



NAVIGANT INSIGHTS REVEAL \$500M MARKET OPPORTUNITY FOR MEDTECH PROVIDER

CHALLENGE

A major business unit of a global durable medical equipment company had developed a technology to treat chronic pulmonary conditions associated with a progressive genetic disorder. For several years, the product — and its leading competitors — helped manage the symptoms and improve the quality of life for these patients. Patients using the technology experienced reduced frequency of complications of their disease, and, importantly, required fewer emergency services and hospitalizations. For patients with advanced stages of this genetic disorder, the therapy had wide acceptance as a standard of care.

Now, as that market appeared to be reaching its plateau, competitors were successfully gaining traction among patients struggling with similar symptoms as a result of a different chronic pulmonary disease. The company also marketed its technology for this indication but amassed fewer sales, and was losing share across the durable technology market as a whole.

At a strategic crossroads, the business unit leadership team enlisted Navigant to help determine the best path forward. Navigant conducted a strategic market assessment to uncover:

- The true market opportunities in the chronic pulmonary disease.
- Potential obstacles to overcome to achieve growth and market penetration.
- The strategies that provided the best return on investment.

The results of Navigant's analysis answered all these questions and revealed an under-penetrated market opportunity worth hundreds of millions of dollars.

SOLUTION

First, Navigant calculated the market size of the specific chronic pulmonary disease. Using the comprehensive body of available research, including an in-depth analysis of large healthcare claims data sets, Navigant found a much larger market opportunity than the business unit leadership had originally estimated. In fact:

- Of the 16 million Americans with chronic pulmonary disease, 600,000 were diagnosed with the specific form of the disease.
- About four million undiagnosed people also likely had the specific disease form.
- Thanks to increased availability of advanced disease screening tools, the recent rapid growth in the diagnosed population would continue.

However, despite these positive findings, no clinical evidence existed to compel physicians to recommend the durable technology as a therapy. Plus, the devices cost many times more than standard medications and low-cost portable-device remedies.

Compliance created another critical barrier to overcome. To benefit from the device, patients needed to use it twice daily for the duration of therapy, which could be years. For some patients, especially those still active in jobs and raising families, this proved to be a prohibitive burden. Likewise, patients too frail to find comfort using the device would struggle to be compliant. Stratifying for all these factors, Navigant pinpointed the ideal patient pool, which was composed of people age 65-80 who had sufficient levels of impairment and the desire for a more active lifestyle. And, interestingly, less than a quarter of these "perfect patients" were receiving the therapy. Thus, significant room for growth existed in this segment. Yet again, physicians would need proof of efficacy.

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Without evidence, the company would be hard-pressed to gain traction in this market. In fact, none of the durable technology competitors had conducted sufficient defensible research to prove and validate the clinical and/or economic benefit of their devices. This provided the company with an opportunity to take the lead.

If the company invested in clinical studies to validate that the technology improved patient outcomes, and substantially reduced costs associated with emergency care and hospitalizations, then physicians would be compelled to adopt the technology. Furthermore, evidence of an effective treatment for the disease also would drive physicians to screen and diagnose patients for the specific form of the pulmonary disease. As a result, a significant market opportunity would be unlocked.

While the team saw value in unlocking the opportunity, they were reluctant to invest independently in clinical trials that would effectively benefit all durable device providers. Instead, they considered investing in product design research with an aim to drive preference for their product over competitors'.

Navigant calculated the cost-benefit ratio for these various investment strategies and found the most significant opportunity rested with the clinical studies. Even if this scenario "raised all ships," the company's current market share would be so much more valuable and the investment would pay for itself multifold. Indeed, investing \$6.6 million over 10 years to generate clinical evidence and address other barriers to technology adoption was expected to more than double the achievable industry market to nearly \$500 million by 2029 — and exponentially increase the company's revenue potential. Importantly, a focus on clinical evidence generated a greater return on investment than the product design research strategy and other strategies.

RESULTS

The business leadership team weighed the potential strategies. And, while they did not like the idea of inadvertently helping competitors, they came to understand the inherent and significant value of investing in the clinical trials. They also understood that by leading the research efforts the company would elevate their brand over others, even as it "raised all ships."

With new confidence in their market understanding and a defensible rationale for prioritizing specific tangible growth opportunities, the team aligned to pursue funding from senior management for clinical studies to prove the durable device's clinical and economic efficacy.

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