

Medical Device Maker's Product and Pricing Innovations Achieve Greater Value for Healthcare – And Its Bottom Line



A global leader in medical technology, services, and solutions is dedicated to alleviating pain, restoring health, and extending life. However, its mission is complicated by shifting payment models and a constantly-evolving healthcare delivery system. Vendavo profit, pricing, and deal management solutions are helping the company streamline price list management, become more deliberate about price levels, and negotiate better margins.



It would be hard to imagine a more difficult or complex pricing environment than medical device design and development. While the contributions to human health and wellness may be priceless, the ongoing challenges of pricing and margin management are very tangible and make it more important than ever to constantly evaluate and improve those important components.

Equally difficult to imagine would be finding a more qualified or experienced team of professionals to lead this vital business function at this international medical device maker. The organization relies on a multi-disciplinary team that consists of experts in distribution, IT and finance which has prepared them perfectly for their oversight of global pricing solutions.

"I've been fortunate to work on many interesting teams in my 30 years here, and pricing has definitely been one of the most personally challenging ones," says the pricing team leader. "We've come a long way in pricing processes and productivity over the last eight years thanks to a great team and topnotch pricing tools from Vendavo."

As one of the largest medical technology companies in the world, the company's ongoing pricing projects are significant. It has 300,000 SKUs spread across four main product lines: cardiac and vascular, restorative therapies, minimally-invasive therapies, and diabetes.

The company has more than 50,000 employees working in dozens of countries around the world. Annual revenue was over \$20 billion in 2017. To stay at the forefront of medical device innovation, reinvention and disruption, the company invests heavily in clinical research and development, but also in tools like Vendavo pricing solutions to keep margins healthy and maintain its track record of returning value to shareholders.

"In a company our size, every product pricing decision counts and every basis point counts," says the team leader. "Vendavo lets us see it all and so we can manage it all for better margins, better cash flow, and better returns for shareholders."

Action: Value-Based Care Requires Value-Based Pricing

Payers and providers in the U.S. and around the world are putting in place new financial incentives that reward the quality of care rather than the volume of care.

With pressures on volume come pressures on pricing. Making the pricing process as efficient as possible, and as smart as possible, is the key.

"With Vendavo's Commercial Analytics, we can see customer profitability across providers, across products, and across the country," says the team leader. "We know exactly where we have margin leakage, what's causing it, and what we have to do to fix it."

The company's pricing, costs, and contracts have also been consolidated in one place.

"We have multiple departments that must collaborate on pricing such as finance, marketing and sales," says the team leader.

"Pricing workflow is built into Vendavo so that as calculations and decisions are made, everyone can see the work, access the latest pricing and get the information out to the field faster. We can get new pricing done in hours now instead of weeks."

And faster pricing makes it easier to respond to sudden changes in payer reimbursements.

"Vendavo enables pricing agility that allows us to drive economic value for payers, providers and shareholders," says the team leader. "We can act quickly when we need to and still keep our target margins in focus."

Outcomes: New Insights and New Revenues

Setting prices accurately is only half the challenge in a company this size. The other half is making sure sales and account management teams can use them.

"Deal Manager gives our people pricing ranges they can use during proposing and negotiating so they can adjust as needed but not jeopardize profits or price themselves out of the market," says the team leader. "They have the flexibility they need to get a deal done, and still hit our profitability targets."

Pricing is more rational, boundaries are clearer, and most important of all, decision are made faster and with greater confidence.

"With 8,000 users on Vendavo now, we've been able to harmonize business processes, not just for a department or a division, but for the whole company. Throughput and productivity have definitely improved."

Aligning value in the healthcare industry is no longer a request, it's an absolute requirement and the company is committed to developing – and pricing appropriately – meaningful innovations that make the patient journey easier and offer greater value across the continuum of care.

"Real value, and how it gets priced in healthcare will continue to change for patients and providers, but we're ready for those changes with our Vendavo tools," says the team leader. "It's all part of helping us fulfill our mission to alleviate pain, restore health and extend life."



Industry

- Manufacturing / Medical Devices

Solution

- Commercial Analytics
- Price management
- Deal management

Challenges

- Develop a cohesive pricing strategy and pricing process for 300,000 SKUs worldwide.
- Preserve margins in the face of changing business models and industry pricing pressures.

Results

- Pricing caps and minimums keep deals within profitability guidelines.
- Business processes have been condensed and simplified.
- Visibility to global pricing performance has been enabled.

Aligning Value Through Better Pricing

1. React More Quickly to Market Changes

The medical device maker's pricing team can more quickly analyze, adjust, and approve prices across the enterprise.

2. Decision and Deal Support at Your Fingertips

Commercial Analytics™, Price Manager™, and Deal Manager™ work in concert to model optimal prices and facilitate pricing workflow for all product lines, around the globe.

3. Maximize Free Cash Flow

The company's promise to investors and 25-year track record of returning capital back to shareholders is supported by the pricing and profit management tools from Vendavo.



About Vendavo

Vendavo provides leading-edge pricing and sales solutions with embedded AI to empower global manufacturers and distributors to digitally transform their commercial operations in order to unlock value, grow margins and accelerate revenue. These Commercial Excellence solutions, combined with its award-winning value consulting services, enable Vendavo to deliver outcomes that are not only predictable, but unrivaled. That enables the most demanding B2B organizations to develop dynamic customer insights and optimal pricing strategies that maximize margin, boost sales effectiveness and improve customer experience.

Vendavo has offices in Denver, Dallas, Dusseldorf, Prague and Stockholm.

For more information, please visit <http://www.vendavo.com>