



Medical Technology Insights:

# Avoiding a False Start

Marketing Tips for the Successful  
Commercialization of Novel Medical Devices

by Larry Yost, Managing Partner, The Atticus Group, LLC

Vol. 1, No. 1

© 2016 The Atticus Group, LLC. All rights reserved





“A failed product launch can be disastrous from a financial perspective and to the reputation of the product’s brand in the marketplace.”

The successful launch of novel medical technologies requires coordinated team efforts among diverse functional groups within companies. The coalescence of these group’s activities in line with a predetermined project timeline are essential to timely and successful product commercialization. Marketing team members play a vital role in this process beginning with providing the team high level market insight during the initial concept development phase through conducting a post-commercialization assessment of launch planning activities and marketing tactics.

A failed product launch can be disastrous from a financial perspective and also impact the reputation of the product’s brand in the marketplace. Since companies only have one chance to launch a product, it is vital that launch planning and preparedness activities cover the entire scope of known and potentially unknown roadblocks which can affect the successful introduction of a new technology into the marketplace. As a result of its integral role as a part of the commercialization, marketing has the primary responsibility for many of these activities.

While providing insight on the full range of marketing activities required for a successful product launch is beyond the scope of this publication, the following are four key areas, based on the author’s experience, where good marketing planning and execution can help get the product successfully out the blocks without stumbling.

**Obtaining Customer Feedback**

From concept development through post-launch assessment, customer input into the design and positioning of new medical devices is essential. Attempting to bring a product to market without adequate customer feedback, or even

worse, disregarding customer feedback, will ultimately limit product acceptance in the marketplace.

Table 1 lists examples of customer feedback parameters which should be obtained as a part of a customer feedback process.

**Table 1. Examples of Parameters for Obtaining Customer Feedback**

- Validating market assumptions
- Assessing competitive environment
- Input on product specifications
- Determining value propositions (clinical and economic)
- Developing and testing product positioning
- Feedback on ease of use

A common error is limiting customer feedback to a single customer segment (e.g. physicians) and ignoring other personnel and healthcare professionals who may interface with the product. While proper design and functionality are critical to a product’s success, customerfriendly packaging, informative, easy to read labeling, and ease of setup are important attributes which can create a positive selling environment for a product. When marketing fails to obtain sufficient customer feedback on the above, it can lead to customer complaints and dissatisfaction slowing down or limiting the product’s acceptance.

Another common mistake is limiting the feedback to a small group of customers who may not represent a true cross-section of the market. This may include making decisions based on feedback from an elite group of physician advisors from academic institutions whose perspectives differ widely from physicians who are in a community practice setting



“Identifying and targeting market segments which will result in a steeper adoption curve is vital to getting a strong start out of the blocks with a new medical device technology.”

or limiting input to customers at tertiary care hospitals when the product will also be targeted towards local community hospitals. Making decisions based solely on insight provided by a single customer or an inventor of the product should be avoided at all costs.

It is also important to develop a decision making process which can be followed when heeding customer feedback would result in an increase in product development or manufacturing costs, or if implementing changes based on the customer input significantly changes the timeline for product launch.

**Developing a Targeting Strategy**

Identifying and targeting market segments which will result in a steeper adoption curve is vital to getting a strong start out of the blocks with a new medical device technology. Assessing differing market segments (Table 2) should not only be solely based upon the market potential, but also on the potential barriers to entry which may exist within these segments.

**Table 2. Examples of Market Segments for Medical Devices**

- Procedure type
- Procedure volume
- Disease or medical condition
- Physician specialty
- Point of service  
*(hospital, surgery center, office setting)*
- Hospital type  
*(primary, tertiary, specialty)*
- Patient age or gender
- Geography
- Technology adoption characteristics

Many medical devices have the potential to be used across a number of market segments. Understanding which of these segments is the best opportunity when

the barriers to entry are factored into the equation requires a true understanding of the marketplace.

Market segments with the highest number of patients or procedural volumes may not always represent the best “first” markets to approach. These segments are often associated with greater competitive pressures due to the market opportunities they represent, or may be associated with higher visibility within a hospital setting from either a product approval or cost-cutting perspective.

The need to prove clinical superiority and the potential for cost-savings at a provider level increases with the cost of the medical technology along with the applicable number of patients or procedures which would be targeted within the hospital. Spending months trying to get a product through a hospital’s new product committee not only slows the adoption of the technology and the associated revenue growth, but also negatively impacts the moral of the sales representative.

Marketing should focus on identifying segments which are associated with a greater level of clinical need for what the product offers or where the characteristics of the segment lend it to adopting the product quicker. Focusing at first on sub-segments of a certain type of procedure or patient population where a technology may be perceived (or actually have) a greater clinical benefit can lead to expanded product use when the benefits of the technology in the initial sub-segment have been realized. Choosing at first to target a patient population or procedure with a smaller market potential where the device has a greater clinical benefit can establish the technology and the brand



“Having evidence that a new medical technology provides a clinical benefit to patients is often not sufficient to gain entry into a hospital.”

in the marketplace and allow for easier entry into future market segments.

Some devices may benefit by being initially targeted towards specific provider segments. This might include focusing on certain physician specialties where the use of the technology would increase their respective procedure volumes or at hospitals that are looking for newer technology within certain how they are positioning themselves in their geographic markets. The potential for increasing the customers’ business or market share would be driving factors for initial product adoption and ongoing revenue growth.

Segmenting customers by technology adoption characteristics is also critically important. Targeting physicians who routinely try newer medical devices and hospitals which are willing to adopt new technology before their peers is a much easier path to success than attempting to enter the market via physicians and hospitals with a “wait and see attitude.” Focusing initial launch activities towards early adopters who are quick to understand the potential benefits of the technology and limiting efforts directed at late adopters who require substantial clinical experience and more scientific evidence will maximize resources and drive initial sales growth.

Geography can also play an important role in product adoption. Regional healthcare systems, buying groups, and HMO’s often present a difficult challenge to new medical technologies. Identifying and initially targeting customers who can act independently when making decisions on the purchase of new medical technology is a key factor for early success.

**Creating Economic Value**

Most hospitals now have policies and procedures in place which require the review of new products prior to their use or purchase by the hospital. This has resulted in an expanded number of individuals who are involved in the decision making process and a greater focus on the cost impact of the technology to the hospital. Having evidence that a new medical technology provides a clinical benefit to patients is often not sufficient to gain entry into the hospital and many hospitals are now requesting cost justification analyses which demonstrate the economic impact of the adoption of the technology at their institution.

Prior to launch, marketing needs to understand the economic factors at an institutional/provider level for their new technology (Table 3).

**Table 3. Economic Factors Which Influence Product Adoption**

<ul style="list-style-type: none"> <li>• Physician reimbursement</li> <li>• Institutional reimbursement</li> <li>• Price differential vs. competition</li> <li>• Payor coverage for competitive products</li> <li>• Direct and indirect costs associated with the use of the product</li> <li>• Potential for cost savings (direct and indirect) vs. competitive products</li> <li>• Financial condition of provider or institution</li> </ul>
--

An analysis of coding, coverage and reimbursement for the Company’s technology as well as competitive products should be conducted early in the product development cycle to insure appropriate steps are taken to develop a comprehensive reimbursement strategy if required for market entry since this



“The timely execution of an effective publication strategy can accelerate the adoption of a new medical technology.”

process often takes a protracted period of time.

Since reimbursement at a physician and provider level is primarily procedure based, many medical device products are not eligible for or no longer have stand-alone reimbursement. This is especially true for the majority of medical technologies used for patients in an inpatient setting where the majority of payors use a DRG or a capitated reimbursement approach. This results in the institution receiving a single payment for most admissions which is intended to cover the cost of the hospitalization regardless of any medical technology utilized.

While having add-on reimbursement for new medical technology is certainly desired, the lack of specific add-on reimbursement does not preclude a product launch especially if competitive products are in the same boat. Keep in mind, however, that if the new medical technology carries a higher price tag, demonstrating both a clinical and economic benefit of the product, (from the customer’s viewpoint) versus alternative options is required in order to gain early market adoption of the technology. Demonstrating cost savings at a payor level (e.g. reduced overall healthcare costs over time) typically does not influence the decision making process at a hospital level since they would not usually share the benefit of this cost savings. Exceptions to this are closed systems such as HMO’s or governmentally run medical facilities.

In order to demonstrate the economic value associated with a new technology, marketing must provide both the background training and the appropriate tools to empower the sales organization to communicate this type of information to customers. A typical tool is a pro-

forma economic model where variables can be inputted based on clinical results associated with the products use and either standardized or customer specific cost data. Potential indirect cost savings associated with the use of the new medical technology is an important variable to include in these models. Examples are reduced operating room time, reduction in the use of pharmaceuticals, and decreased length of stay.

The development of case histories, white papers, and publications which report how the use of the technology by providers or other institutions resulted in an overall cost savings to the physician’s practice or a hospital are also excellent tools for demonstrating the economic value of new medical technology.

#### **Developing a Publication Strategy**

The successful launch of an innovative new medical technology necessitates a meticulous plan for effectively communicating its value along with the development a strategy for addressing anticipated objections expected from the marketplace. A key component of this strategy is the development and execution of a strategic publication plan. The timely execution of an effective publication strategy can accelerate the adoption of a new medical technology.

A publication strategy should outline what manuscripts will be developed by topic area followed by the target journal for each submission. The journals targeted for these publications should be based on the content and focus of the publication, the author and/or the intended audience. Manuscripts should be submitted across a number of specialty-directed journals based on the differing customer segments that interface with the technology



Do you need help with the development of a strategic marketing plan for your novel medical technology or tactical support for your Company’s marketing initiatives? The Atticus Group can help.

Contact us at:

The Atticus Group, LLC  
80 Daniel St. #455  
Portsmouth, NH 03801

Phone:  
+1.603.969.5421

Email:  
info@theatticusgroup.net

Internet:  
www.theatticusgroup.net



**Table 4. Potential Objectives for a Publication Strategy**

- To report the results of prospective and retrospective clinical studies
- To disseminate bench testing and animal data
- To communicate early clinical experiences associated with the use of the technology
- To reinforce concepts and issues that support the clinical and economic need for the technology
- To address specific customer objections which have arisen
- To provide the field organization with 3<sup>rd</sup> party reference materials which augment their efforts

Sequential submission of manuscripts to key journals which target specific customer segments is needed to insure they receive continuous and pertinent information about the product. Since the timeline associated with developing manuscript, submission, and eventual publication in a peer-reviewed journal (if accepted) is often lengthy, identifying alternative approaches for obtaining a more rapid dissemination of product information must be pursued in conjunction with the above (Table 5).

The overall objective for a publication strategy should be to disseminate clinical and economic information which supports product positioning and the key benefits of the technology.

**Table 5. Examples of Alternative Approaches for Accelerating a Publication Plan**

- Submission to nonpeer reviewed (throwaway) journals
- Submission to a Journal supplement that is on a relevant topic
- Abstract/poster presentation at medical meeting
- Invited lecture during medical meeting or tradeshow
- Thought leader presentation at Company’s exhibit during medical meeting
- Web publishing
- Press release
- White papers

*Conclusion*

The development and timely execution of a comprehensive strategic launch plan is required to successfully commercialize new medical technologies. Proactive marketing leadership as a part of a product development and commercialization team can help to insure that potential hurdles in the marketplace are identified and addressed in advance of a product launch resulting in a greater potential for initial market success.



**About the author:**

*Larry Yost is the Founder and Managing Partner of The Atticus Group, LLC. Mr. Yost has over 30 years of domestic and international medical device, molecular diagnostics, and pharmaceutical company experience including experience with both small venture capital startup companies and large multi-national organizations. His expertise includes the development and implementation of comprehensive strategic plans and tactical marketing solutions for novel medical technologies. Mr. Yost is a graduate of the Purdue University School of Pharmacy.*