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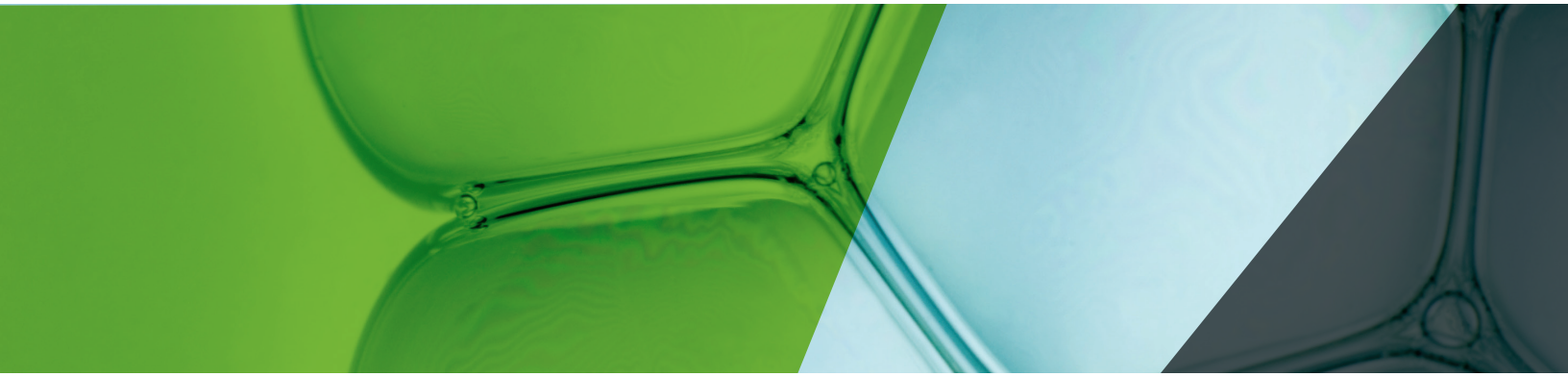

NAVIGANT ANALYSIS STEERS MEDTECH MULTINATIONAL'S DECISION ON ACQUISITION INVESTMENT WORTH HUNDREDS OF MILLIONS

CHALLENGE

With high hopes, a multinational medical device company leadership team came to Navigant Consulting, Inc. to examine the value of a potential acquisition. The opportunity appeared to be the long-awaited key to unlock a sizable market for a minimally invasive therapy to prevent a common condition.

The product in question was an adjunctive device for a minimally invasive vascular procedure. Unlike other similar solutions that had come to market and stalled, this one seemed to address the major barriers that historically had prevented widespread adoption of this procedure.

Specifically, it showed the best clinical outcomes to date, had obtained incremental reimbursement, and targeted the surgeons who traditionally performed the current standard care practice.

But would the device unlock access to a large untapped market? Was it worth, say, $500 million? The multinational's leadership team wanted data-driven, fact-based answers before making a decision.

SOLUTION

Using a proprietary strategic market-assessment process to research and analyze the product's market size, value proposition, and barriers to adoption, Navigant uncovered several critical insights that informed and prompted the final decision.

First, to gain broad adoption, the new solution must be proven to deliver better outcomes than the current standard of care. While this new technology showed the best outcomes to date, further scrutiny revealed the published studies were single-arm only, and thus were not conclusive or scientifically comparative to randomized studies.

This prompted Navigant to build a model to pressure-test whether the new product would be superior when randomized to the surgical standard of care, and, if so, whether it warranted an investment to carry out such trials. The short answers: no and no. Analysis revealed the enrollment size necessary for this new product to show clinical superiority in a randomized setting would be prohibitively large. That's because the current surgical standard of care already achieved such positive outcomes that the incremental benefit provided by this new technology would be statistically invisible in a reasonably sized trial.

Second, to evaluate whether the improvements in reimbursement, or targeting of surgical specialties would spur adoption, Navigant integrated four national databases to provide a comprehensive assessment of target hospitals, specialty physicians, and the distribution of patients within this market.

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About Navigant

Navigant Consulting, Inc. (NYSE: NCI) is a specialized, global professional services firm that helps clients take control of their future. Navigant's professionals apply deep industry knowledge, substantive technical expertise, and an enterprising approach to help clients build, manage, and/or protect their business interests. With a focus on markets and clients facing transformational change and significant regulatory or legal pressures, the firm primarily serves clients in the healthcare, energy, and financial services industries. Across a range of advisory, consulting, outsourcing, and technology/analytics services, Navigant's practitioners bring sharp insight that pinpoints opportunities and delivers powerful results. More information about Navigant can be found at navigant.com.

This analysis illustrated that of the 2,000 hospitals where patients receive these types of interventions, only 18% met the eligibility criteria for incremental reimbursement. For the rest, neither a strong enough clinical nor financial benefit existed to compel them to adopt the technology.

Third, despite there being 7,000 treating physicians today, only 30% of target patients were with currently eligible surgeons. As a result, most surgeons would not only need a motivation to change their techniques, they also would need training to provide the new therapy. In other words, without a clear clinical, practice, or economic benefit, the multinational company would be hard-pressed to convince hospitals or surgeons to adopt the new technology.

Finally, Navigant performed a comprehensive evaluation of historical and emerging trends to assess the potential growth trajectory of the overall market. Industry research revealed there was an ongoing randomized trial to assess the benefit of a new class of drug therapies. These had emerged several years earlier and could treat the same target patient population as the surgical options. Analysis of available data suggested that nearly 60% of patients receiving surgical interventions today would derive nearly equivalent outcomes from these new drugs. As a result, the market denominator for this new product, which had already started to decline in recent years, would dramatically decline following the publication of this drug trial in 2-3 years.

RESULT

While at face value this new technology seemed like an attractive acquisition opportunity serving a large patient population, none of the solutions offered by this new product held up to the scrutiny of objective, rigorous market analysis. As such, Navigant concluded the acquisition's true value was likely much less than the price being asked. In the end, the company chose to pass on the technology.

Undergoing this intense six-week assessment gave the multinational company leadership team critical new insight. In the end, they avoided making a several-hundred-million-dollar investment in a high-risk market, with a technology that was unlikely to achieve expectations, despite having early-stage revenue and significant venture capital funding.

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