

Performing a Healthcare Market Assessment



Why Conduct a Market Assessment?

- Required to understand whether the business venture is worthwhile
- It is an analysis; not a selling vehicle
 - Asking questions about the opportunity
 - E.g.: how is a customer need met; what are the shortcomings
 - NOT marketing or selling
 - E.g.: Our solution provides the following benefits over existing solutions.

Market Assessment Failure

- \$300M melanoma removal market in USA
- 24M lesions removed using 1930s technology
- Reimbursement of ~\$150 / procedure & device cost is ~\$50 allows physicians to profit
- \$4M investment to commercialize



Why????

Customer need poorly defined

- Punch method for removing small lesions simple to perform and considerably less expensive
- Target customer desperate for solutions to large/difficult lesion removal.
- But company ran out of money before they could develop it.



Market Assessment Components

- **Market Description**
 - Unmet/underserved needs
- **General market**
 - Size, growth, future trends
- **Customers and Segmentation**
- **Competition**
- **Company Capabilities**
 - Technical skills, Sales channel

Market Description

- Objective:
 - Identify the market needs
- What you need to understand
 - What customer need are you trying to serve?
 - How is this need currently being met?
 - How **WELL** is the need being addressed?
 - What are the shortcomings to current approaches?
- Why? Trying to uncover shortcomings you can leverage into a successful business

Broad Market Factors

- Objective:
 - Determine whether the value of the market is significant enough to pursue
- What you need to understand
 - What is the total market revenue, profit, pricing and growth rate?
 - What is your product segment's revenue, profit, pricing and growth rate?
 - What market trends will +/- impact the business?

Product / Service Description

- Objective
 - Understand how your product / service fits
- What you need to understand
 - What is the product or service you are considering?
 - Hardware, consumables, software, service
 - What is your business model?
 - How does it compare to current offerings?
- Why? Customers don't buy technology in a vacuum? Your product enters an existing milieu.

Customer

- Objective:
- Identify important aspects about the customer to assess how you fit
- What you need to understand
 - Who is your customer?
 - User, financial, technical
 - What are their concerns?
 - What are they satisfied / dissatisfied with?
 - Who are the decision-makers / how do you reach them?
 - What is the customer purchase process?
 - Where does the money come from?

Customer (cont)

- Why? You need to understand the customer in order to be able to determine how to best serve (and make money doing it)
 - More than just identifying needs

Competition

- Objective
 - Understand the competition
- What you need to know
 - Who are your direct competitors?
 - What is their pricing / strategy?
 - What are their strengths? How can you overcome them?
 - What are their weaknesses? How can you leverage them?
 - Who are your future / indirect competitors?

Competition (cont.)

- Why? You are trying to determine whether the strength of the competition is such that you will fail
 - Or identify points of weakness you can leverage

Company Capabilities

- Objective
 - Understand your company's capabilities in comparison to the market
- What you need to know
 - Do you have the capability to
 - Address customer needs
 - Provide better solutions
 - Reach the decision-makers & convince them
 - Differentiate from the competition
 - Overcome competitive strengths
 - Leverage competitive weaknesses

Other Market Assessment Questions to Ask

Customer Analysis

- What are the major segments
- What are the customer's motivations

Competitor Analysis

- What substitution products are available?
- What potentially disruptive technology exists

Other Market Assessment Questions to Ask

Market Analysis

- How attractive is the market
- What are the entry/exit barriers
- What are the profitability prospects
- What are the significant industry trends

Environmental analysis

- What environmental factors are important to consider
- What are the environmental threats, opportunities, and trends

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