has a great opportunity to work with healthcare providers and enable dramatic outcome improvements.

Medtech companies are able to compare care pathways between providers, benchmark outcomes and costs, and understand the causes of any problems due to practice variation.<sup>1</sup> Companies can then go further with targeted product training – using technology to enable greater reach and effectiveness.



**Face-to-face**



**Virtual  
engagement**



**On-demand**

Digital-enabled clinician education

Digital communications technologies offer multiple options for clinician education:

- **Face-to-face tools:** In clinical settings, rep-guided tools using mobile devices can provide an engaging experience, uncover a better understanding of knowledge levels through a clinician's interactions, and enable the conditions for open dialogue.
- **Virtual engagement:** Remote technologies enable the same kind of face-to-face experience but with customer teams and clinicians connecting online. This is often appreciated both by healthcare professionals, as it better fits their needs, and also by companies that can reduce the time reps spend 'on the road'.
- **On-demand:** Often used in combination with the other forms of digital clinician education, on-demand channels can provide a rich mix of media – texts, video, animations – to follow up on topics that have been discussed through direct communication. It also offers the opportunity to design specific courses that clinicians can select and then track their own progress through continual assessment.

All these tools can provide a personalized experience. Specific courses can be provided for each clinician that match their individual needs. Tracking individual progress also enables customer teams to know where exactly each clinician is in the material, so that they can match their communications to current knowledge levels.



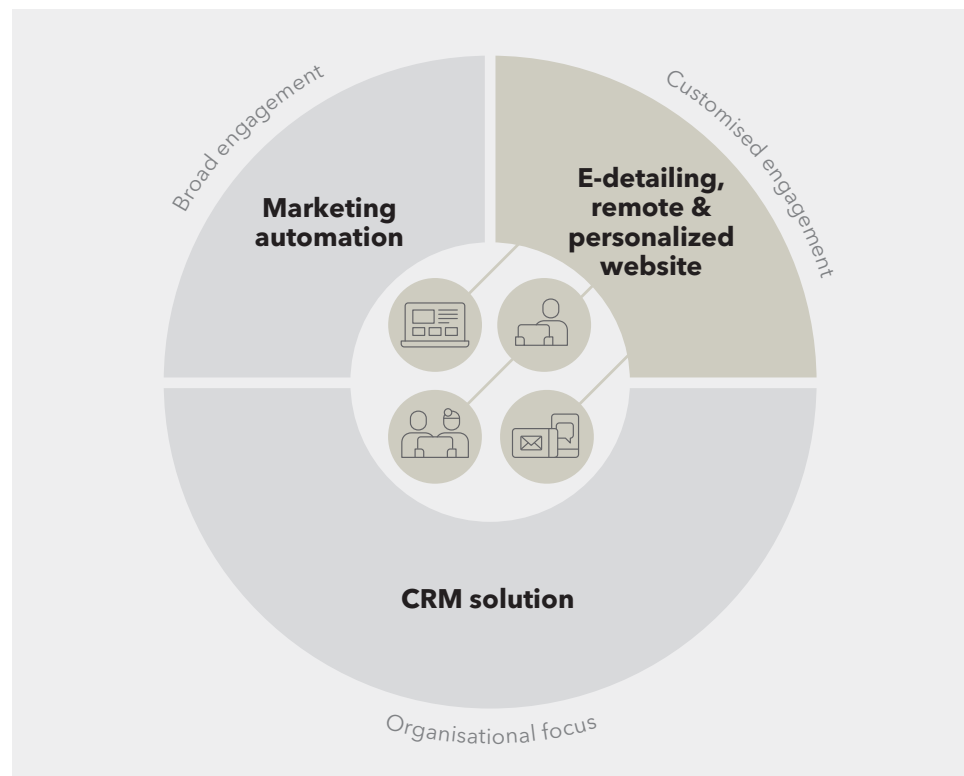
## 2. Increase marketing efficiency with data-driven communications

Digitizing communications brings a number of efficiency benefits. At a basic level, using digital content removes print and transportation costs. It also helps ensure that materials can be kept up-to-date and compliant, without incurring additional costs each time a change is required – such as adding a new product or even just a new feature.

The real advantage of digital content, though, is the ability to gather data. Because digital content can be interactive, you can understand how your customers react to it. By seeing where they focus their attention, you learn what they are most interested in, how your key messages are performing, and therefore where you should focus your marketing.

To enable the individual interactions that provide this kind of personalized data, you need the right kind of digital tools. Your CRM solution will tell you if a customer interaction occurred but, to learn what actually took place in the meeting, you need a personalized customer engagement tool like e-detailing or a virtual meeting solution. This both enables the interactions by delivering the content to clinicians and keeps track of everything that happened.

This can then be supplemented with marketing automations and on-demand content that enable a broad engagement – and provide additional data that supplements what you are learning through the personalized channels.



Data-enabled communications system

Getting data right is particularly vital if – as in the new medtech commercial model – you choose to work with a key account strategy. When attention is focused on fewer customers, it is essential that the communication is relevant to their needs. You need feedback often and early to know when or how to change course and adapt your materials.

Data is the fuel that drives customer experience. It increases marketing efficiency and provides tangible support to your customer teams.

By empowering them with data, customer teams can make their communication more relevant to clinicians. And predictive analytics can even enable them to anticipate customer needs – again raising the service levels provided. When the commercial strategy shifts to smaller field forces focused on the most important customers, getting this right is vital.



### 3. Create compelling health-economic communications

The new medtech model calls for a reorientation of commercial activities – switching from a primarily clinician-focused approach to an institutional buyer orientation. These ‘payers’ – whether in the form of hospital administrators, governmental bodies or insurance companies – are vital stakeholders but have objectives that differ to those of clinicians and thus require a different approach.

Traditional communication targeted to clinicians will generally focus on the product, its features, and comparisons to competitors. Institutional buyers require more macro arguments on a product’s health-economic benefits and the impact on total cost of care.

	Traditional clinician-focused model	New institutional buyer model
<b>Organizational set-up</b>	Historically high access with repeat visits and potential for long-term relationship building.	Often low levels of contact and limited potential for repeat visits and relationship building.
<b>Commercial organization</b>	Product communication that focuses on features, competitor product comparisons etc.	Outcome communication that focuses on health-economic benefits and total cost of care.

#### Institutional vs. clinician communication

That said, the principles of communication still apply. Just because you emphasize health-economic arguments, that doesn’t mean that it has to be a dry presentation of spreadsheet data. In fact, with the potential for contact often being lower than with

clinicians, there is a good argument to make the communication as powerful as possible when the opportunity arises.

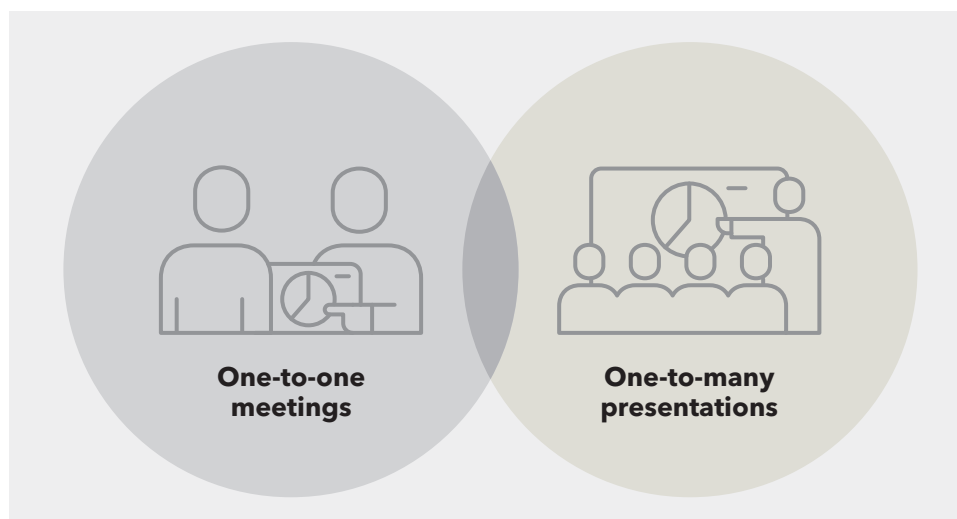
Companies that are able to deliver the most convincing arguments will operate with huge commercial advantage and be best positioned to defend against low cost competitors. To make that happen, it's necessary to 'turn numbers into stories' and involve the audience as much as possible.

As a rule of thumb, two-thirds of your communication should be storytelling. Begin by explaining your company's overall experience and track record in the disease area. This helps people see the story beyond the numbers and the investment that you are bringing. Then talk about the disease, sophistication in treatments, incidence and survival rates – in human terms. Digital technology can work wonders here in bringing these stories to life through graphics, video and animations.

You can also use the same kind of digital communications technologies that the customer team might use with clinicians with an institutional buyer audience. The opportunities for interaction that these technologies offer can make your arguments more relevant to each institution.

A presentation, for example, could include embedded calculators that enables your audience to add information like the number of patients that they care for and then see how your product will improve diagnosis or clinical outcomes in their specific institution.

One difficulty of engaging with institutional buyers is the high degree of market fragmentation when compared to traditional clinician audiences: the purchasing processes and the audience can be very different at a country, regional and even individual healthcare institution level.



Flexible tools for payer communications

In practical terms, this means that your engagement might be a relatively informal face-to-face meeting with one or two people or a much more formal presentation to a large panel. Likewise, you might be speaking to a purely administrative audience on some occasions and then to a mix of administrative and clinical audiences at other times. Your communication tools therefore need to be flexible.

A good solution is an e-detailing style presentation that can run on a mobile device for face-to-face sessions and also be projected on screen in more formal settings. With the right content, it's even possible for the presenter to match the presentation to the audience on-the-fly. By dialling up or down on amount of clinical or health-economic content, you can flexibly respond to the different stakeholder needs.



## 4. Provide digital services throughout the patient pathway

As a company's commercial focus switches to institutional buyers, that doesn't mean ignoring the clinicians or the patients. The need to demonstrate outcomes actually calls for a deeper engagement with clinicians and comprehensive solutions that address the entire patient pathway.

- **Institutional buyers:** Communicate the improved treatment outcomes (the result)
- **Clinicians and patients:** Help solve treatment issues and generate better outcomes (create the right results)

In other words, moving from 'features to outcomes' requires that we heighten our focus on context – how products are used in clinical settings and 'zooming out' to consider the entire patient pathway. As we increase our understanding, we can both reinforce areas where things are working well and identify 'pain points' where we can take action.

BCG has highlighted that the industry has major opportunities to create real competitive advantage with services that differentiate the product offering from competitors.<sup>1</sup> Such services may also lead to additional sources of revenue. Or enable companies to reduce total costs for healthcare providers by removing barriers to effective treatment.

The first step is often to simply pay close attention to what is happening on the patient pathway. Skilled employees or specialist consultancies can explore the big picture and uncover 'pain points' to be addressed. Solutions and services can then be devised to address the identified problems.

These will obviously depend on the specific situations but it is likely that many problems will result from issues around communication. When this is the case, digital technology can have a big role to play.



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We have already highlighted how communications technologies can be used in clinician education programs. It can also be deployed to help clinicians communicate more effectively with their patients. One issue that regularly occurs is that clinician time with patients is very limited and yet a great deal of information might need to be conveyed. Patients may simply not be able to retain everything that was said and would benefit greatly from being able to review the information later through online channels.

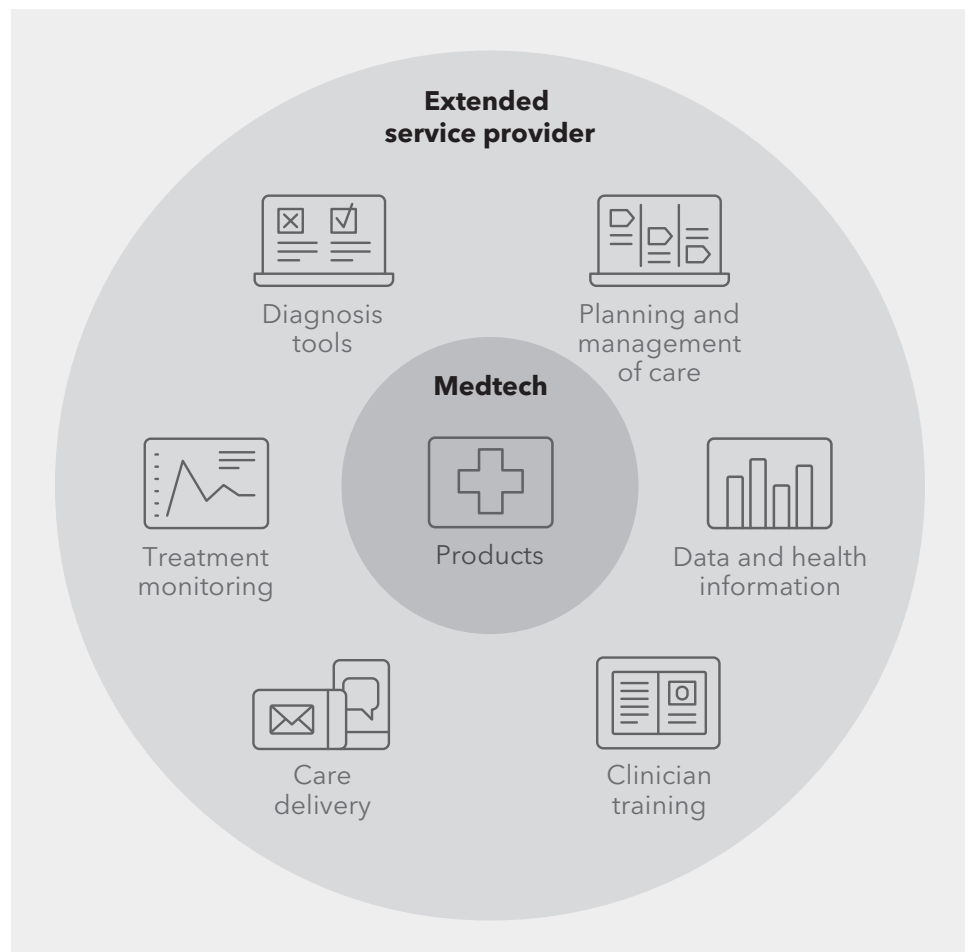
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“The new commercial model encourages a broader view, seeing the product in a wider context of the treatment pathways and the people involved at each step.”

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Communication technology can also be used to help a patient’s carers – family and friends – who may need better information to provide emotional support or even assistance with treatment. For example, you can empower a patient to share information with specific individuals to whom they are close, or enable their clinician to do so.

This approach – supporting a product by fixing pain points in a patient pathway – isn’t new in medtech. Many organisations have built services directly into their products to improve the patient experience. US-based Propeller Health, for example, developed an add-on device to their asthma inhaler that helps patients understand the environmental factors that cause their symptoms. But there is still considerable scope for action – especially thinking beyond the product itself.



Medtech service opportunities

The new commercial model encourages a broader view, seeing the product in a wider context of the treatment pathways and the people involved at each step. In this way, demonstrating value to institutional buyers often begins with helping clinicians and patients get the best possible treatment outcomes – as the services that companies provide are increasingly understood to be part of the total offering.



## 5. Use digital technology to enable a key account strategy

The new medtech model calls for a reinvention of the commercial model. Alongside a reduction in commercial costs, the approach that many companies are taking is a far more segmented go-to-market strategy in which smaller field forces focus on high-priority customers.

Today there are numerous communication technologies available to enable a key account strategy. A good overall approach is to use high value 'one-to-one' channels which support one-to-one communication, with priority targets. These can then be supplemented with on-demand information, depending on your specific strategy and your target audiences' preferences.

	High-potential accounts	Low-potential accounts
Digital sales (e-detailing)	●	
Virtual engagement	●	●
Personalized websites	●	
Web portal	●	●
Email		●

Key account channel strategy example

Because face-to-face contact will likely be emphasized with high-priority targets, it's important to enable customer teams to deliver the best experience possible – and also take every opportunity to understand individual needs and preferences.

This can be achieved with digital sales systems that enable reps to guide people through interactive content on mobile devices. In this way, clinicians get an engaging experience and also, through their interactions, enable you to better understand their specific needs.

Physical one-to-one meetings can be supplemented with virtual engagement, which enables a similar kind of experience but run online. Using these technologies together makes it possible for reps to alternate between face-to-face meetings and purely digital communication to follow-up or speedily respond to requests.

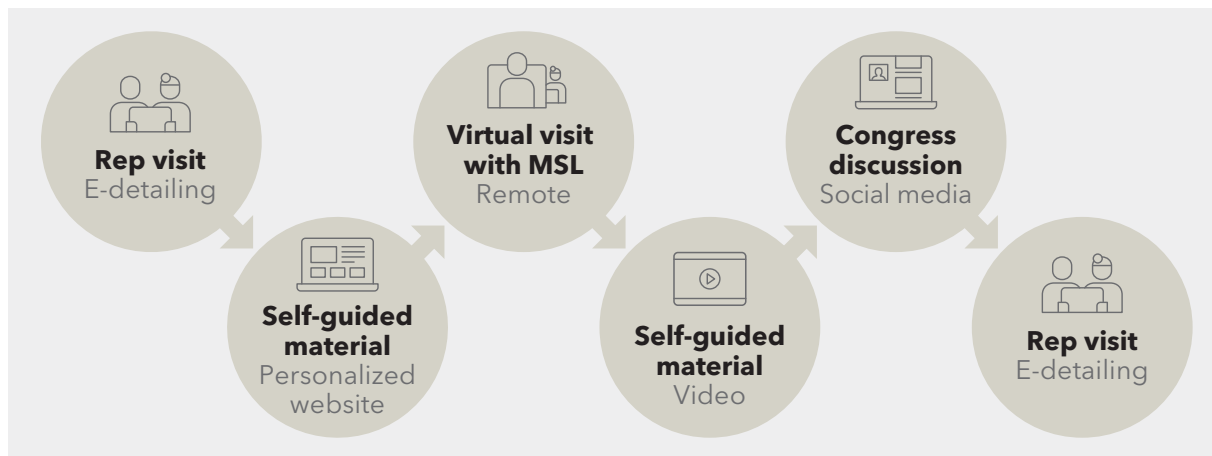
Virtual engagement also enables reps to bring internal experts into the conversation in an easy way. High-value experiences can therefore be provided in which product or medical specialists speak directly with clinicians anywhere in the world – a service that is often much appreciated as it allows for in-depth scientific discussion at a peer-to-peer level.

Additional channels then complete the experience. An online portal, or personalized websites, can deliver information that customers ‘pull’ information from – and still provide an engaging experience through formats like video, e-games, webinar recordings, self-assessment quizzes, interactive graphics, virtual conferences, and even consumer-style media formats like podcasts.

These channels are also important in markets that restrict customer team access. When personal contact becomes harder, on-demand channels can help bridge the gap.

What matters for a key account strategy is that you design your communications to provide the most value to the clinician. With a multitude of channels available, you can now create ‘customer journeys’. These are simply arrangements of channels that meet your communication objectives and provide a rich experience for priority clinicians.

In the customer journey example below, there are two physical face-to-face engagements with reps, one virtual interaction with an internal company expert, conference participation and the use of personalized digital channels for a high-value experience.

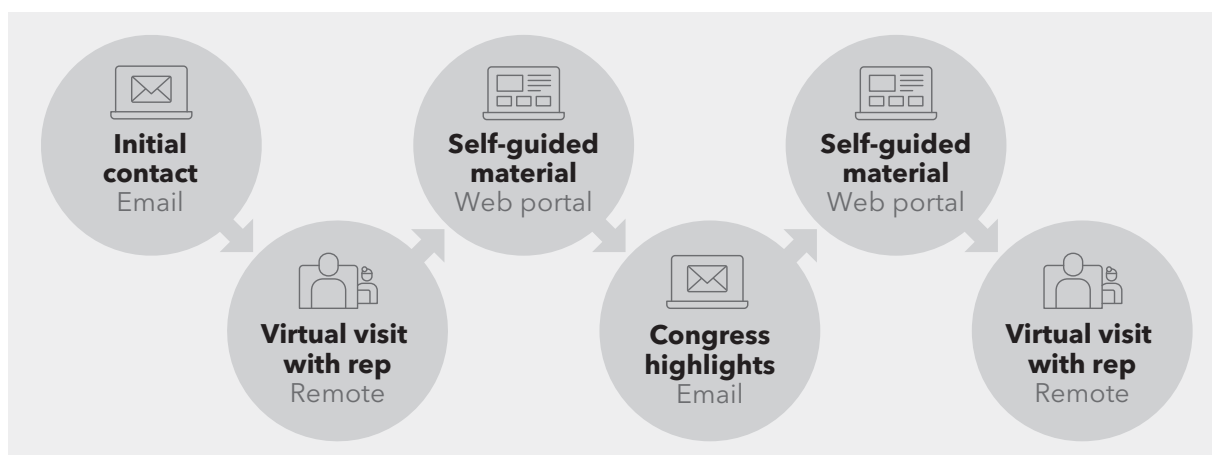


High-potential customer journey example

You can work in a similar way with low-potential accounts, though using different kinds of channels in the customer journey.

Again, virtual engagement can be invaluable though, as in the example below, it would likely be used to enable contact with a regular member of your customer team rather than an internal medical or product expert.

The right digital systems enable a key account strategy by delivering specific kinds of customer experience that match your market segmentation. For high-potential accounts, this will likely be more dialogue-based, emphasizing direct contact and personalized digital channels. For lower-potential accounts, more self-guided and on-demand channels can maintain your marketing reach - and may even expand it as the widespread use of technology reduces the cost per contact.



Lower-potential customer journey example

# Implementing your digital strategy

The medtech industry isn't new to digitization. There are a great many innovative examples where digital communication technology has been integrated into products to deliver value-adding services to already highly-sophisticated medical devices. These are projects that win awards and are the envy of many life science sectors.

What is new for many medtech companies is the application of communications technology to the interactions between the company and clinicians and institutional buyers.

While there are different ways to go about this, there are some basic steps that will help deliver the right results - whatever your specific plans.



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# The building blocks of digital communication

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## The journey

For all companies – in any industry – the adoption of digital communication technology will be a journey. ‘Going digital’ isn’t a project but rather a continual process. The stages of your journey will depend on the specific needs of your organisation.

With the market changing rapidly, there is a need to act but only you can decide on the priority. It may be that enabling customer teams to act on a key account strategy and improving the effectiveness of your institutional buyer communications are most urgent. Expanding the offering and demonstrating additional value through digital services may come later.

Seeing digital communications as a journey helps everyone understand what the priorities are right now, what can wait, and where people need to focus to make it happen.

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## The essentials

Whatever your needs with regard to digital communications, and the specific plans you formulate, there are some basic principles that apply.

- **Leadership:** Senior management need to drive and support a digital strategy. Clear and sustained leadership is extremely powerful and will prevent 'backsliding' or falling into familiar old habits. When digital strategy is tied to business objectives and fully backed by management, real change can happen.
- **Digital competences:** People need to feel confident in their digital skills. Beyond 'learning by doing' it is a good idea to bring people with a digital skillset into the organisation and, equally, raise the overall level of competences through employee training.
- **Organizational structure:** An organization may need to reshape itself. New structures that break down silos and encourage cross-practice working can get more from what technology offers. There are, for example, numerous opportunities to connect marketing, sales, medical and access functions with the data that digital communication provides.

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"Companies that have already taken action are reaping rewards and winning in the market"

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## The specifics

Technology can also be applied to solve specific challenges that medtech faces – whether it is activating investments in CRM systems, ensuring full compliance with regulations, or embedding digital communications in your organization.

Business need	Practical action(s)	Application of technology
Turn CRM investments into value for customers	Define how data insights can drive customer engagements at the point of care.	Deploy systems that deliver more engaging interactive experiences and enable customized engagements.
Meet demands for stricter compliance in medtech	Update communication processes to make them more compliant. Monitor which content pieces HCPs use to support their work.	Implement a system that enables you to control and monitor your data and content across brands / regions.
Make content easier to use and more cost-effective	Use tagging and tracking to better understand use and increase content control / management.	Ensure your systems can monitor content throughout the value chain and that you have the necessary capabilities and processes in place to respond.
Invest in internal digital competencies	Link digital training programs to business targets, e.g. sales numbers, to demonstrate effectiveness.	Use systems to track training at an individual level and then match this data with business targets.

### How technology can be applied to solve medtech challenges

These are often pressing needs in medtech today, as companies seek to maximize the benefits of their digital investments and respond to a changing business environment. Accounting for these needs early in your digital plans will ensure that you have the right systems and internal processes in place.

## The details

Technology will do what we ask of it, so it's important to maximize its potential. Just adding technology is, unfortunately, unlikely to deliver major gains unless you and your strategy change too. Here are some common strategic pitfalls to avoid:

- **Push strategies:** Instead of pushing messages, try a "pull approach" which involves clinicians and institutional buyers in your story. As a basic rule, you don't want people passively sitting back listening but actively involved with content and able to access what they want when they want it.
- **Putting paper under glass:** If you just transfer your paper materials to a digital screen, little will be gained. You're missing out on the real value which is customer interaction and engagement. So, seek specialist partners who can help you design communications that engage people.
- **Just measuring the reps:** If you're just measuring message delivery, you are missing out on the customer data, which is the biggest benefit of digital communications. Your materials should uncover a clinician's key points of interest, their knowledge levels, and opinion on each topic.
- **Not connecting data streams:** Too often data is collected, stored and forgotten. So, make data management a priority. Plan how to connect the new data streams to your CRM system. And be clear on the kind of reports that you want – ensuring that everyone in the organization gets what they need.
- **Skipping internal buy-in:** To avoid any potential resistance, make sure that customer teams understand both the importance of the technology and are completely familiar with its use. You need to implement quality training and schedule regular follow ups.
- **Not planning for the future:** It's a good idea if your digital sales solution is 'device agnostic', meaning that it can work on different kinds of tablets, laptops, smartphones etc. Priorities can change, so make sure that your solution is flexible and expandable.

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## The urgency

We hope that we've managed to show how digital communications technology can be applied to help you meet your business challenges and take action. The business environment changes that prompted the new commercial model haven't gone away. In many ways, the pressures are intensifying. Yet companies that have already taken action are reaping rewards and winning in the market.<sup>1</sup> For those now moving and implementing the new model, technology is driving the speed, scale and impact.

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## References

<sup>1</sup> Boston Consulting Group: Moving Beyond the 'Milkman' Model in Medtech. February 28, 2017, Götz Gerecke, Andrea Miotto and Mills Schenck.

<sup>2</sup> Boston Consulting Group: Fixing the Medtech Commercial Model. Still Deploying Milkmen in a Megastore World? July 2, 2013, Colm Foley and Götz Gerecke.

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## Start the conversation

Learn more about Agnitio's work with medtech companies:

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