

## Are Med-Tech Companies Walking the Global Tightrope?

### Axendia Research Reveals the Risks and Rewards of Med-Tech Globalization

Yardley, PA, June 20, 2012 – The globalization of design, sourcing, manufacturing, and sales of Medical Technology (Med-Tech) has created opportunities and challenges for the entire ecosystem. As Med-Tech Executives embrace this trend, they need to balance the risks and rewards of globalization.

These are the key findings from a major research survey of 125 Med-Tech Industry Executives representing 89 different companies across 16 countries released today by industry analyst and strategic advisory firm Axendia, Inc. The report is titled: “[Walking the Global Tightrope: Balancing the Risks and Rewards of Med-Tech Globalization](#).”

Industry Executives report that they must contend with three primary macro trends:

- ▲ Managing sustainable global growth
- ▲ Complying with tightening global regulatory environments
- ▲ Supporting changing healthcare delivery models globally

“Nine out of 10 Med-Tech Executives expect very strong growth in the next three years. In this context, Emerging economies represent burgeoning marketplaces, with increased sales rates over those in Developed markets,” said Daniel R. Matlis, President of Axendia. “While Med-Tech companies are poised to capitalize on these opportunities, global expansion has Industry Executives on alert. Nearly 7 out of 10 Executives reported moderate to high risk based on their level of visibility into critical suppliers,” he added.

The research revealed that Industry leaders are most worried about 3 issues:

- ▲ The increasing complexity and cost of compliance in a global regulatory requirements
- ▲ The ability to ensure the quality of finished products and raw materials around the globe
- ▲ The challenge of maintaining consistent standards across an extended network of internal and external sites

Axendia’s survey of 125 Med-Tech Executives around the globe found that:

- ▲ 88% expect increased sales in Emerging markets
- ▲ 69% expect increased sales in Developed markets
- ▲ 65% see the global regulatory environment as the top business threat over the next 3 years
- ▲ 72% are globalizing to improve the rate of product innovation
- ▲ 59% worry about maintaining consistent quality standards across internal & external sites
- ▲ 68% perceive moderate to high risk based on their current visibility into critical suppliers.
- ▲ 90% would like access to real time data and on-demand data from Critical Suppliers, Contract Manufacturers and other Tier 1 Suppliers
- ▲ The top two reasons Med-Tech companies are focused on globalization are:
  - ▲ Supporting emerging markets with locally produced products (64%)
  - ▲ Improving the rate of innovation (63%)
- ▲ The following globalization and outsourcing issues “**keep Executives up at night**”
  - ▲ The quality of products, raw materials or services provided (60%)
  - ▲ The ability to maintain consistent quality standards across internal and external sites (59%)

To mitigate globalization growing pains and attain sustained benefits, the Med-Tech ecosystem, according to Axendia, will need to implement new strategies, processes, and technologies to proactively manage risk across the life-cycle of Med-Tech Products in a global and outsourced environment.

These include the implementation of:

- ▲ Holistic control over governance, risk management, and compliance practices
- ▲ Enhanced visibility across the Med-Tech ecosystem
- ▲ Improved collaboration with all constituents in the ecosystem

#### **Methodology:**

Axendia surveyed 125 individuals from 89 different companies from 16 countries. The research was guided by insight from a 12-member Executive Advisory Council. Seventy nine percent (79%) of respondents were decision makers with a title of Manager, Director or Senior Executive. Respondents' companies provide a variety of products and services in the Medical Technology ecosystem. Over one third of respondents represent large organizations with annual revenues exceeding \$1 billion with another third representing midsize Med-Tech companies. The remaining respondents represent organizations with revenues below \$25 million.

This study was co-sponsored by leading companies active in the Medical Technology sector. They are (in alphabetical order): Camstar Systems Inc. ([www.camstar.com](http://www.camstar.com)), iGATE ([www.igate.com](http://www.igate.com)), and PwC ([www.pwc.com](http://www.pwc.com)). These companies supported this research to increase the understanding of processes and systems that enable global visibility and transparency across the Life Sciences value chain.

Axendia retained full editorial control during the execution, analysis, and compilation of this report.

#### **NOTE TO EDITORS**

Detailed findings from this research study as well as charts and graphs of key findings, will be available for your use with proper attribution in a report entitled, "Walking the Global Tightrope: Balancing the Risks and Rewards of Med-Tech Globalization."

For additional information or to schedule an interview or briefing with the study's lead researchers, please contact Lisa George via email at [lgeorge@axendia.com](mailto:lgeorge@axendia.com) or by phone at +1 (267) 392-2009

To request a copy of this report, please visit [www.axendia.com/Med-Tech-Report.html](http://www.axendia.com/Med-Tech-Report.html)

#### **About Axendia, Inc.**

Axendia, Inc. is a leading analyst, and strategic advisory firm focused on the Life-Sciences, and Healthcare markets. We provide trusted advice to Industry Executives on Business, Regulatory, and Technology issues. Axendia professionals offer a unique combination of deep hands-on industry experience coupled with strategic vision. Axendia serves the complete ecosystem including Life-Science, and Healthcare Organizations, Technology & Service Providers, and the Investment community.

Our clients range from startups to Fortune 100. We contribute to our client's success by providing long-range visibility, and helping them navigate the increasingly complex landscape in the Life-Sciences, and Healthcare markets. For more information, visit [www.axendia.com](http://www.axendia.com) or contact us at [info@axendia.com](mailto:info@axendia.com).

For more information, visit [www.axendia.com](http://www.axendia.com) or contact us at [info@axendia.com](mailto:info@axendia.com), read Axendia's blog: *Life-Science Panorama* at <http://LSP.axendia.com> or follow us on [twitter.com/axendia](https://twitter.com/axendia) or [facebook.com/axendia](https://facebook.com/axendia)

Contact information:

Lisa George  
+1 (267) 392-2009  
[lgeorge@axendia.com](mailto:lgeorge@axendia.com)