Putting Your Best Foot Forward for Launch

Positioning Your Product for Success

September 22, 2010
Experience. It’s What Sets Us Apart.

Operating at the intersection of science, technology and business strategy, Health Advances provides clients with innovative solutions based on deep industry insight, analytical rigor and an objective perspective across the medtech market. Our staff of physicians, scientists, engineers and business people have analyzed markets and opportunities for well over 1,000 medtech products in virtually every clinical specialty.

- Product and Market Assessment
- Corporate Business Strategy
- Partnering and Acquisitions
- R&D Portfolio Prioritization
- Pricing and Reimbursement
Why Is Product Positioning Important

Changing Medtech Environment

- Increasing Economic Scrutiny
- Potentially More Difficult Path to Approval
- Increasing Need for Data

Understanding a Product’s Winning Value Proposition and Positioning is Critical
Health Advances surveyed senior executives to identify lessons learned from product launches.

Survey Respondent Roles

Source: Health Advances survey of medtech executives, 2010.
Survey Respondents

The experience of the companies ranged from start-ups to well-established firms with extensive launch experience.

Company Experience at Time of Launch

\[ n = 23 \]

- **1st Product Launch**: 8 respondents
- **2-5 Product Lines Previously Launched**: 7 respondents
- **6-15 Product Lines Previously Launched**: 1 respondent
- **16+ Product Lines Previously Launched**: 7 respondents

Source: Health Advances survey of medtech executives, 2010.
Product Launch Lessons Learned

Overall, companies would have invested more resources on clinical data and value proposition.

What You Would Have Done Differently in Your Product Launch To Be Even More Successful?

- Clinical Data
- Understanding and Articulation of Value Proposition
- Sales Reps
- Understanding of Economics
- Understanding of Decision-Makers and Referral Patterns
- Better Market Analysis, Including Patient Segmentation
- More Marketing Expenditures

Source: Health Advances survey of medtech executives, 2010.
The need to spend more resources on clinical data and the value proposition was even more apparent when comparing successful and unsuccessful launches.

What You Would Have Done Differently in Your Product Launch To Be Even More Successful?

Clinical Data

Companies can fall into the trap of rushing to market without data for market adoption or reimbursement; this is not surprising given the demands of investors.

- Data Required for 510(k) or PMA
- Data Required for Reimbursement Arguments
- Data Required for Adoption
Investing in the proper clinical trials resulted in significant success for Medtronic’s InFUSE product.

Source: Health Advances analysis, company annual filings, FDA PMA filing, company press releases, Datamonitor.
Product Launch Lessons Learned

In addition to clinical data, executives wish they spent more time gaining a greater understanding and improving the messaging of the value proposition.

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### Why is Value Proposition Important?

An incomplete understanding can lead to suboptimal product positioning that may slow adoption and/or decrease revenue.

<table>
<thead>
<tr>
<th>Example Situations</th>
<th>Potential Positioning Implications</th>
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<tbody>
<tr>
<td>A subset of customers see the value</td>
<td>Need clinical effectiveness/outcomes data?</td>
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<td></td>
<td>Greatest value not understood/promoted?</td>
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<tr>
<td>Value proposition varies by department, decision-maker, market segment, etc.</td>
<td>Need to position the product based on the strongest (and potentially different) value proposition for each decision-maker?</td>
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<td>Value is greater for a niche but not a strong enough driver for the total market</td>
<td>Price higher and only focus on the niche market?</td>
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The value proposition is a mix of economic, clinical, safety, and convenience benefits. The key is understanding the strengths of these attributes when positioning a product.

Source: Health Advances analysis.
Clear Examples of Value Proposition

Needle safety and drug eluting stents are extreme examples where the strength of one attribute was so strong that the positioning was obvious.

Example: Needle Safety

Benefits

- Economic
- Clinical
- Safety
- Convenience

Example: Drug Eluting Stents

Benefits

- Economic
- Clinical
- Safety
- Convenience

Source: Health Advances analysis.
Products rarely have one clear benefit. Survey respondents indicated that the benefits of most products were a mix of clinical, safety, and convenience which edged out economics.

What Are the Benefits of This Product?

Average Score, Max=4.0

Source: Health Advances survey of medtech executives, 2010. n=23.
Multiple Benefits

The success of office-based endometrial ablation procedures can be attributed to a combination of clinical, economic, and convenience benefits.

Example: Office-Based Endometrial Ablation

Benefits

Source: Health Advances analysis.
Lasers were initially thought of as the last step prior to surgery after 2-3 lines of drugs had failed for glaucoma patients.
Physicians began to realize that the laser ensured compliance by decreasing the burden of multiple eye drops per day, and moved the procedure earlier in the treatment paradigm.

Source: Health Advances interviews and analysis.
Lumenis began advertising “assured compliance” as a strong value proposition to use the laser earlier in treatment paradigm.

- Compliance for those patients that found drug regimens burdensome
- At that time, it was less expensive for CMS patients to have a procedure than the cost of drug therapy
In the end, the positioning was convenience to the patient with a potential economic benefit (to patients and physicians), rather than a purely clinical benefit.

Example: Glaucoma Lasers

**Benefits**

- **Economic**
- **Clinical**
- **Safety**
- **Convenience**

**Strength**

Weaker

Stronger

Source: Health Advances analysis.
Lessons Learned: Exubera®

Exubera was predicted to overtake the insulin market with the convenience of reducing injections. However, avoiding injections was not as strong a value especially given the cumbersome device.

- Positioned as “needle-free” insulin delivery

- **But** the bulky non-discreet device was not convenient
- Additional lung function tests were required

Source: Health Advances’ interviews and analysis.
Complex Value Propositions with Multiple Decision-Makers

Within a hospital value proposition and positioning is further complicated by multiple decision-makers with differing views of a product’s value.

Source: Health Advances analysis.
The value proposition and positioning may vary by type of decision-maker, and the degree of influence within a decision-maker segment may vary by subspecialty.

- CT Surgeon
- Neurosurgeon
- Transplant surgeon
- Oncologic surgeon
- Urologist
- Orthopedic surgeon
- General surgeon

- CRNA
- ICU nurse
- Oncology nurse
- PACU nurse

Note: Illustrative.
For each decision maker a Value Map is created to understand how the positioning varies.

Note: Illustrative.
Value Mapping demonstrates that infection control has significant influence over the decision for this product and the value proposition focuses on safety and clinical.

Value Mapping: Understanding the Value Proposition by Influencer

Source: Health Advances analysis.
Example: Power PICC’s Varying Value Proposition

Most decision-makers viewed power PICCs as a moderate benefit at a significant price premium; the strength of the nurses’ convenience benefit facilitated fast sales growth.

Perspective of Non-Access Nurse Decision-Makers

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Access Nurse Perspective

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Source: Health Advances analysis.
The value and positioning of Pyxis systems (automated medication storage cabinets) shifted over time to adapt to the evolving healthcare environment.

Source: Health Advances analysis.
Summary Recommendations

- Identify (early in development) a Product’s data needs and how they differ
  - FDA
  - Reimbursement
  - Clinical adoption (may be linked to reimbursement)

- Understand the Product’s Value Map
  - Identify the most compelling attributes and the impact on product positioning
  - Understand how the attributes vary by decision-maker
  - Understand which decision-makers are most influential

- Confirm that the clinical trial data and the value proposition supports each other (e.g. if the value is saving time, collect time savings data)

- During the course of the Product’s lifecycle, identify the need to transition the positioning as the product matures and market dynamics evolve
Thank You

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