



New Connections. New Technology. New MedTech.

**Disrupters at the Door:
MedTech's Transformation**



Fundamental shifts in care delivery are forcing the MedTech industry to change what products and services it develops and how value is created.

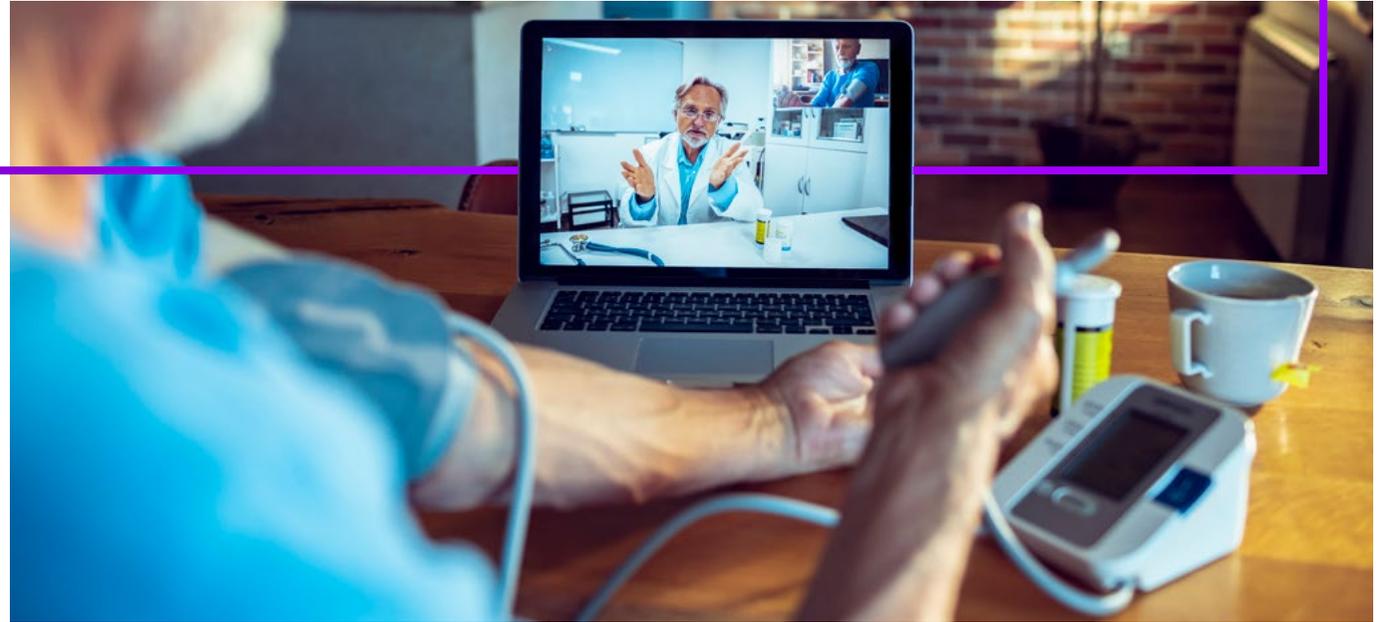
With innovators and startups intent on capturing and creating new market share, now is the time for MedTech companies to rapidly transform and deliver the improved care and experiences people deserve.

Industry Context

Where and how care is delivered is shifting faster than ever—the site of care is dispersing and expanding, with a transition out of traditional acute care settings into more convenient, accessible and patient-centered contexts.

Ambulatory care settings are now increasingly common, along with telehealth and real-time remote monitoring. The US home care market will more than double from **\$100B in 2016** to **\$225B in 2024**¹. Our own research shows a major increase in telehealth services globally and a massive shift to patient adoption of virtual care. Patients reported an increased use of video calls and online chat to access healthcare, and 44% of patients started using new medical devices and apps to help manage their care at home².

Patients are also empowered like never before. With recent Center for Medicare and Medicaid Services (CMS) rules on hospital price transparency the ability to compare prices will accelerate the consumerization of healthcare. Meanwhile, personalized at-home care through devices such as AliveCor's KardiaMobile lets consumers manage



their own health issues without a prescribed device, and the patient gets to decide what device to use and how to share their data.

The COVID-19 pandemic accelerated the shift in care models out of necessity, with shutdowns that tested the viability and relevance of MedTech products and services. Elective surgeries, preventive procedures, diagnosis, monitoring, checkups and rehab were canceled or postponed, creating a profound impact on the sales, revenue, and inventory of MedTech products.

With these disruptions to the MedTech industry landscape, companies must find ways to adapt. It is imperative that companies assess their core business offerings and understand where and how to evolve, as well as look to future products and services and decide where and how they will stake a claim. The rapid changes in consumer access and empowerment described above are creating a new market demanding faster transformation, which is actively being targeted by new MedTech disrupters.

Three Transformation Trends

For years, the MedTech industry has successfully brought new products to market through innovative science and engineering and benefited from inherent barriers to entry.

The competitive landscape was limited, and annual sales and revenues were relatively predictable. Product and service development occurred via a systematic cycle of engineering, testing and deploying features and functions year after year.

However, the MedTech industry is symbiotic with the healthcare ecosystem, and changes in healthcare delivery affect how MedTech delivers. Increasingly, payers, providers, and patients are burdened by affordability challenges. As digital health technologies emerge, the regulatory and reimbursement environment is shifting and opening new possibilities, which is driving increasing investment.



MedTech disrupters will challenge their core business model and purposely transform by focusing on humanization, technology, and data & analytics

The predictable nature of the MedTech industry landscape is changing rapidly and MedTech has the opportunity to be the centerpiece of new healthcare models. Now is the time to embrace:

1. Humanization of Everything

Customer expectations are increasing. We believe MedTech leaders will push beyond Customer Experience (CX) into the **Business of Experience (BX)**—the humanization of everything, which will fundamentally change the way MedTech designs products and delivers services. Trailblazers have an opportunity to redefine the business and unearth unmet needs to empower patients and providers.

2. Technology Anywhere, Everywhere

Technology—both product and information—has been the lifeline of the healthcare market during the pandemic. It's at the center from how you operate your business and develop new technology-enabled products, to how you deliver those products and, ultimately, how patients experience those products.

3. Data & Analytics as an Asset

Effective utilization of the data being collected from devices, ecosystem partners, and internal operations will catalyze better outcomes and provide value to all MedTech ecosystem participants. Data is a currency to uncover and create value.

These three trends are driving disruption in the traditional value chain, and facilitating market entry by new players unburdened by legacy offerings, cost structures, and systems. MedTech companies must transform or run the risk of missing new growth opportunities and revenue streams and being outmaneuvered by disrupters or more traditional competitors. With a focus on these three trends—humanization, technology, and ecosystem data—organizations need to respond by challenging their core business models and focus on transforming with purpose. Piecemeal or half-hearted pursuits will not ensure business success.

Challenging Today's Business Models

New care approaches and offerings are driving the need for new business models and associated operations.

Players with legacy structures and operating models are not set up to respond quickly to innovative trends or compete with disrupters. Functions from R&D to sales will all need to adapt.

Hardware devices must be securely connected to networks and software to data to be leveraged. As care settings shift, the importance of end-user experience continues to grow. A positive user experience can drive adoption, reduce learning curves, and improve performance and productivity. Taken together, this can mean improved outcomes and increased user satisfaction—critical factors for driving differentiation and market share.

Humanization

How do your products and services embrace the customer first? Are you addressing the total customer experience throughout the provider and patient journey? Have your payment models evolved? Do you use learnings from your customers to improve products and experiences? Does your organizational DNA support this humanization required internally and externally? Does your organization represent customers and patients in a way that let's you deliver on the promises they expect? The Business of Experience demands a fundamental rethink of product and service design with the customer at the center.

Technology

What about your technology—is it a liability or an enabling asset? Established MedTech organizations fragmented legacy technology systems that hinder efficiency and innovation, with limited mobile access, too many interfaces, security risks, and business process flows that are decades old. How many ERP, PLM or CAPA systems does your organization have? From a product and service standpoint, what new technology will support an improved customer experience, connected devices, integration and leverage of external data sources and health records, and connect with other ecosystem partners? With the speed of technology disruption increasing, leaders see the strategic opportunity to modernize technology for both internal operations and external products and services.

Data & Analytics

Does your current data strategy and capability reflect that data is becoming the new currency for MedTech? Leading industries realized the value of data more than a decade ago and transformed their products and services accordingly. MedTech has been in the 'Late Majority' category when it comes to embracing shifting market dynamics. More medical devices are now designed to capture data, but in many cases without enterprise capabilities to utilize the data to create better outcomes and new revenue streams. For example, a typical hospital bed system has dozens of sensors to capture performance and patient data, but this data is often not integrated into the ecosystem. Value is no longer primarily in the devices, but rather in the data being captured and how that data is applied.

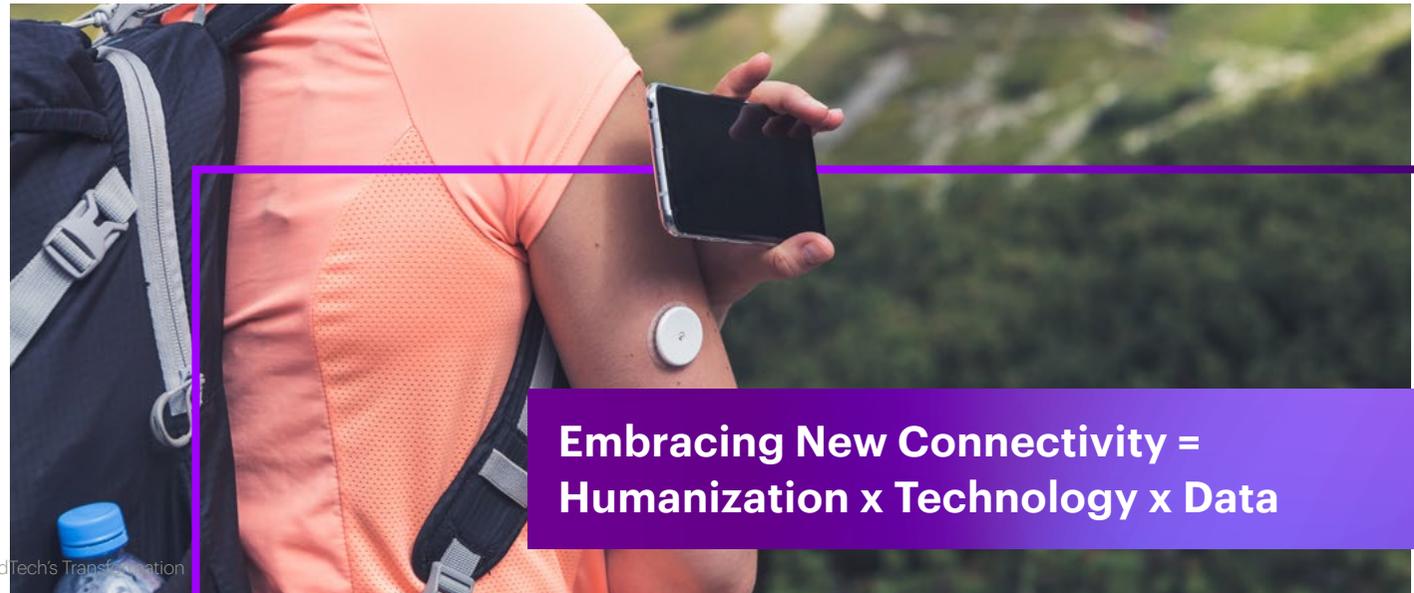
Transforming with Purpose

A care model shift of this magnitude requires new solutions and technology to deliver experiences that are markedly different than the way consumers have interacted with brands and products before. Industry players need to evolve their strategic maps of markets and competitors, embracing the intersection of all three trends to capitalize on the changing landscape.

Connected Medical Devices (CMDs) are a prime example. They make it possible to create dynamic, living solutions that are humanized and adapted to people's context and lifestyle with greater precision and personalization. They also generate patient data and can be connected to a broader health technology ecosystem. These connected solutions create new value in the near term by more easily and securely sharing patient clinical data with doctors or helping patients to make real-time adjustments to their care. There is also a strong foundation for unlocking the potential future value of seamless interoperability, data-led insights, and improved care coordination.

Integrating CMDs with healthcare IT makes it possible to aggregate, analyze and act on data to drive both clinical and operational outcomes. Big data and analytics can unlock insights that help providers deliver more expert and productive care while empowering the patient with greater control and knowledge to self-manage their condition. CMD solutions can stitch together siloed data and allow access to healthcare providers. For example, Zimmer Biomet and Apple are seeking to change the standard of pre- and post-operative care in hip and knee replacements with the "mymobility app" and Apple watch. Early results show similar outcomes to traditional care models with fewer physical therapy visits.³

While technology continues to accelerate the pace of ecosystem change, prioritizing the utilization of data as an asset will unlock additional value capture opportunities. The proliferation of smart health technology holds the promise of a future with integration of digital and physical worlds that can improve the speed and precision of diagnosis, treatment and interventions in real time. Data is the new foundational currency, the revenue generator that will upend business models. A data-driven mindset will identify the insights and actions that redefine R&D and go-to-market strategies. At an operational level, meeting new market expectations means flexible enterprise models that leverage data and analytics to drive productivity and performance.



**Embracing New Connectivity =
Humanization x Technology x Data**

How to Transform

Companies outside of the traditional MedTech landscape are disrupting today's value equation with agile technology and new approaches, threatening the status quo and capitalizing on the demand for improved patient and provider experiences and outcomes.

The global market is shifting to focus on a connected and personalized experience. Both patients and providers are benchmarking expectations against a new set of user-focused market entrants. How do MedTech companies meet today's disruption?

Adopt a Humanized Mindset Reset from Product Design through Commercialization

Redesign how you conduct strategy, innovation, sell and deliver with a digital and non-digital focus that enables customer-centricity at scale. Invest in new, insight-driven talent to facilitate a shift from an engineering-led focus to an experience-led focus to design. Embrace partnerships and M&A to establish both the new capabilities needed and to add new total solution offerings. Focus on customer outcomes. Make smart products that adapt to how customers use them.



Modernize your Technology Landscape

Seventy-seven percent of cross-industry executives believe their technology architecture is very critical or critical to their overall success ([Accenture Tech Vision⁴](#)). Re-platformed legacy applications must be modernized to support the new way of working. Disparate data sets need to be accessible and usable across the organization. Consider capturing technology value through building, buying or partnering. Cloud should be leveraged to quickly drive innovation, scale, and speed. Technology is the backbone of future business growth and operational effectiveness more than ever before.

Capture and Unleash Data Insights

Establish a strong data backbone across your enterprise that allows you to harness data inside and outside your organization. Curated data sets can enable new innovations, personalized marketing and pricing optimization leading to new channels and markets. Data can improve decision making across the entire organization. Above all, design for real human insights—do not divorce the experience design from the data and analytics design. One should inform the other.

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