

Guidehouse Helps Medtech Startup Navigate a Complex Market, Leading to Substantial Acquisition



Life Sciences

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Challenge

Armed with five years of safety and efficacy data, a startup with an innovative minimally invasive treatment option for a chronic lower back pain was in the early stages of preparing for commercialization.

Historically, these patients were offered conservative therapy and/or invasive surgery. Conservative applications, such as injections, only provided temporary symptom relief, while surgery was a poor option for patients with multiple comorbidities at high risk for perioperative complications. Furthermore, many patients were prescribed opioids — now under intense scrutiny in the U.S. — to alleviate pain associated with the condition, which bolstered the startup's option as a beneficial alternative. In clinical studies, the innovative design achieved over 70% reduction in symptoms and 90% patient satisfaction.

However, the startup's main competitor had just discontinued its rival product due to worse-than-expected clinical outcomes and low market adoption.

Before investing significant resources, the startup leadership team knew it needed to better understand the market dynamics in order to drive sustainable market penetration and growth. The team enlisted Guidehouse, to perform a strategic market assessment to:

- Understand the true market opportunity.
- Effectively identify patients most likely to benefit from the therapy.
- Evolve treatment pathways, so patients would be reached at the right time with the new therapy option.

Solution

Guidehouse used its proprietary methodology and tools to define the long-term commercial opportunity. The strategic assessment also characterized the market development plan, investments, and timeline necessary to achieve rapid, broad adoption, as well as a pathway to standard of care. In the process, Guidehouse: 1) analyzed more than 100 pieces of clinical literature, industry data, and healthcare claims to create a uniform view of the market opportunity; 2) defined the type and magnitude of key market barriers, including the potential value proposition against standard of care; and 3) created scenario-based forecasts to define the impact and ROI of targeted market development investments over a five- to 10-year timeline.

Strategic Market Assessment Insights

After conducting rigorous research and analysis to divide the patient pool into segments to understand precisely who would benefit most from the minimally invasive technology, Guidehouse determined the technology's most

compelling value proposition rested in cases where patients experienced high levels of pain or discomfort, got poor results from conservative care, and/or were high-risk surgical candidates. The technology offered these approximately 1.8 million patients a superior value proposition in terms of quality of life or perioperative complication risk than the standards of care did.

In addition, Guidehouse outlined the dynamic flow of indicated patients through the healthcare system, including referral patterns, types of care received, and cost on an annual basis. To do so, the team conducted a longitudinal patient cohort analysis of healthcare claims databases. Using thousands of patient records from public and commercial claims, the team quantified the dynamic patient flow across providers, and characterized the healthcare utilization within the target condition. The patient journey analysis revealed several promising findings:

- Eighty percent of chronic and diagnosed patients took up to three years to reach a potential physician “technology decision-maker,” including both interventional pain physicians and orthopedic surgeons.
- The entire prevalence pool cycled through the system on a year-to-year basis. Approximately 70% of patients who visited an interventional pain physician or orthopedic surgeon were “new” patients each year, with patients visiting other provider specialties in subsequent years.

In other words, the majority of suitable patients were floating through clinical practices every year, while continuing to seek relief. From a market development perspective, immediate strategies would therefore need to focus on building a clinical screening “net” to appropriately catch and flag potential candidates already flowing through the system.

Results

The strategic market assessment and patient-journey analysis demonstrated several powerful drivers for the startup’s technology. These included a large and accessible prevalence, a compelling value proposition in 75% of indicated patients, and a well-defined flow of patients to potential technology users and decision-makers.

However, several key barriers also existed related to the management of the condition and patient identification. First, more defensible clinical research was needed to prove the technology’s clinical and economic value for key patient groups. Second, a patient selection and care algorithm needed to be built to guide physicians on identifying and treating eligible patients who already existed within their practices.

In the end, the startup’s leadership team could clearly see several strategic options and approaches they or a strategic acquirer could take to achieve broad adoption — along with the investments, strategies, and timelines required to do so.

Impact

As a result of Guidehouse’s analysis, the startup’s leadership team knew with near certainty the immediately addressable market opportunity, potential for indication expansion, the size and value proposition of sub-segmented patient groups within the total indication for use, and where to deploy their sales force for maximum impact and growth. Furthermore, the team could now articulate a defensible and data-driven realizable view of the market to investors and potential acquirers.

“It’s one of the best investments we ever made as a company. Guidehouse gave us critical insights into the disease that no one had ever studied. That foundation helped us understand more clearly the opportunity before us, as well as how to seize it,” the startup’s CEO said.

The startup exceeded expectations for market penetration and revenue-generation each quarter, and secured a highly successful exit for investors, the leadership team, employees, the acquiring company, and the many patients who are benefiting from this breakthrough therapy.



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About Guidehouse

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