

# ***Key Trends and Opportunities in Medical Devices and Digital Health***

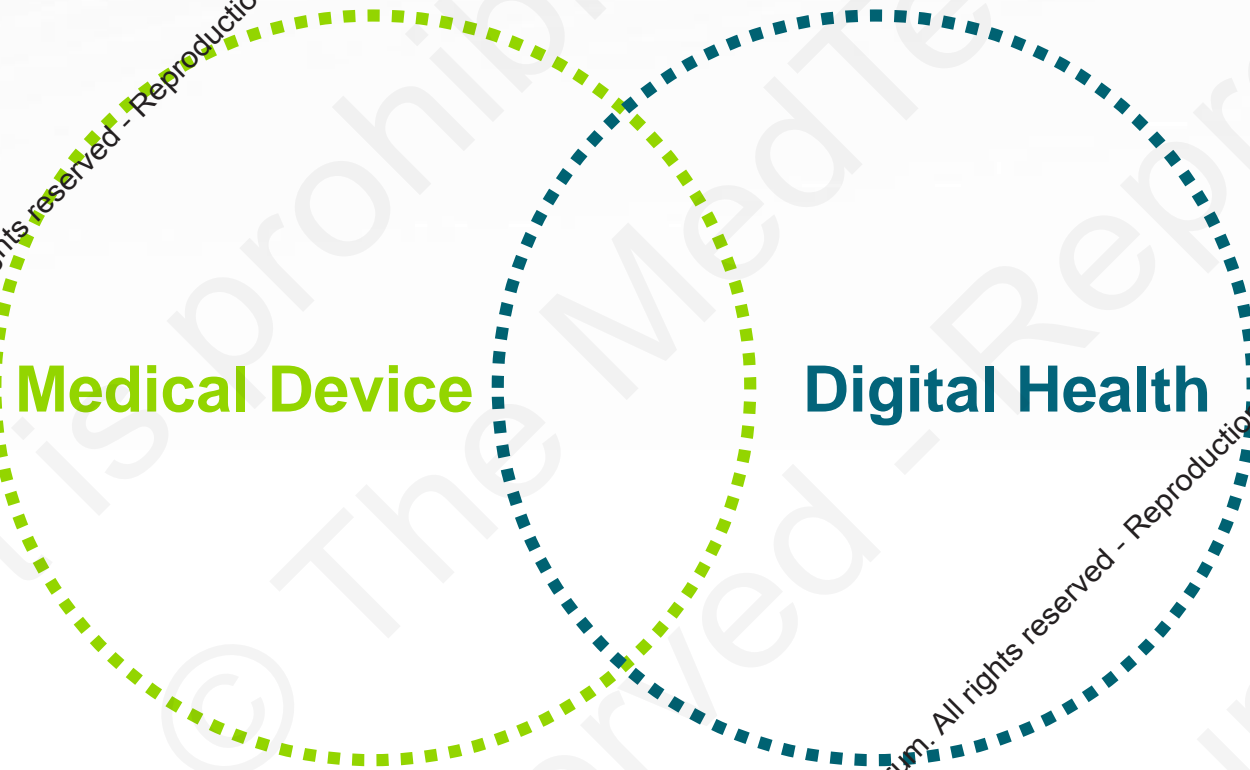
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# The medical device and digital health markets are quickly converging making them difficult to disentangle

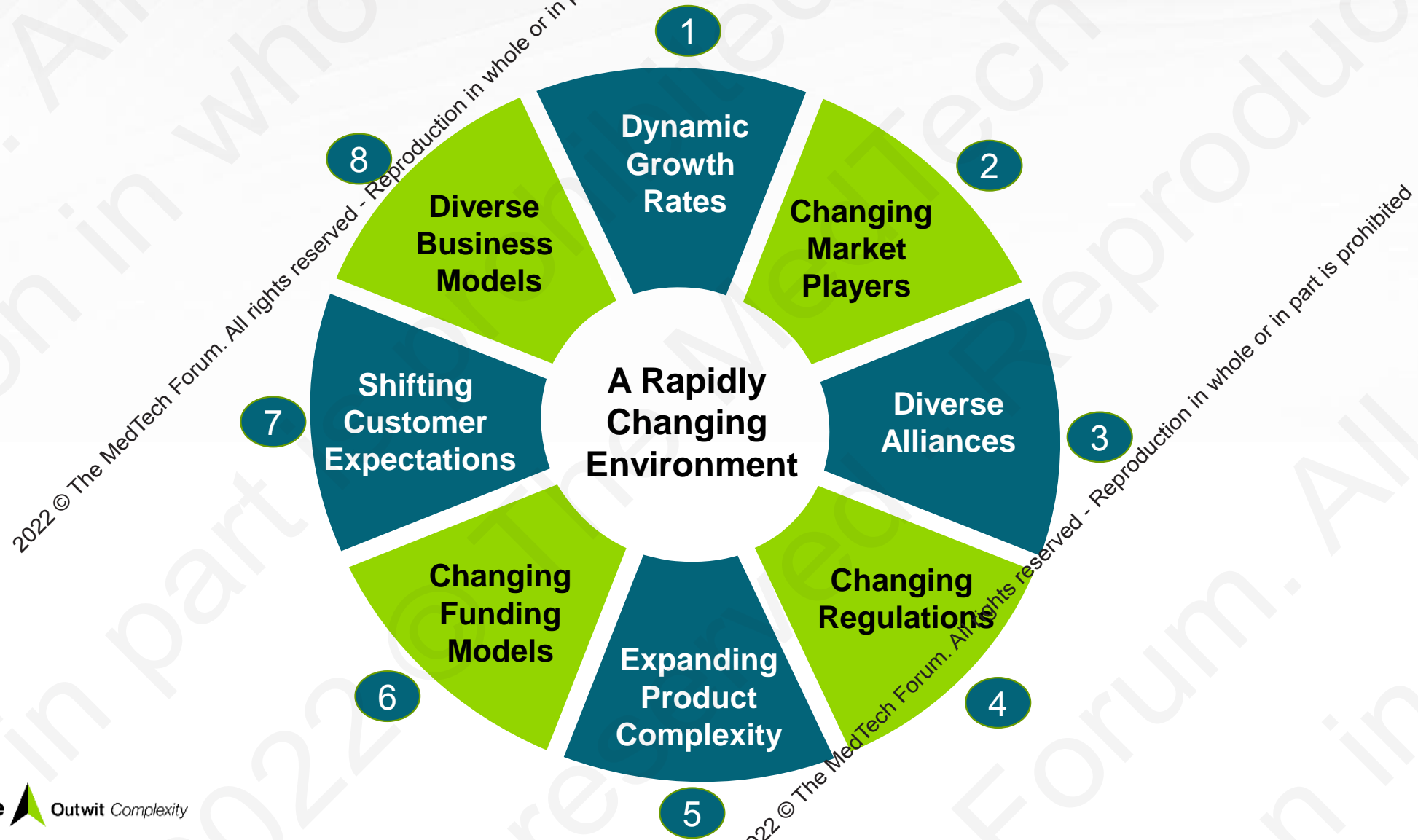


**The medical device and digital health market presents significant opportunity and formidable challenge**



**Its defined by its growing degree of diversity and unprecedented level of transformation making it an unpredictable market**

# A multitude of dynamics highlight the diversity and transformation underway in the market which influences the opportunities and challenges





## Dynamic growth rates

The diverse profile and relative size of the markets yields mixed growth projections

### Medical Device

2021 Global Revenue  
\$483B  
5% CAGR

2021 European Revenue  
\$141B  
4% CAGR

### Digital Health

2021 Global Revenue  
\$220B  
15% CAGR

2021 European Revenue  
\$51B  
18% CAGR

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# Changing market players

The established industry leaders are flanked by a diverse set of new entrants

### New Entrants

welldoc

PEAR  
THERAPEUTICS

Livongo  
by Teladoc Health

Mango Health

fitbit

Propeller

noom

2Morrow  
Mobilizing Behavior Change

Guidehouse Outwit Complexity

### Established Leaders

Johnson & Johnson

stryker

Abbott

Epic



Medtronic  
When Life Depends on Medical Technology

PHILIPS

Roche



FRESENIUS  
MEDICAL CARE

Cerner

SIEMENS

### New Entrants

AMGEN

NOVARTIS

Lilly

AstraZeneca

Pfizer

Takeda

## Diverse alliances

The proliferation of market partnerships is creating high-potential value propositions

### Technology Partner

- Teledoc and Microsoft formed a partnership to create a unified system to facilitate patient and physician access to virtual health leveraging Microsoft Teams

### Provider Partner

- Early 2021, Diabetes UK and Fitbit entered into a 3-year partnership
- Goal was to better manage diabetes through an exercise management program including a One Million Step Challenge

### Pharma Partner

- Medtronic and Novo Nordisk entered into a partnership to link Medtronic's CGM device and data platform with Novo's smart insulin pen technology

## Changing regulations

The increasingly higher regulatory bar requires resources, focus and technical adeptness





## Expanding product complexity

The drug-device combination market has multiple dimensions of complexity

### Drug/Device Combinations

2020 Global Revenue  
\$118B 9% CAGR

2021 European Revenue  
\$30B 8% CAGR

Transdermal Patches

Autoinjectors

Inhalers

Pre-filled Syringes

Drug Eluting Stents

Infusion/PCA Pumps

Ortho Combinations

Wound Care

## Changing funding models

Interest in innovative pricing approaches is accelerating due to affordability challenges

### Medical Device and Digital Health Innovative Pricing Models

#### Outcome Based

Payment is tied to performance of product may be structured as a withhold or rebate

#### Shared Performance

A portion of the product payment is deferred until end of performance period and up/down risk is shared between customer and supplier

#### Subscription Model

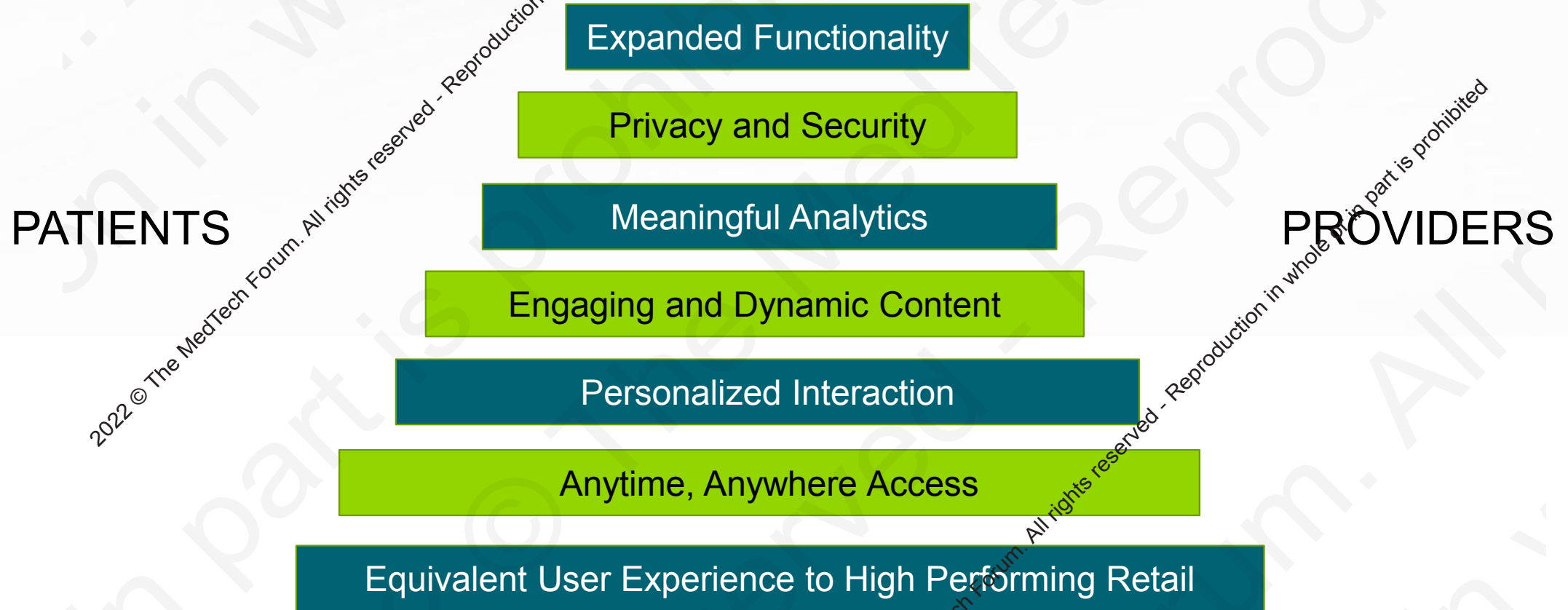
Payment is spread over time and may or may not include performance criteria tied to payment

#### Managed Service

Service is outsourced and may or may not include performance criteria tied to payment

## 7 Shifting customer expectations

The significant level of innovation has elevated expectations of patients and providers



## Diverse business models

Business models are evolving and broadening requiring greater agility and analytics

**B2B**

**Community Led**

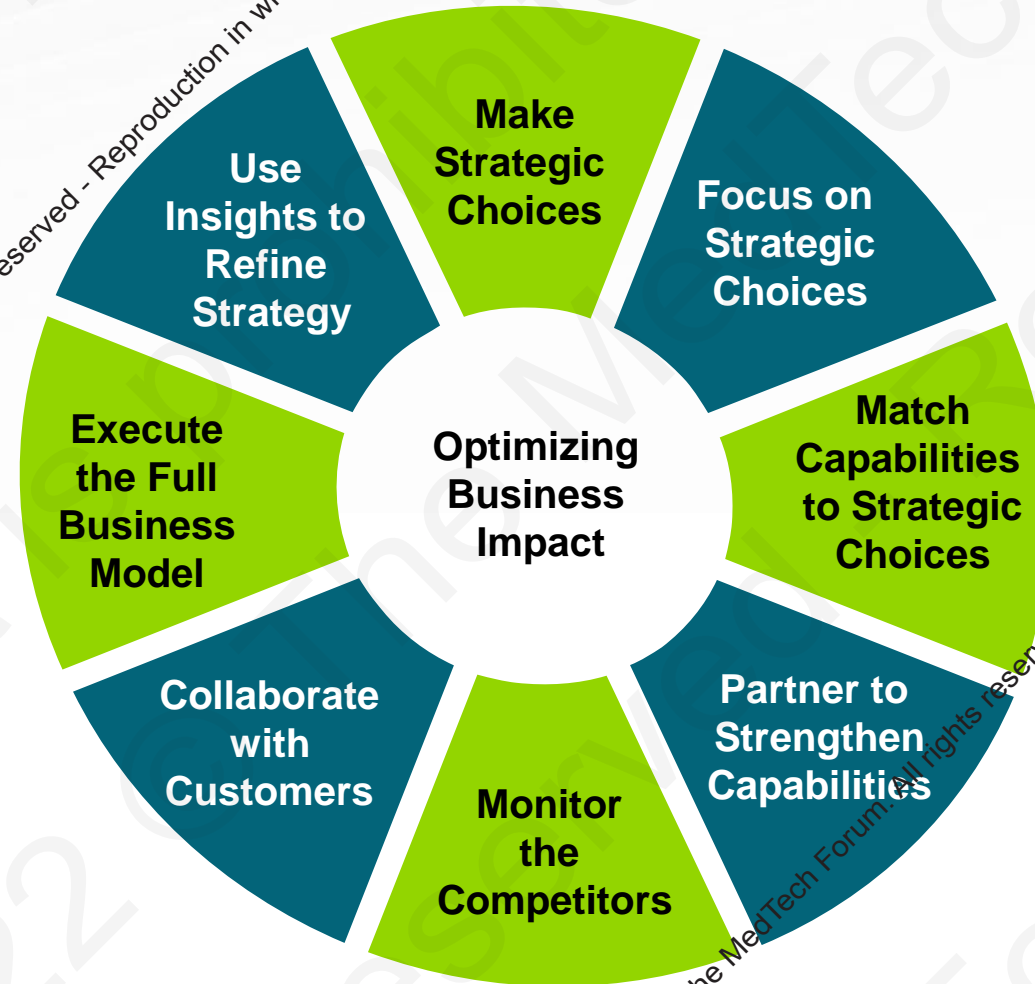
**Government  
Sponsored**

**Employer  
Sponsored**

**B2C**

**Provider  
Private Label**

# Companies need to be proactive in responding to the market dynamics clearing the path to capitalize on the significant opportunities





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