MEDTECH What the Data Tells Us About Digital Transformation, by Industry







The key findings for medtech companies

About 30% of medtech companies have been successful with digital transformations, slightly below the cross-industry average.

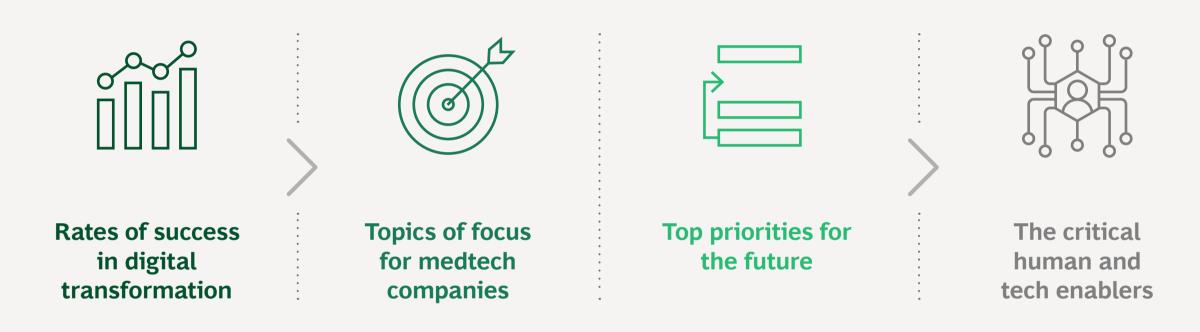
Going forward, medtech's priorities are shifting to digital products and services innovation—in particular, digitizing the supply chain, support functions, and next-generation sales. Companies score well on leadership commitment but fall short on agile governance and deploying high-caliber talent.

Priority initiatives include understanding customer needs and preferences, improving demand forecasting to increase supply chain agility, digitizing finance activities, prioritizing digital customer demand, and creating a digitally enabled salesforce.

Top priorities have been geared mostly toward digital reengineering of the value chain, led by digitizing support functions.

Social priorities top the ESG agenda, including improving employee health and safety and creating personalized training programs.

The data in more depth



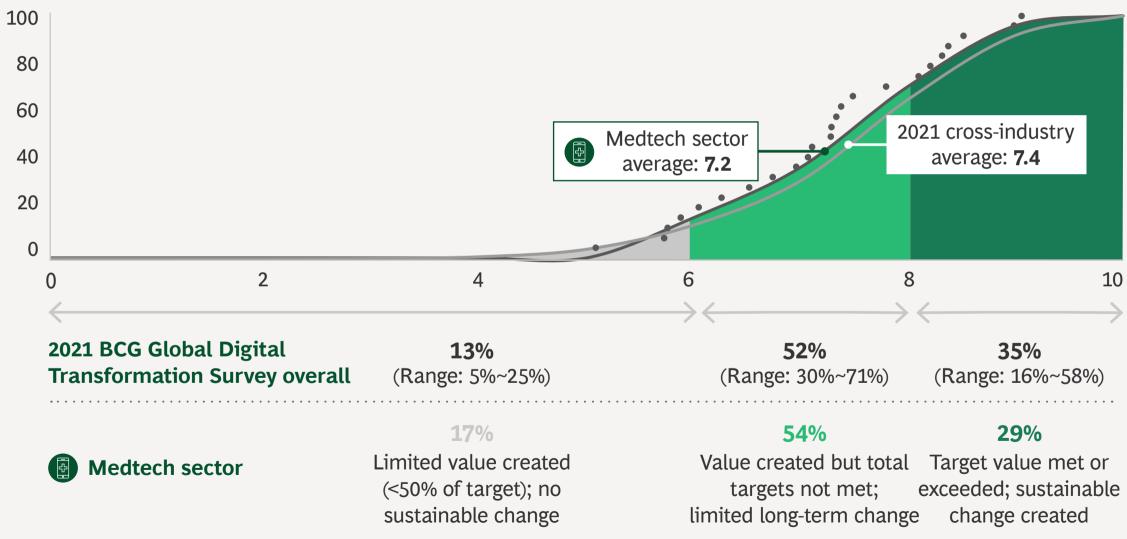




The role of ESG in digital transformation

RATES OF SUCCESS Only 30% of medtech companies fall in the win zone, slightly below the cross-industry average

CASES BELOW SUCCESS SCORE (%)



Source: 2021 BCG Global Digital Transformation Survey.

Note: Survey question: "Across the following dimensions, please rate your organization's digital transformation experience to date on a scale of 1 to 10, using the guidelines in the table below." ¹Success score is calculated from respondents' answers on six dimensions of transformation: strategy; leadership; talent; agility; monitoring; and tech and data.



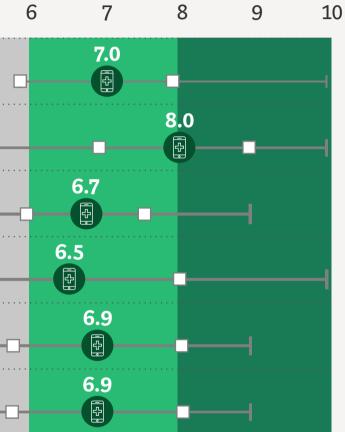
- Medtech data points
- Medtech
- Cross-industry
- Woe zone (success score <6)
- Worry zone (success score $\geq 6-<8$)
- Win zone (success score ≥ 8)

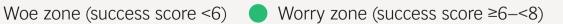
SUCCESS SCORE¹

RATES OF SUCCESS Medtech companies score well on leadership commitment, but most struggle to attain agile governance and deploy high-caliber talent DISTRIBUTION OF SUCCESS SCORES ON INDIVIDUAL KEY FACTORS¹ Ω 7.0 Integrated strategy with clear transformation goals Leadership commitment from CEO through middle management 6.7 Deployment of high-caliber talent 3 6.5 An agile governance mindset that drives broader adoption 6.9 Effective monitoring of progress toward defined outcomes 5 6.9 6 Business-led modular technology and data platform Upper or lower quartile Upper extreme Lower extreme Medtech average

Source: 2021 BCG Global Digital Transformation Survey.

Note: Survey question: "Across the following dimensions, please rate your organization's digital transformation experience to date on a scale of 1 to 10 using the guidelines in the table below." ¹Success score is calculated from respondents' answers on six dimensions of transformation: strategy; leadership; talent; agility; monitoring; and tech and data.





Win zone (success score ≥ 8)

TOPICS OF FOCUS

Medtech's transformation priorities have been geared primarily toward digital reengineering of the value chain

Strategic objectives

SHARE OF RESPONDENTS (%)

27	Improvement in — customer experience and go-to-market
28	Innovation and growth in the core and beyond
26	Performance improvement — through the operational value chain
20	Performance improvement in support functions

Scope of digital transformation¹

SHARE OF RESPONDENTS (%)

Digitizing support functions Customer experience and journeys

Digital manufacturing and operations

Digital ecosystem and partnerships

Sales and market acceleration

Growth and business model innovation

Digital procurement

New business venture

Building resilience via cybersecurity and compliance

Supply chain

Marketing and dynamic pricing

Source: BCG Global Digital Transformation Survey, 2021, n = 44.

Note: Because of rounding, the percentages given for the strategic objectives do not add up to 100%. ¹Respondents were asked to select all priorities that applied.



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Medtech companies plan to devote 30% of spending toward digital product and services innovation

PLANNED SHARE OF WALLET	SPENDING ALLOCATED	ACROSS DIGITAL TOPI	CS IN THE NEXT TWO TO	THREE YEARS (%)1	
Digital product and services innovation		30				100
Digital support functions	18					91
Digital supply chain	18				82	
Next-generation sales and marketing	15				77	
Smart after-sales services	11			64		
Smart factories	7		52			

• Share of respondents allocating any investment toward each digital topic

Average share of total investment

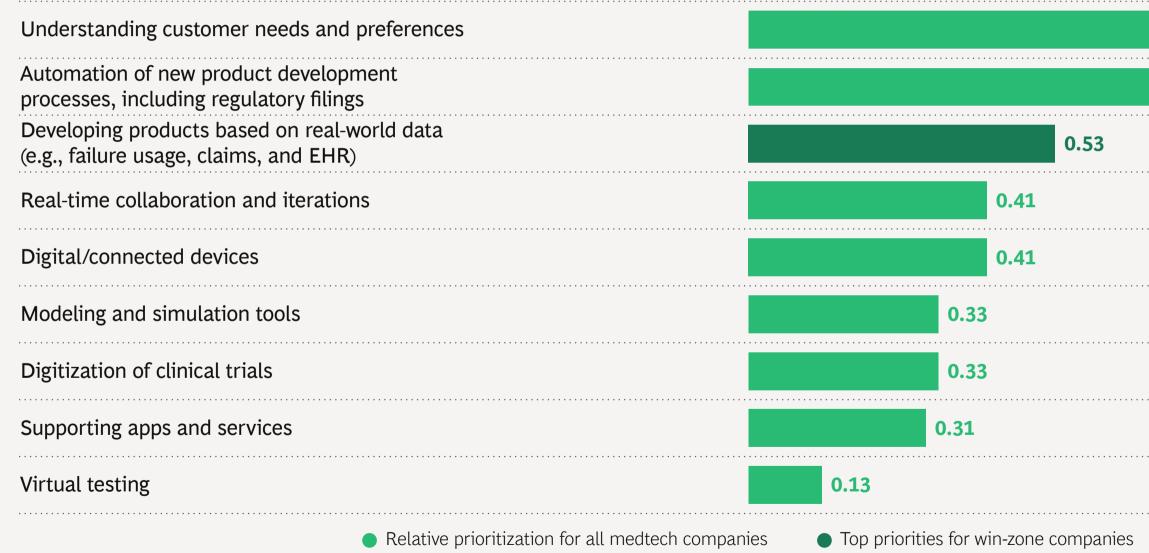
Source: 2021 BCG Global Digital Transformation Survey.

¹For example, the uppermost pair of bars can be read as "100% of medtech respondents plan to invest in digital product and services innovation, allocating an average of 30% of total digital investment."



Medtech companies' digital priorities: Digital product and services innovation

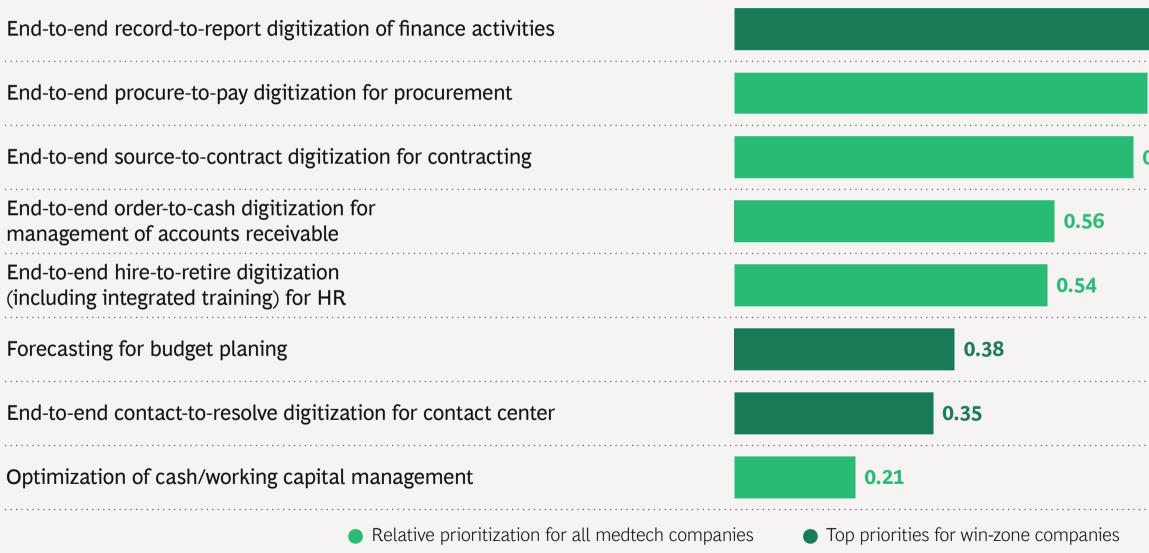
Digital initiatives (bars indicate relative prioritization of initiatives)



	1.00
 0.50	
0.76	

Medtech companies' digital priorities: Digital support functions

Digital initiatives (bars indicate relative prioritization of initiatives)



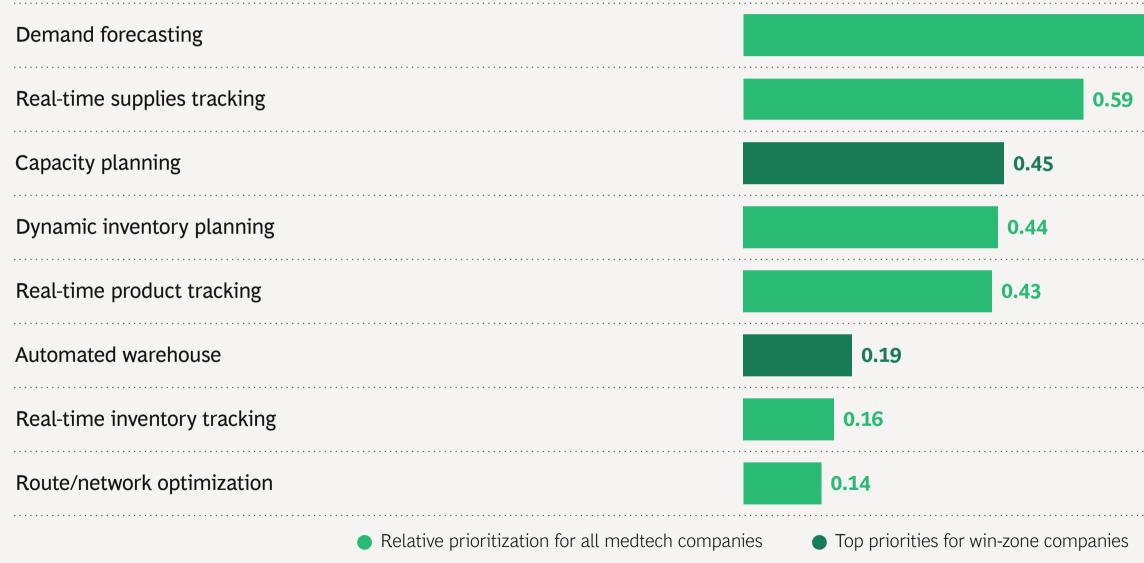
Source: 2021 BCG Global Digital Transformation Survey, n = 44.



	1.00
0.72	
0.69	
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Medtech companies' digital priorities: Digital supply chain

Digital initiatives (bars indicate relative prioritization of initiatives)



Source: 2021 BCG Global Digital Transformation Survey, n = 44.

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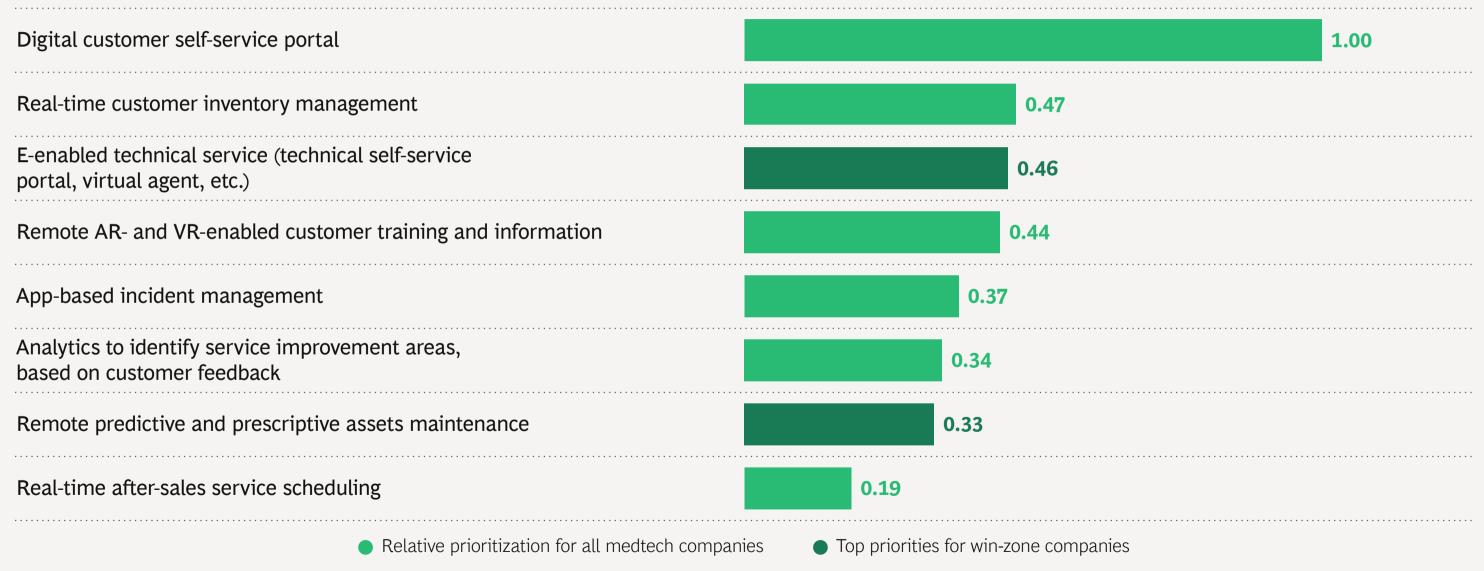
Medtech companies' digital priorities: Next-generation sales and marketing

Digital initiatives (bars indicate relative prioritization of initiatives)

Digital customer demand creation, including own and third-party owned digital channels	1.00
Digitally enabled salesforce, with mobile, digital data-driven support for sales reps	0.87
Data-driven personalized targeting of sales activities	0.75
Automated lead generation and handling	0.71
Smart customer segmentation	0.62
Digital and remote sales capability building, including e-commerce	0.60
Real-time demand forecast analytics	0.58
Dynamic pricing optimization	0.38
Digitally enabled coaching of commercial teams	0.05
 Relative prioritization for all medtech cor 	mpanies • Top priorities for win-zone companies

Medtech companies' digital priorities: Smart after-sales services

Digital initiatives (bars indicate relative prioritization of initiatives)



Source: 2021 BCG Global Digital Transformation Survey, n = 44.



Medtech companies' digital priorities: Smart factories

Digital initiatives (bars indicate relative prioritization of initiatives)

Manufacturing analytics (production optimization, default detection, etc.)	
Robotics and automation on the assembly line	
Predictive and preventive maintenance for machinery	0.62
Digital twin	0.55
Remote AR and VR assistance for troubleshooting	0.34
Shop-floor labor-force optimization and schedule/shift management	0.32
3D printing and additive manufacturing of components and medical devices	0.23
Energy efficiency optimization	0.17
Wearables for workers' safety and traceability	0.13
Shop-floor simulation	0.13
 Relative prioritization for all medtech companies 	Top priorities for win-zone companies

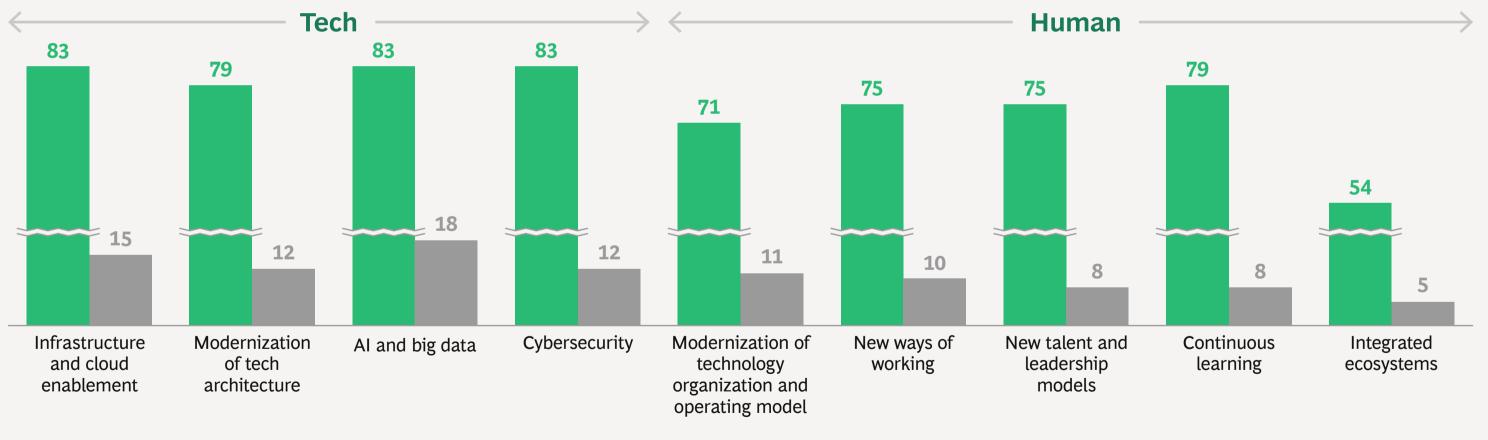
1.00 0.94

THE CRITICAL ENABLERS

Medtech companies intend to invest across a broad range of tech and human enablers

Eight out of ten medtech companies plan to invest in infrastructure and cloud enablement, tech architecture modernization, and AI and big data, allocating about 45% of total digital enablers spending to these areas

PLANNED SHARE OF WALLET SPENDING ALLOCATED ACROSS ENABLER DIGITAL TOPICS IN THE NEXT TWO TO THREE YEARS (%)¹



• Share of respondents allocating any investment toward digital topic

Average share of total investment

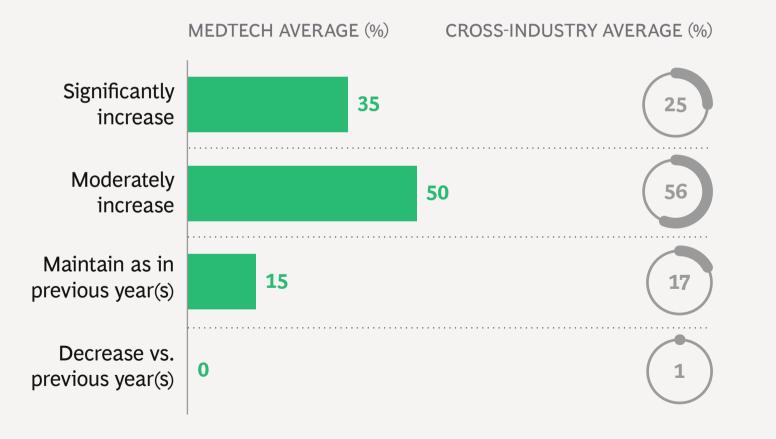
Source: 2021 BCG Global Digital Transformation Survey, n = 44.

¹For example, the leftmost pair of bars can be read as "83% of medtech respondents plan to invest in infrastructure and cloud enablement, allocating an average 15% of their total digital enabler spending."



About 85% of medtech companies plan to increase ESG investments, above the cross-industry average

Share of respondents planning to increase/decrease/ maintain investment toward ESG in coming years



... with greater emphasis on S and G

Leading digital initiatives being prioritized to support E, S, and G goals

Environment	 Waste reduction driven Digital supply chain opti
Social	 Improving employee heat through software solutio Creation of targeted, per programs that are interational characterization
Governance	 Critical risk incident man building cyber resilience Improved adherence to a through digital trails and

SHARE OF RESPONDENTS PRIORITIZING (%)

by analytics imization

alth and safety ons, wearables, etc. rsonalized training active and support ange

inagement,

code of conduct through digital trails and monitoring







If you would like to discuss this topic, please contact one of the authors:



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