Business case for investments in MedTech B to B eCommerce & digital platform

Delphine Nguyen

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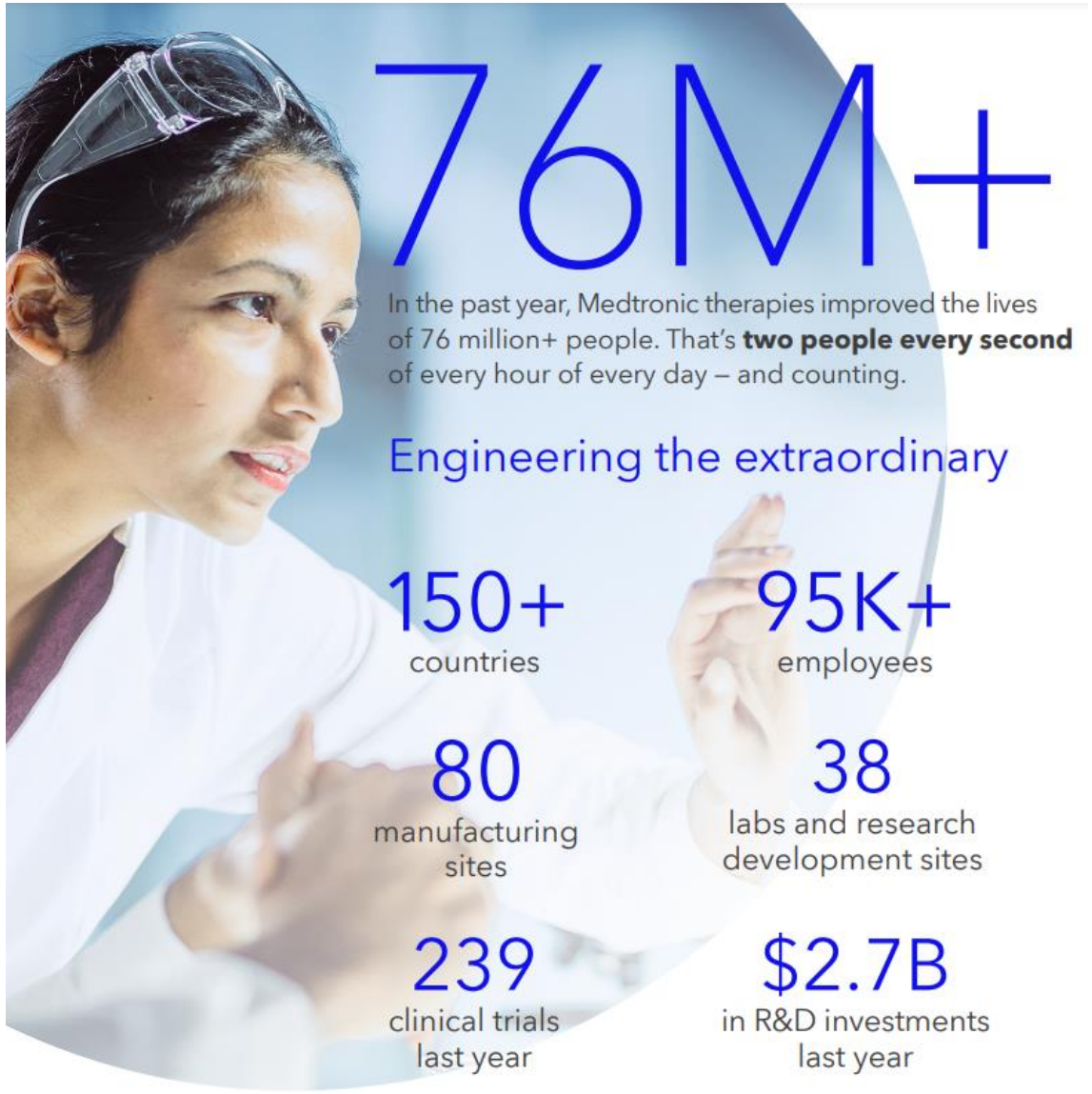
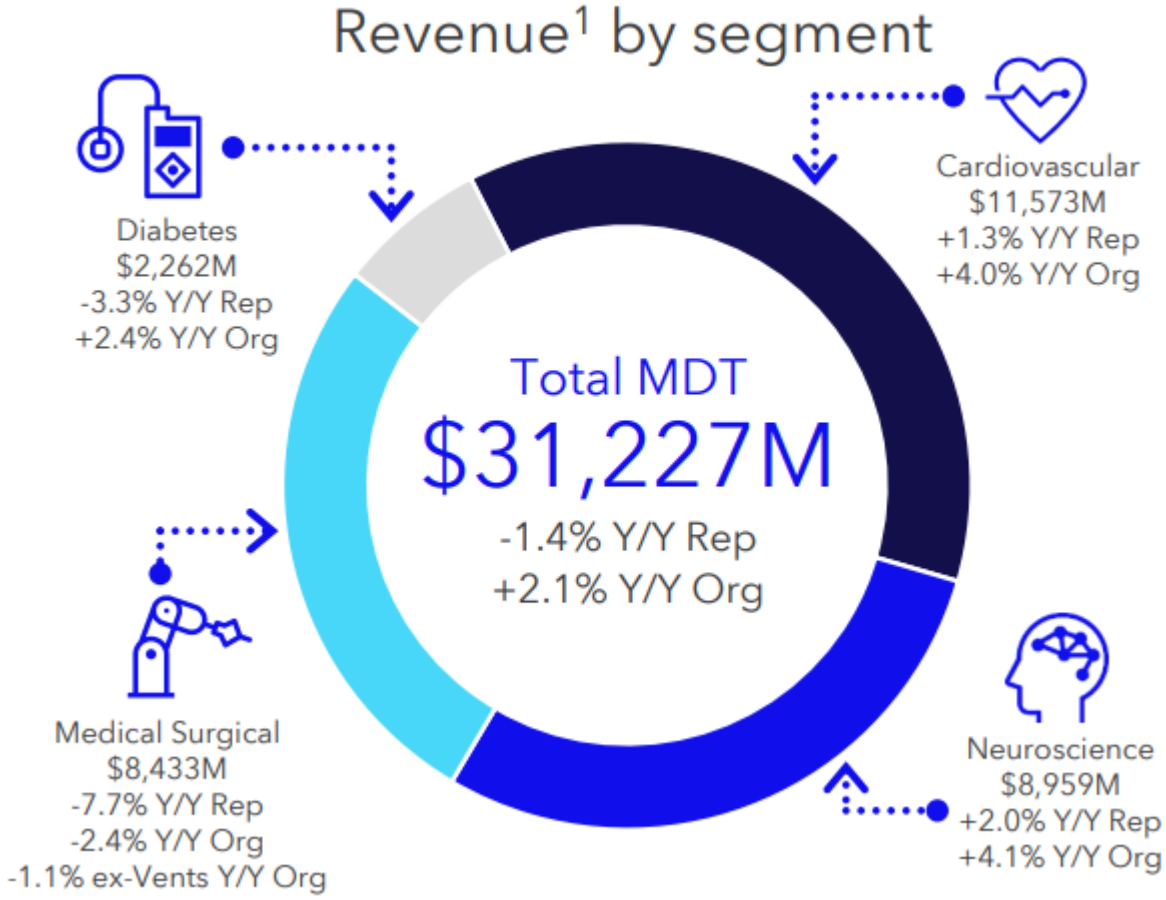


FY23 results



Source: Q3 FY23 MDT earnings presentation

Medtronic

Medtronic Connect eStore

One B to B eCommerce & digital services platform

Medtronic Connect E-Store platform incl.

- Connect enterprise– for HCOs
- Channel Connect – for distributors

Why invest in eCommerce & digital ?

Customers – Market & sales potential - Competition

Customers

Shifting to online purchase

CONVENIENT

BETTER CHOICE

MedTech Market

- Potential for next 5-10 years,
  by product category & by geography
- Shift or incremental sales?
  - Incremental sales from small customers we could not reach otherwise.
  - Shift from offline to online purchase

- $24.5 bil. In 2023 – Expected to reach $122 bil. by 2032
- Growing exponentially: 21.1% y/y CAGR
  Expected to slow down to 19.1% yoy after 2027
- Proliferation of online market places

Competition

Who is your most dangerous competitor?

➢ Create sense of urgency

Watch out for disruptive competition,
i.e. from online market places

➢ Defend your market share

Managing resistance to change

AI & digital technology cannot replace people

From sales

- Make your life easier w. digital after sales services
- Helps make your quota on most commoditized products, and run rate business
- Compensate on omnichannel sales

From Marketing

AI are only tools to help people be more productive.

- ➢ Offload from time consuming tasks such as content production, translations.

MKT people still needed to define good templates, check / verify content, define how we feed, train and use AI.

From customer care

Offload you from answering basic after sales questions, so you can focus on answering more complex ones.

Focus on upskilling the workforce, and changing some jobs (i.e. train a support bot), not on cutting people.

How do you handle resistance to change?

How to prioritize digital projects

3 key questions to answer before starting a new project
- Coordinated by business platform owner -

Does this project fit within MDT Connect e-Store vision and scope?
(within MDT omnichannel strategy)

- Keep focus on projects within scope

Does it correspond to clear customer needs
& is the customer value proposition strong enough?

- Min requirement: Reach the customer MVP

What is the business case & estimated impact on KPIs ?

- Prioritize based on business and customer impact

How to prioritize digital projects

Driver	Criteria	Answers	Score	Weight
Drives **Customer Experience**	• **Project scope:** % of business / # Countries impacted • Level of **customer expectation** / severity of pain point • **Contribution to the vision**	High Medium Low None	4 3 2 0	60
Optimize **operational efficiency**	• **Project scope:** i.e. # countries, # of operational areas impacts • **Contribution to vision** for operations organization • **Essential data** needed to manage the business	High Medium Low None	4 3 2 0	40
Legal & Compliance requirement	• **Legal** requirement • **Compliance** with corporate policy	Yes No	4 0	120
BENEFIT SCORE			**[% weighted to 880]**	

KPIs

READINESS	CUST. ACQUISITION	PLATFORM USAGE	SALES, SHARE & SERVICE USAGE	INTERNAL PRODUCTIVITY	SATISFACTION
Content completion **% content completion on PDP for top sellers**	**# Users Onboarded** Hospitals w. an account	**% active users** Logged in during the last 3 months As % of onboarded users	**eCommerce sales & orders** Units & value	**Touchless orders** % of toucheless orders	**User satisfaction rate** % of users satisfied or very satisfied w. eStore experience
Average page load time Target: 3s	**# accounts Onboarded** Hospitals w. an account	**% frequent users** Users who logged in, In at least 3 consecutive months % of active users	**% of eStore orders** Vs. other ordering channels	**Customer care calls** # calls to customer care by platform users vs. other users	
Online channel audit Prod. Availability, pricing, content		**consulting information & doc downloads** # Pages visits & Bounce rate, # docs	**Online % of sales (channel)** % online sales	**Document digitalization** % of digitalized documents	
Share of digital shelf Google search & key online platforms		**Service transaction completion** i.e. Returns, claims	**Online share for the brand** % share in attended channel		

What KPIs do you use
to measure success?

THANK YOU