



## MARKET ANALYSIS LEADS TO RISK-MITIGATING STRATEGY FOR MEDTECH STARTUP

### CHALLENGE

A startup company with a potentially game-changing treatment for migraines sought to reinforce strong enterprise value for fundraising of a potential strategic exit.

Based on the startup's initial research, the leadership team believed a vast U.S. market existed for the technology, and planned to target the 11 million Americans who suffered five-plus migraines per month. The company assumed strong demand existed for the device, because it prevented and treated acute migraines successfully with no side effects, unlike the known harsh systemic side effects of prescription drugs. The management team hoped to validate their conclusions through comprehensive market analysis.

At the time, only two viable migraine treatment options were available: prescription drugs and Botox injections. These existing treatments could only prevent or treat migraines, not both. While the new therapy could treat both and help people avoid severe side effects, it required significant patient behavior change to use. Plus, no test or indication existed to match patient segments with best-case remedies.

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### RESULTS

Armed with a realistic, critical understanding of the therapy's market potential, the startup's leadership team revised its adoption model and acquisition landscape to keep pace, as well as to maximize their return on investment and mitigate further risk.

### SOLUTION

After assessing exclusion factors—including severity, compliance, and income—the potential target audience was reduced to 8.5 million. As tested, the device helped fewer patients overall than prescription drugs did and, while many patients complained about side effects associated with drugs, this alone did not necessarily compel them to seek new options. In addition, the ongoing out-of-pocket costs represented a key barrier to retaining patients long-term. In fact, market adoption would be slower than the startup originally anticipated.

In other words, research proved the new device had strong market potential, but that the potential was considerably less than the company anticipated based on limited initial studies. As a result, Navigant recommended more comprehensive research be conducted to validate findings for the new therapy and to provide guidance to physicians and patients on best-use case scenarios.



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