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Medtech Marketing 101, Redux: Creating New Product Success

by [Ray W. Swanson, Partner, TCG, LLC](#)

The topic of innovation continues to be relevant as Medtech companies around the globe struggle with how to accelerate, and in some cases even maintain, sales growth in these turbulent times.

A recent Boston Consulting Group study reviewed the state of innovation effectiveness in the Medtech industry.¹ The authors of the article, published in the December 2010 issue of IN VIVO, point to a recent decline in R&D productivity in the industry. This has been caused, in part, by delays in FDA approvals, and also from slower market uptake of new products, as payors and providers are increasingly demanding more evidence of significant improvements in performance in comparison to products already on the market.

Now, if you have been here on planet earth for the last few years, you're probably not surprised to hear news that companies are having a harder time getting innovative new products into the market. But what is interesting is that the authors identified a group of companies that are bucking this trend – and this increased productivity has translated into results of more than twice the revenue growth rate of their less fortunate peers. The report goes on to highlight why.

First though, it's important to note that these companies spend their R&D dollars on more innovative and thus potentially higher value projects. As you might expect, these projects also tend to be riskier and take longer to complete than "incremental" programs. The companies also take on fewer projects as a whole. This is very interesting – that a company could be more productive by placing its bets on a smaller number of higher cost and riskier projects. There must be more to the story. There is.

Key to understanding why these companies are so successful lies in knowing how they go about defining opportunities and also how they execute them through to successful fruition. The top companies share four practices.

- They place the customer at the point on ideation of new concepts/products.

- They seek advice outside the company for insights into new opportunities.
- They are revitalizing old approaches to dealing with the changing and uncertain regulatory and payor environments.
- They view developing markets as growth opportunities, aligning investment and approaches accordingly.

Placing the customer at the helm of a market-driven innovation process is nothing new in concept, but it seems that we just have to keep reminding ourselves to do it. Study respondents indicated their **single largest issue for success was the need for an increased emphasis on market driven innovation**. Likewise, if getting the organization to recognize the value in being market driven is the first challenge, then ensuring it happens is the second. Company infrastructure and internal processes can often stifle or even block the capture of customer feedback, a topic we cover in more depth in an [earlier white paper](#). Even so, companies that innovate well find ways to solicit these critical inputs by “getting outside the corporate box”. Market winners always seek to ensure all activities are driven by market needs, rather than internally biased requirements, and they aren’t bashful about seeking outside help to get it done.

We also promote the view that the definition of “the customer” should be broadened - to include not only the customers you sell directly to - but all other relevant constituents, such as the payors. Likewise, whether you want to call the FDA your customer or not is beside the point, but one can hardly argue the importance of integrating FDA requirements and any other elements of regulatory uncertainty very early into the product and clinical trial development processes.

The authors refer to this group of top performers as “High Science” companies. We also call them Market Driven, because they place the customer at the center of all precursor activities to market launch, and they find ways to keep them there. **The bottom line is that these companies flat out perform better because they are market-driven.**

Growing sales has never been harder in this tough global environment. Every company has its own set of capital constraints and tolerance for risk. Even so, empirical evidence shows that we improve our chances of success when we take a market-driven approach to defining new products and markets. **Interesting, isn't it, that success is often borne out of reminding ourselves of what we already know.**

¹ Dirk Calcoen, MD, Scott Davis, Christophe Durand and Christoph Sweizer – The Boston Consulting Group. Article in IN VIVO: THE BUSINESS & MEDICINE REPORT. Pages 52 – 60. December 2010

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