



3S Uses HPIS Market Intelligence™ to Help Healthcare Supplier Gain U.S. Market Entry

3S, a Pennsylvania-based professional services firm specializing in the development and implementation of market strategies for healthcare suppliers was approached by an international medical products manufacturer that had been trying, without success, to enter the U.S. market. By incorporating market intelligence from HPIS into the analysis process, 3S was able to develop a comprehensive picture of the U.S. market applicable to their client's product portfolio, therefore helping to gain a better understanding of the market's critical success factors. Armed with this knowledge, the client was then able to successfully demonstrate to potential marketing partners that it was capable of, and willing to, mitigate the risks often associated with the licensing of new products. Ultimately, the information derived through HPIS Market Intelligence proved pivotal in enabling the client to successfully consummate a partnership agreement and subsequently begin generating revenue from this partnership.

CASE STUDY SNAPSHOT

Challenges:

- **Improve and maintain profitability**
An international medical products manufacturer had worked for four years without success to find a partner that could help it gain entry to the U.S. market.
- **Gaining Insight into Market Dynamics**
The manufacturer needed to develop a better understanding of the U.S. market, its dynamics and critical success factors.
- **Demonstrating a Willingness to Mitigate Risk Factors**
The manufacturer needed to convince potential partners that it was capable of, and willing to, mitigate the risks of launching new products into the market.

Solution:

- **HPIS Market Intelligence**
Accurate, up-to-date market information helped map out a partnership strategy.

Broadening Market Presence

For any manufacturer, breaking into the highly competitive U.S. medical products marketplace can be a daunting task. "For overseas manufacturers with limited U.S. market experience, the task can be especially challenging," explained Stephen M. Cea, president of 3S, a Pennsylvania-based professional services firm specializing in the development and implementation of market strategies for manufacturers of wound care, skin care and related medical products. Cea speaks from experience. 3S was retained by an international medical products manufacturer that had been trying, without success, to enter the U.S. market. For four years the company had tried to secure a U.S.-based sales and marketing partner that could aid in bringing its products to market. Company executives spoke with more than 20 companies in the process, but unfortunately it was unsuccessful in securing a partnership agreement.

"The first step was to contact a number of the companies initially targeted by our client," explained Cea. "We learned that the resistance experienced by our client was not due to a lack of desire or ability to invest in a potential partnership, rather it was the fact that our client had done little to mitigate the risks associated with a potential deal. The potential partners shared a common misperception that they would have to shoulder most, if not all, of the risks associated with the launch of our client's product line."

In particular, 3S's client needed a validated market entry strategy to present to potential partners. The U.S. companies expected the manufacturer to show hard data on such subjects as market size, competitive landscape, pricing, market trends, segmentation and more. As Cea and his team realized, if their client was going to achieve its objective, it would have to convey the potential value of the investment opportunity represented by its product portfolio, and provide the information necessary to mitigate the risks associated with the deal. Accordingly, 3S mapped out a strategy to accomplish this objective, using its own proprietary data and HPIS Market Intelligence.

“The information that we derived from the HPIS Market Intelligence reports provided the opportunity for our client to demonstrate that it had invested the time and resources necessary to mitigate risk for their potential partner.”

– Stephen M. Cea
3S President

Advantages of HPIS Market Intelligence:

Comprehensive, Accurate Market Information

HPIS provides highly accurate market share and sales volume information derived from a database that tracks 70% to 80% of all medical /surgical and clinical lab distributor sales in the U.S.

Reporting Validated Product Strategy

With the information supplied by HPIS Market Intelligence, 3S was able to develop a number of market entry strategies that could then be tested through focus groups.

Targeting Potential Partners and Closing the Deal

HPIS Market Intelligence also enabled 3S to prioritize potential partners based upon the gaps in their product lines that could be addressed with the client's products. The result was a successful partnership agreement.

Looking for Accurate Market Information

A unique solution for healthcare suppliers, HPIS Market Intelligence provides highly accurate market share and sales volume information derived from a database that tracks 70% to 80% of all medical/surgical and clinical lab distributor sales in the U.S. HPIS Market Intelligence was ideal for 3S because it enabled Cea and his team to execute their project methodology of assessing the competitive landscape, identifying industry trends and pinpointing the potential market for their client's product portfolio. These capabilities supported and augmented the research that 3S conducted with clinicians who regularly utilize the type of medical products manufactured by this client.

“We conducted a series of one-on-one interviews and focus groups during which we presented our client's products to potential end-users: physicians and specialty nurses,” explained Cea. The 3S team found that respondents were highly receptive. In addition, significant information pertaining to competitive brands and unmet needs were uncovered during these sessions. These sessions were conducted in various locations throughout the U.S. “Understanding the specific products that physicians and nurses were currently using, and the reasoning behind their selection processes, provided the raw data that we needed to begin constructing a market entry strategy for our client,” explained Cea. “HPIS Market Intelligence gave us the power to build on that information, add to it, and provide context on how our client could approach and excel within the existing market.”

Going to Market

By conducting one-on-one interviews and focus groups, 3S collected data which confirmed that the market would indeed embrace its client's products. However, the 3S team also realized that in order to mitigate as much of the risk as possible, they would still need to answer a number of key unknowns, including the financial details associated with the market. HPIS Market Intelligence proved invaluable.

“The reports we generated provided detailed unit and dollar sales information from distributors to all the major market segments, including hospitals, nursing homes, physician offices, treatment centers, clinical laboratories and home healthcare/hospice settings,” said Cea. In addition, HPIS Market Intelligence allowed Cea and his team to analyze the market information by zip code, state or specific sales territories, and then estimate market value for each clinical indication by segment. Based on the information supplied by HPIS, 3S developed a number of market entry strategies and then tested these strategies in a series of additional focus groups. At long last, 3S's client had the knowledge, information and market strategy it needed to once again approach prospective partners. The results were dramatically different this time.

“Because HPIS Market Intelligence offers accurate medical/surgical information by specific market segment, healthcare manufacturers are able to better understand and act on the forces that impact their business.”

— Ned Weller
HPIS Market Intelligence director of client services

Results

3S developed a report which prioritized potential partners based upon the gaps in their product lines that could be addressed with the client’s products. These companies were contacted and the client presented their offering. After the first round of presentations, 3S’s client was pleasantly surprised by the interest that each of the companies displayed. Subsequently, the client continued negotiations with several potential partners and in early 2003 negotiated a favorable partnership agreement.



Silver Active Dressings dollar volume more than doubles in less than two years

“The information that we derived from the HPIS Market Intelligence reports provided the opportunity for our client to demonstrate that they had invested the time and resources necessary to mitigate risk for their potential partner,” explained Cea. “This time when they presented to partners they were able to confidently demonstrate their in-depth understanding of the U.S. market with quantifiable data. For instance, they were able to point to the top 15 wound care categories, the sales by setting, and the growth numbers in each sector. Based on these numbers, and on the validated market strategy, one can expect “X” return on investment.”

Cea firmly believes that without the knowledge provided by HPIS Market Intelligence, his client would never have secured a new partnership agreement. This time around, the manufacturer’s presentations were so authoritative and persuasive that they were able to quickly negotiate a mutually beneficial agreement with their new partner and get their products onto the U.S. market. According to Cea, “HPIS Market Intelligence enabled our client to gain access to the U.S. market, and secure better terms and higher royalty payments than they ever anticipated.”

A Closer Look at Silver Active Dressings:

As seen in the graph, within the Wound Care segment, Silver Active Dressings have more than doubled in dollar volume from 3Q 2003 to 2Q 2005, from \$7,340,685 to \$15,911,500. “Because we capture 90,000,000 invoice line items for over 450,000 products per quarter we can provide granular information that helps companies better understand and act on market opportunities,” says HPIS Market Intelligence director of client services Ned Weller. “From our reports, we could see that Silver Active Dressings were a primary growth driver in the Wound Care Market. This information helped 3S to pinpoint the best market entry strategy for its client.”

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– Stephen M. Cea
3S President

About HPIS Market Intelligence™

HPIS Market Intelligence is the gold standard for medical/surgical and clinical lab supply market information. By providing both comprehensive and precise knowledge, HPIS Market Intelligence can turn market opportunity into market share. With clear insight, manufacturers can identify sales growth opportunities and effectively target sales and marketing efforts.

About HPIS

Established in 1994, Healthcare Products Information Services, Inc. (HPIS), a Neoforma company, provides critical market intelligence for the highly competitive healthcare industry. Capturing more than 90 million medical/surgical sales transactions per quarter directly from the nation's leading distributors, HPIS employs state of the art security measures to protect the confidentiality of each distributor's identity in reporting information to clients. HPIS measures performance and market share to distributors and manufacturers for a variety of healthcare markets including hospital, physician office, long term care, treatment centers, clinical laboratory, and home healthcare.

About Neoforma

Neoforma is a leading supply chain management solutions provider for the healthcare industry. Through a unique combination of technology, information and services, Neoforma provides innovative solutions to over 1,600 hospitals and suppliers, supporting more than \$13 billion in annualized transaction volume. By bringing together contract information and order data, Neoforma's integrated solution set delivers a comprehensive view of an organization's supply chain, driving cost savings and better decision-making for both hospitals and suppliers. For more information, point your browser to www.neoforma.com.

Get Started with HPIS Market Intelligence. Call us today at 1-866-296-4747 or email hpis@neoforma.com to find out how HPIS Market Intelligence will help you achieve your growth objectives.



3S Profile

Strategic Sales Solutions, Inc (3S) is a professional services firm based in Newtown, PA, specializing in the development and implementation of market strategies for manufacturers of wound care, skin care and related medical products. The consulting services offered by 3S provide an opportunity for clients to outsource all or a portion of their sales training, marketing and business development initiatives. By doing so, clients are able to reduce the costs associated with managing these initiatives internally. For more information, go to www.woundcareconsulting.com.

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