INSIDE THE DECISION TO BUY

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EXECUTIVE SUMMARY

This report outlines six key issues that medical device manufacturers face today:

1. Procurement staff needs to be in the loop early as part of the education and selling process.
2. Hospital buyers are interested in products and solutions that can help to transform the patient experience.
3. Hospital buyers expect detailed data and proof of performance for every potential purchase.
4. Sellers need to have a clear narrative for their solution and be ready to present a business case for their product.
5. Vendor truth and transparency are a must. No surprises!
6. Pricing must be competitive (we're checking on you!).

INTRODUCTION

Today's healthcare organizations can sometimes feel like an impenetrable wall to medical device manufacturers trying to get their foot in the door.

Multiple people are involved in the buying process, each with unique needs, priorities and agendas. To make matters worse, medical device manufacturers don't have as much in-person access to doctors and clinicians as they did before the global pandemic.

Large, multi-line medical device manufacturers understand the value of having salespeople simultaneously build relationships with doctors, clinicians and procurement managers and participating in supplier advisory councils. Small- to medium-sized manufacturers don't have this luxury. They must be more inventive in gaining the attention of key decision-makers and influencers to win support for their devices.

Because they don't have as many resources as large manufacturers, smaller medical device manufacturers must rely on strategic marketing to do the heavy lifting of prospect education and nurturing.

6 KEY ISSUES FACING MEDICAL DEVICE MANUFACTURERS

ABOUT THIS REPORT

The goal of this report is to give you a closer look at what hospital decision-makers really think about when making buying decisions. It's based on first-person interviews with hospital professionals. They gave us insights into their key needs, how they prefer to be communicated with and the outside organizations they use to vet suppliers and devices. This report summarizes what we learned.

Our goal is to help you build trust and win more business in this complex selling environment.

Our findings are presented in the form of six key issues that medical device manufacturers face today:

1. Procurement staff needs to be in the loop early as part of the education and selling process.
2. Hospital buyers are interested in products and solutions that can help to transform the patient experience.
3. Hospital buyers expect detailed data and proof of performance for every potential purchase.
4. Sellers need to have a clear narrative for their solution.
5. Vendor truth and transparency are a must. No surprises!
6. Pricing must be competitive. (we're checking on you!)

1. PROCUREMENT STAFF NEEDS TO BE IN THE LOOP AS EARLY AS POSSIBLE AS PART OF THE EDUCATION AND SELLING PROCESS

Some medical device OEMs don't start educating everyone in the decision-making chain about their new device early enough. They tend to start with doctors and clinicians but may neglect to let the procurement team know that these early sales conversations are taking place.

Purchasing managers told us they often don't have enough time to understand the benefits of a new device or technology by the time it reaches their desk. If they don't adequately understand it or the benefits it could provide to the hospital, chances are that they won't promote it to the hospital's senior management team.

> **"If you're investing time talking to our doctors, keep us in the loop. Be transparent with us. Let us know what you're talking to them about and its potential benefits. That's a solid strategy for vendor sales and marketing teams."**
>
> Contract Portfolio Manager, major hospital system

> **"If you're a smaller manufacturer who isn't on our radar, you're probably not going to get an audience with someone from a major health system. Your best bet is to start with a smaller hospital or health system. They may be more willing to take it on, which will enable you to collect the data you need to show proof of performance."**
>
> Director of Purchasing, major healthcare system

2. HOSPITAL BUYERS ARE INTERESTEDIN TRANSFORMATIONAL PRODUCTS

Procurement people are responsible for a huge number of line items needed to run a modern hospital. Naturally, they're most interested in learning about products that can make a major impact on surgical outcomes, patient recovery times or help the hospital reduce costs.

Vendors may claim that their device or technology is a game-changer. But hospital personnel must be pragmatic in the sourcing decisions they make, especially when there are lives on the line. They need detailed evidence and proof of performance to substantiate vendor claims.

> **"How much of an improvement in in-patient care does this new device provide? Is it really transformational or is it just the next progression? What's the value component that it brings?"**
>
> Executive Director of Business Operations,
> Perioperative and Emergency Department, major hospital system

3. HOSPITAL BUYERS WANT DATA AND PROOF OF PERFORMANCE

Clinicians, doctors and procurement managers are approached by many salespeople, touting the benefits of their newest solution. But hospital personnel always need to see detailed data and research that back up the manufacturers' claims. They work in a highly regulated environment where the risk of a device not working properly could be life or death.

> **"It's OK to say that something is better for patients. But we need to see the data to back it up. What, specifically, is better for the patient? Do they have better pain reduction? Do they not need as much medication? Can they be released from the hospital sooner? Don't give me malarky. Show me the numbers!"**
>
> Director of Purchasing, major healthcare system

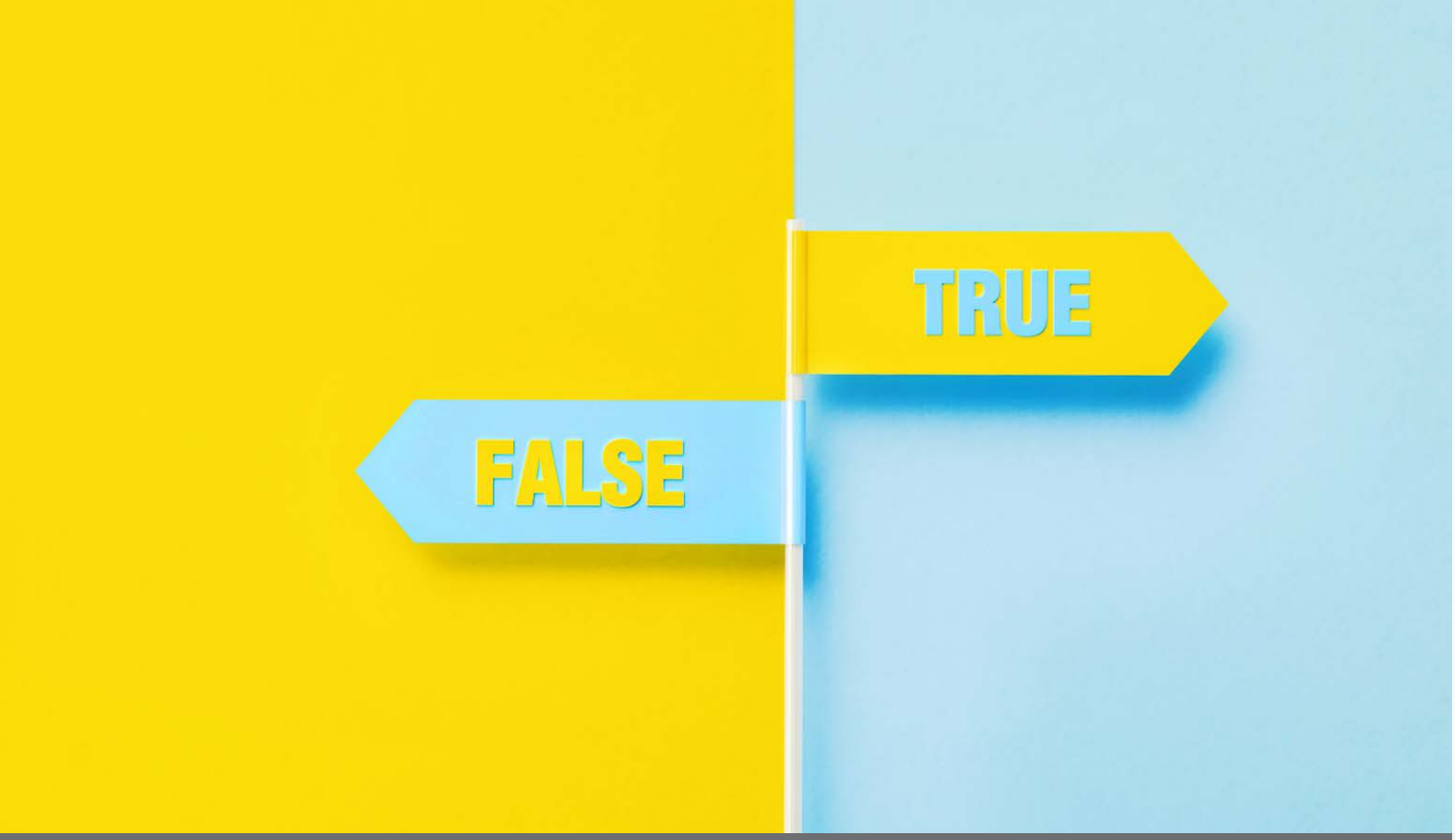
4. SELLERS HAVE TO HAVE A CLEAR NARRATIVE

Medical device manufacturers need to show a decent depth of knowledge about their technology, the hospital system they're trying to sell into, the workflow their device would be a part of and how their solution will improve it.

Vendors must present not only an analysis of the initial investment in their technology but also any secondary costs (for training, support after the warranty has ended, consumables, etc.). What is the total cost of ownership of the device?

> **"They need to have a well-drafted narrative before they come to me. Otherwise, if I can't support it, I'm not bringing it forward (to my hospital's leadership team)."**
>
> Executive Director of Business Operations,
> Perioperative and Emergency Department, major hospital system

> **"Line items outside of the cost of the equipment, such as infrastructure (to support the installation of a piece of equipment), consumables, training and service can add significantly to our costs over time. We need to clearly understand and budget for these expenses before we invest in a piece of equipment."**
>
> Senior Clinical Engineer, major hospital system



5. VENDOR TRUTH AND TRANSPARENCY ARE A MUST

Medical device salespeople need to be honest and accurate in describing what their solutions can and cannot do. This approach is a must to build trust. Every procurement manager has at least one horror story where a vendor overpromised and underdelivered once their solution was implemented.

To guard against this, some hospitals use risk share agreements. If a vendor's premium-priced equipment doesn't deliver the promised improvement, the hospital gets a rebate on the added cost of the new solution.

> **"I've been doing this for a very long time. I can easily sniff out when something doesn't seem right. If I get a sense that you're not being forthright, that's going to weigh heavily on my decision. There are companies that I don't like to deal with because of their lack of transparency. I like working with vendors who understand what our workflow is. They're not afraid to point out that 'this is an issue we need to work on' or 'here's an obstacle we may need to overcome.' In other words, we appreciate the salespeople who are advocating for us and not just trying to get the sale."**
>
> Senior Clinical Engineer, major hospital system

6. PRICING MUST BE COMPETITIVE (WE'RE CHECKING ON YOU!)

The pricing of medical devices and other solutions needs to be fair and logical. Most hospitals belong to benchmarking services like ECRI, which provides technology decision support and other services to help hospitals make better-informed technology investments.

ECRI conducts rigorous hands-on testing and evaluation of devices and provides this data to hospitals. It also gathers data on device safety alerts and recalls, and surveys healthcare workers who use, service and maintain this equipment to determine their opinions and preferences.

Most hospital chains also use group purchasing organizations (GPOs). They aggregate purchasing volume
and use that leverage to negotiate discounts with manufacturers and other vendors. Examples include Vivian and Campus.

Procurement managers said that medical device manufacturers should get pre-qualified on these networks. Their endorsements will help to open doors to having sales conversations with hospitals. Doing so is the healthcare equivalent of the Good Housekeeping Seal of Approval.

> **"These services help us to see what options are available and which are preferred by clinicians. They help us make better sourcing decisions for the medical technology we need."**
>
> Contract Portfolio Manager, major hospital system

> **“It’s hard for vendors to get on a GPO. But once they are, it opens a lot of doors because it pre-qualifies them, especially from a legal standpoint.”**
>
> Contract Portfolio Manager, major hospital system

CONCLUSION

Hospital doctors, clinicians and procurement managers are very busy people. They have many responsibilities and are often short-staffed. It's hard to get their attention. But they respect medical device manufacturers that do a good job of educating them, provide ample data to support their performance claims and have the hospital's best interests at heart.

Procurement people don't mind if medical device salespeople talk to doctors and clinicians about their solutions but appreciate being kept in the loop during these conversations. When doctors, clinicians, procurement professionals and prospective vendors work together, that generally leads to better outcomes for all of the parties involved.

Above all, medical device manufacturers need to be realistic. In other words, a new device from a small vendor is unlikely to be considered by a major healthcare organization. These large hospital chains would prefer to see a new technology be tested and proven in several smaller facilities before they're willing to invest the time to consider it.

There are always exceptions, of course, but it sounds like a product has to be transformational to be adopted quickly by larger healthcare organizations. One example shared with us was a system of sensors that attaches to tools, gauze and other objects so surgical teams can tell if any of them are left in the body cavity at the end of a procedure.

They told us that most medical device manufacturers will obtain the best results by following a more deliberate process of starting with smaller hospitals, gathering proof of performance data along the way and working their way up to larger healthcare organizations.

WATCH FOR ADDITIONAL INSIGHTS IN THE FUTURE FROM CULTIVATE THAT WILL HELP YOU BREAK THROUGH THE COMPLEXITY OF SELLING MEDICAL DEVICES.
Can't wait? Contact us directly at **bob@cultivate-communications.com** to discuss your needs.

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