
If we know so much, why does med-tech fail so often?



By: Ross Meisner, Managing Partner

From academia through industry, the med-tech world is made up of incredibly intelligent, hard-working people. We're definitely a population of high achievers—and our innovations tend to be backed by willing investors.

Why, then, do so many of our new med-tech products fail to prosper?

Roughly half of all new med-tech products fail despite seasoned leadership and adequate funding. Even worse, nearly nine of 10 don't generate a significant positive return on investment.

Usually, it comes down to one of four basic reasons:

1. The product is simply a bad idea (poor value proposition). Apologies, but it does happen to even the most inventive people.
2. The product is strong, but there's no real market for it (despite our hopes and physician anecdotes).
3. The product and market are both strong, but the company has the wrong strategy and misses the opportunity.
4. The product, market, and strategy are all strong, but the company simply fails to execute well.

Sophisticated investors can usually smell the first reason during a startup's early stages, and the last reason is why boards put experienced teams in place. But, the failures around the market and the growth strategy are most challenging, and, therefore, logically warrant the most analysis and scrutiny.

Yet, how often have you seen a company push forward using market assumptions based only on a single data point or some vaguely promising study result?

Historically, industry has not invested the time and resources required to get an accurate picture of where a new technology fits into the current treatment landscapes. This process is difficult, and frankly may uncover bad news—but how much better to discover that bad news early?

The good news is, while you cannot make a bad idea good and you cannot magically create a nonexistent market—you can successfully launch a ground-breaking invention to fill a market need, if you can be confident you know the real market landscape and have the right plan to succeed in it. It's a matter of doing ruthlessly objective, data-driven due diligence to understand your true market potential and how best to harness it.

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