



Swiss MedTech Day 2024: Pricing for New Propositions

Ed Heskins, Head of Pricing, EMEA @ Iris Pricing Solutions

June 2024

Typical challenges in Pricing for Innovation

- No market benchmarks
- No historic sales data
- Still developing a compelling offer for customers
- Lower confidence (sometimes) in our value proposition

Summer 2023:

Our client had developed a new technology & therapy & business model for ventilated patients



Potential benefits:

- Improved patient outcomes
- Shorter ICU stays
- Lower treatment costs
- Lower readmission rates
- Lower reintubation rates



Knew the reimbursement and market-fit landscape, and had a sophisticated physician and user focused development process, but...

- Did not know what their economic buyers would be prepared to pay

- Needed confirmation for the investor: return-on investment, economical viability

- Were facing a challenging regulatory environment, impacting investment volume





1. What to do in this situation

(i.e. what we did)



2. How to avoid this happening!

Step 1:

Understanding **Financial Value** is the bedrock for value-based pricing and communication in B2B, including in healthcare.

You create *financial value* for a customer by:

1. Increasing their **revenues**
2. Decreasing their **expenses**
3. Reducing their **capital requirements**

Putting together a project

Step 1

Exploratory Customer
Research





Exploratory Customer Research

- We spoke with **16 key decision-makers**
- Clinical, clinical (admin) and non-clinical respondents all included
 - KOLs are not the same as purchasers
- 1-hour online interview



Exploratory
Customer
Research

- What are the key value drivers for purchasers? (e.g. *“Increased efficiency in weaning time”, “Decrease in readmission rates”, “Shorter ICU LOS”*)
- Understand how costs are calculated today

Putting together a project

Step 1
Exploratory Customer
Research



Step 2
Financial Value
Modelling



The background of the slide features a complex financial chart with various data series, including a candlestick chart, a line graph, and a bar chart. A magnifying glass is positioned over the text 'Financial Value Modelling'. The text is centered and reads 'Financial Value Modelling' in a large, bold, black font. The magnifying glass handle points towards the bottom left of the text.

Financial Value Modelling

A process by which we document and quantify all the ways in which our solution:

- Grows / shrinks revenues
- Lowers / increases costs



Financial
Value
Modelling

Example:

“Our solution reduces ICU LOS by 40% (for a specific patient population).”

- Avg. daily cost of ICU patient: **\$4,000**
- Avg. ICU LOS: **11 days**
- Total cost: **\$44,000**
- **Total Saving: \$17,600**

Putting together a project

Step 1

Exploratory Customer
Research



Step 2


Financial Value
Modelling



Step 3


Confirmatory Research





Confirmatory Customer Research

- Do purchaser's expected benefits match our internal expectations?
(e.g. "I think it's unlikely that we will see 40% reduction in our ICU, due to the patient population here, maybe 20% is more realistic?")
- Are there any additional costs / savings not identified in our model?
(e.g. "I will have to take my consultants off-ward for 2 days to train them on this solution")
- What is the expected minimum ROI for a purchaser?



Confirmatory Customer Research

Example:

“Our solution reduces ICU LOS by **20%-40%**”

- Avg. daily cost of ICU patient: **\$4,000**
- Avg. ICU LOS: **11 days**
- Total cost: **\$44,000**
- **Total Saving: \$8,800-\$17,600**

Estimated ROI of new solution:

2.5x - 4.5x

1. What to do in this situation

(i.e. what we did)



2. How to avoid this happening!

Step 2:

“Design to Price”

Redefining New Proposition Development

Traditional Approach:

What do we need to charge for our new innovation?



Design to Price Approach:

What drives value for our customers and what can we develop that will maximise the value we deliver?



What does this mean in practice?

- Embed pricing research at all stages of the innovation process
- Financial Value Modelling as a core part of the business casing process
- Monitor for changes over development lifecycle

Contact us



Ed Heskins,
Head of Pricing, EMEA
Iris Pricing Solutions



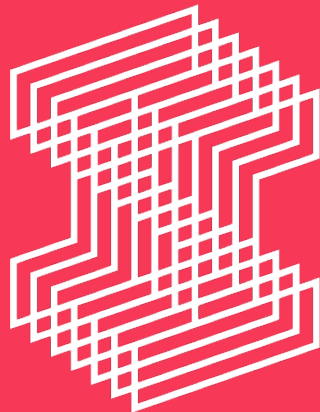
eheskins@pricingsolutions.com



www.pricingsolutions.com



Iris Worldwide
10 Queen Street Place,
London, EC4R 1BE,
UK



**PRICING
SOLUTIONS**