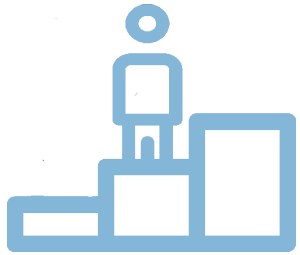# DEVELOPING AN ECOMMERCE PLATFORM

HAMILTON CONSULTING GROUP, 2017

DISCLAIMER

This material is based upon work by Hamilton Consulting Group (HCG) for its client Med Dev Company. Any opinions, findings, conclusions, or recommendations are those of the authors and do not reflect the views of Med Dev Company, its employees, or its administration.
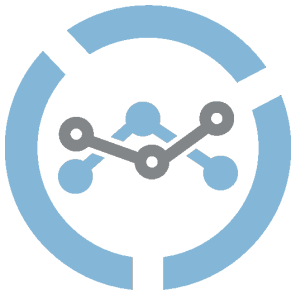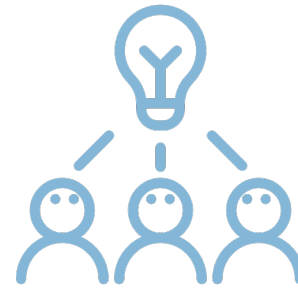
CLIENT PROFILE

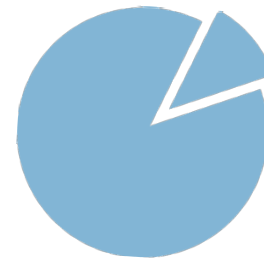Mid-size medical device manufacturer with 30 years in the industry

Smaller than competitors, but possesses promising proprietary tech

Comprised of peripheral vascular, vascular access, and oncology products

Needs to align marketing and sales strategies and find identity after several mergers

Revenue:
- 90% from large customers
- 10% from small customers

INTRODUCTION

Scope of Work

Project Limitations

Opportunities

INTRODUCTION: SCOPE OF WORK

Assess benefits and risks

Identify sales process for large and small customers

Analyze competitors' ecommerce platforms

Review product offerings and assess ecommerce viability

INTRODUCTION: PROJECT LIMITATIONS

Ill-advised to create functioning ecommerce site

Competitors' sites not accessible to general public

INTRODUCTION: PROJECT LIMITATIONS

Ill-advised to create functioning ecommerce site

Competitors' sites not accessible to general public

- Considerable legal concern over the creation of a functioning, or even non-functioning, ecommerce site
- The idea that this exists somewhere on the internet, possibly without intention of going live, is worrisome
- Work-around: Study and analyze similar sites

INTRODUCTION: PROJECT LIMITATIONS

Ill-advised to create functioning ecommerce site

Competitors' sites not accessible to general public

- Only current customers can see competitors' ecommerce sites
- There is a good amount of information available on competitor sites about their ecommerce portals
- Work-around: Use available information to draw conclusions about sites

INTRODUCTION: OPPORTUNITIES

Increased efficiency in customer orders

Less human error

More free time for reps to foster other relationships

Potentially eliminate price negotiations

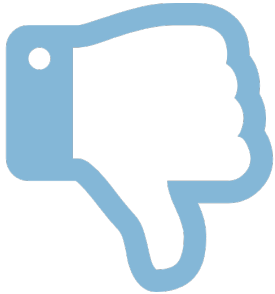Increased customer satisfaction

FINDINGS
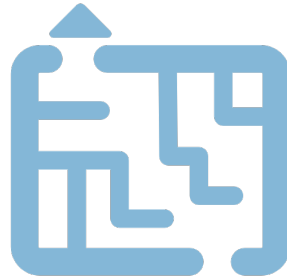
Risks

Benefits

Current Sales Process

Competitor Analysis
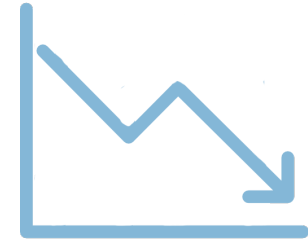
Product Ecommerce Viability

FINDINGS: RISKS

Negative user experience

Poor or confusing design

Perceived negative impact on sales team

Project follow-through and future maintenance
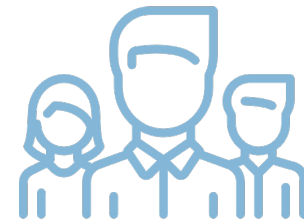
Creation of ecommerce team

FINDINGS: RISKS — CREATING AN ECOMMERCE TEAM

Director of Ecommerce Strategy

- Leader of Ecommerce Team
- Minimum 10 years experience
- Healthcare, pharma, med device industry knowledge essential

Sr. Web Developer

- Manages ecommerce site's back end
- Minimum 5-7 years experience
- Expert in HTML, CSS, and other web coding languages/programs

Data Specialist

- Analyzes data retrieved by ecommerce site
- 2-4 years experience in data management
- Works closely with marketing team to identify and capitalize on data trends
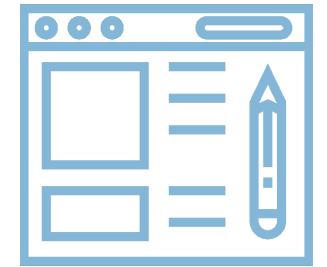
Content Specialist

- Updates and manages front end content
- 2-4 years experience in copywriting/content editing
- Works closely with marketing team to coordinate content updates and product lisitings

FINDINGS: BENEFITS
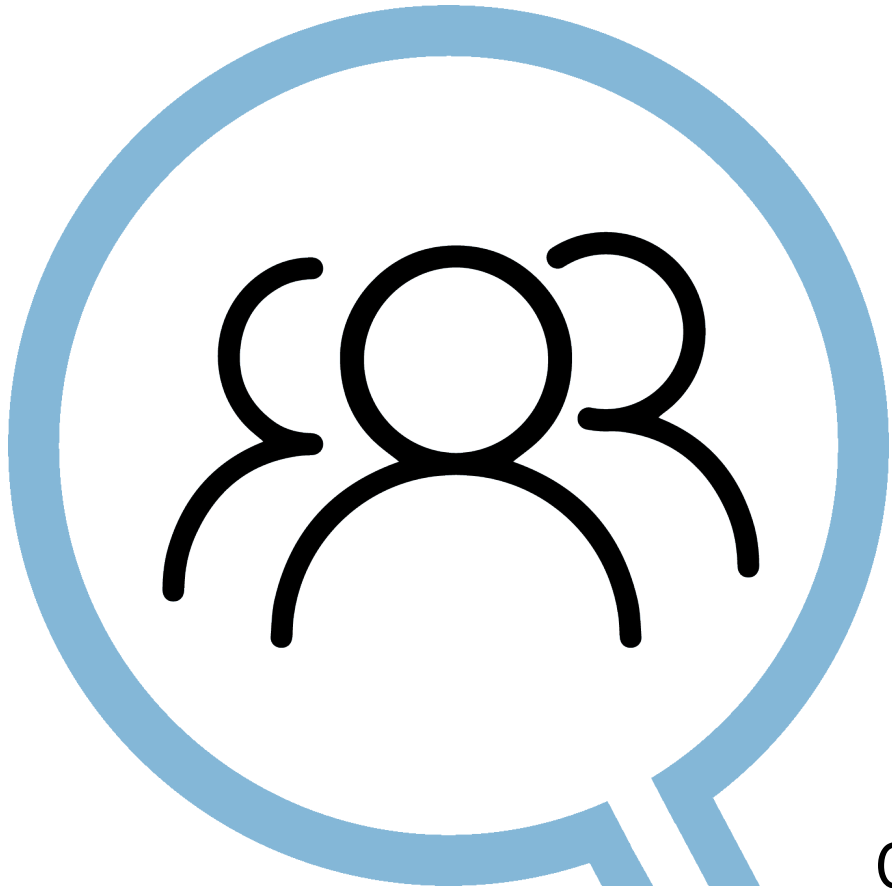
71%

of B2B buyers prefer to conduct their own online research before contacting a sales rep*

*Acquity Group Annual State of B2B Procurement Study, 2014

FINDINGS: BENEFITS

Ecommerce is the preferred method of purchase

- Tech executives agree that ecommerce is here to stay*
- Customers *want* an ecommerce experience

Increased efficiencies on all fronts

- Orders are processed faster
- Fewer mistakes from manual data entry
- Customers can do their own research about products
- Sales reps can access customer data
- More free time for sales reps to develop relationships with new customer
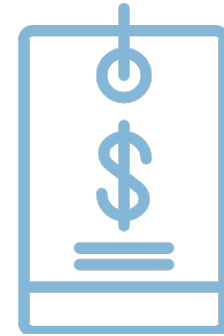
Price transparency

- Elimination of aggressive negotiation
- Remove the hassle for the customer and sales rep

*CIO, "Why Digital Is a More Ethical Sales Tool", 2017

FINDINGS: CURRENT SALES PROCESS – LARGE CUSTOMER

```
┌─────────────────┐      ┌─────────────────┐      ┌─────────────────┐      ┌─────────────────┐
│ Product         │ ───► │ Several follow- │ ───► │ Price           │ ───► │ Final decision  │
│ demo/trial      │      │ up meetings     │      │ negotiation     │      │ from customer   │
│                 │      │ to discuss      │      │                 │      │                 │
│                 │      │ results         │      │                 │      │                 │
└─────────────────┘      └─────────────────┘      └─────────────────┘      └─────────────────┘

┌─────────────────┐      ┌─────────────────┐      ┌─────────────────┐
│ If purchased,   │ ───► │ Subsequent      │ ───► │ Relationship    │
│ sales rep       │      │ orders          │      │ with customer   │
│ works with      │      │ made            │      │ maintained by   │
│ admin. to add   │      │ automatically   │      │ frequent        │
│ product in      │      │ via SCM system  │      │ check-ins from  │
│ hospital SCM    │      │                 │      │ sales rep       │
│ system          │      │                 │      │                 │
└─────────────────┘      └─────────────────┘      └─────────────────┘
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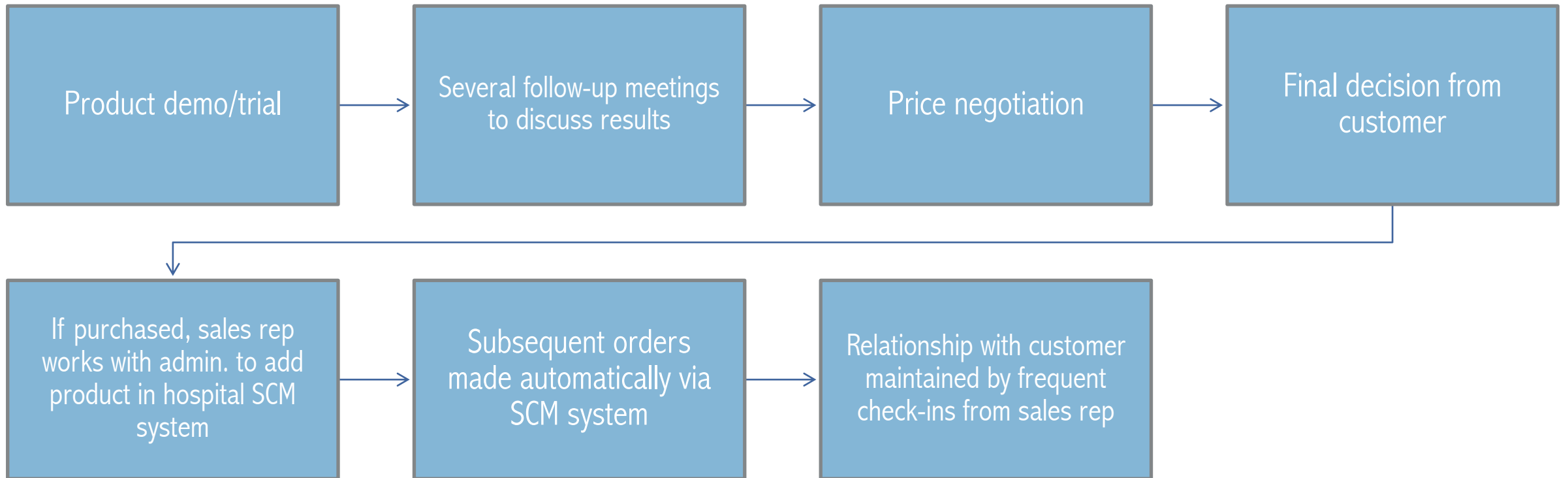
FINDINGS: CURRENT SALES PROCESS — SMALL CUSTOMER

Product demo/trial → Several follow-up meetings to discuss results → Price negotiation → Final decision from customer

If purchased, customer places order by phone, email, or fax to sales rep → Sales rep forwards order to Med Dev Company customer service dept. → Relationship with customer is maintained by frequent check-ins from sales rep → Repeat steps 5, 6, and 7 for remainder of relationship with customer

*Steps in gray can potentially be eliminated with the introduction of ecommerce

FINDINGS: SALES PROCESS — SMALL CUSTOMER W/ ECOMMERCE

Product demo/trial → Several follow-up meetings to discuss results → Final decision from customer

Customer submits product order online → Relationship with customer is maintained by frequent check-ins from sales rep
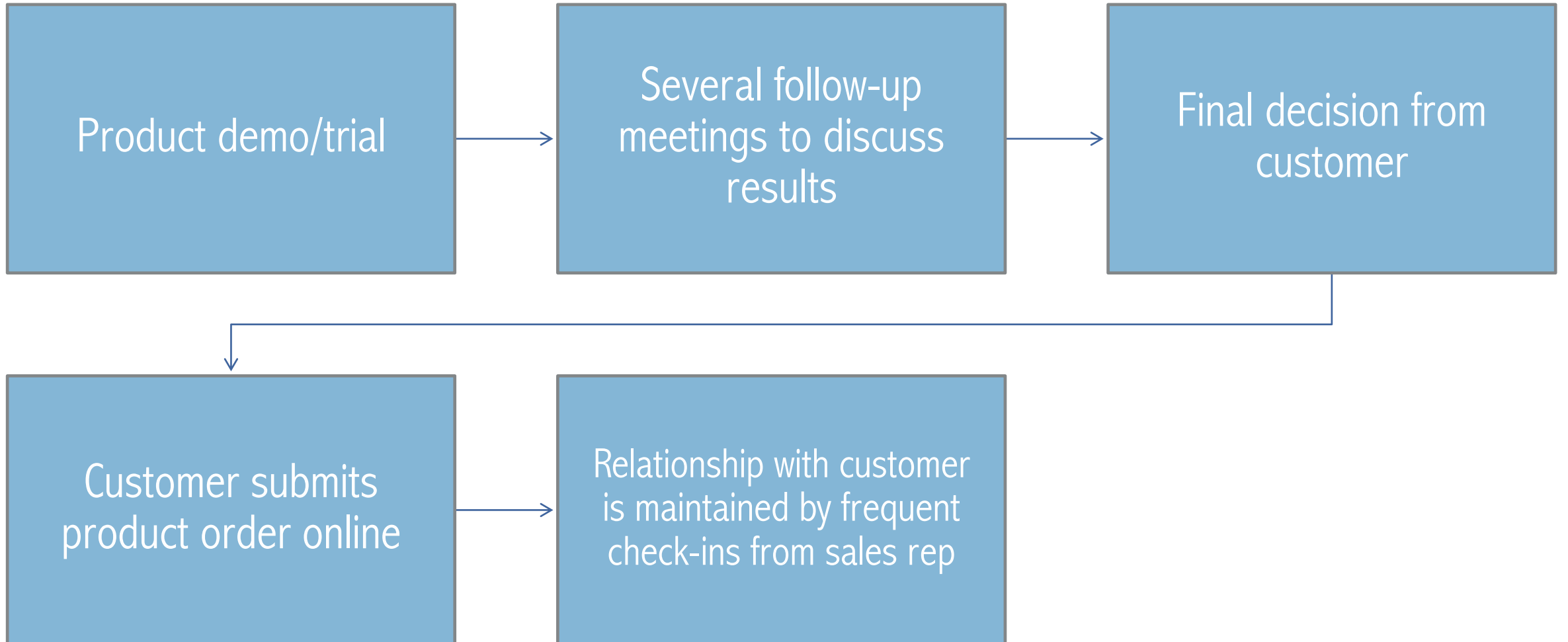
FINDINGS: CURRENT COMPETITOR ANALYSIS

Competitors Analyzed: Bard, Cook, Boston Scientific

- All three companies are multi-billion dollar businesses, much larger than Med Dev Company
- Analyzed on information made available to the general public via their websites
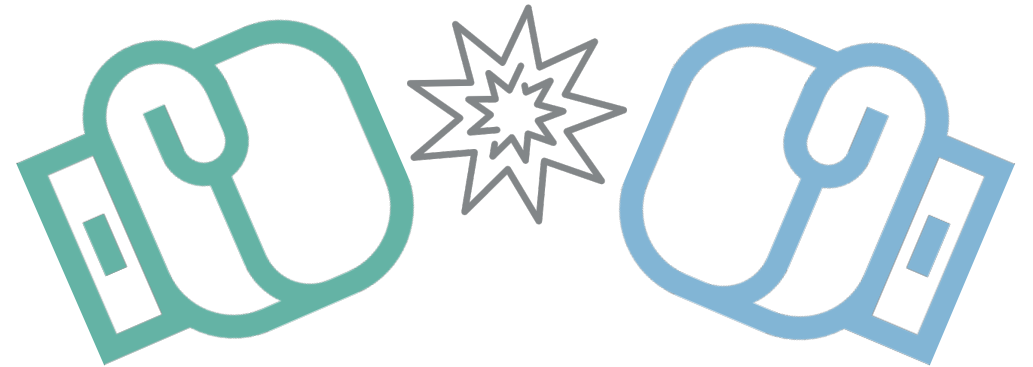
	Ease of Conversion	Breadth of Product Offerings	Company Support	Utility to Sales
Bard	6	10	6	9
Cook	10	8	9	7
Boston Scientific	8	7	7	7

FINDINGS: PRODUCTS' ECOMMERCE VIABILITY

	Type of Device	Lifecycle Status	Legal Concern	Consumer Demand	Conclusion
Microwave Generators	capital	new	high	high	no
RFA Generators	capital	mid life	high	low	no
Probes	disposable	mid life	low	high	yes
PICCs	implantable	mid life	high	high	no
Ports	implantable	mid life	high	high	no
Dialysis Catheters	disposable	mid life	medium	medium	no
Angiographic Catheters	disposable	legacy	medium	high	yes

FINDINGS: PRODUCTS' ECOMMERCE VIABILITY

	Type of Device	Lifecycle Status	Legal Concern	Consumer Demand	Conclusion
Laser Generators	capital	mid life	high	high	no
Laser Fibers	disposable	mid life	medium	high	yes
Guidewires	disposable	legacy	low	medium	yes
Infusion Catheters	disposable	legacy	medium	low	yes
Proprietary Infusion Catheters	capital/ disposable	new	high	medium	no
Supplies	disposable	legacy	low	high	yes

CONCLUSION

Beneficial

- Embrace this highly-desired modern convenience
- Competitor and market analysis shows that customers will use ecommerce sites
- Realize efficiencies across the board: sales, marketing, customer service, finance
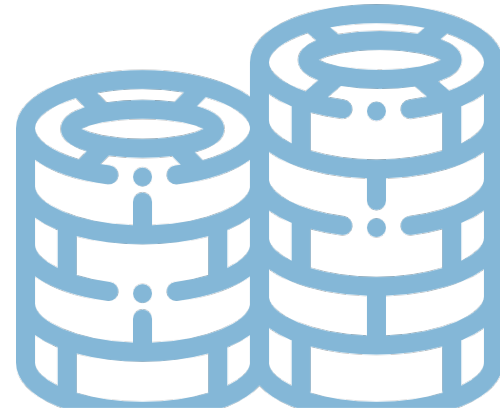
Go "All In"

- Go "all in" – don't hold back!
- Avoid temptation to run parallel systems; push reps and customers to ecommerce system
- Complete and thorough move to ecommerce will help ensure success of the platform

REFERENCES

- Acquity Group Annual State of B2B Procurement Study, 2014
- CIO, "Why Digital Is a More Ethical Sales Tool", 2017
- Competitor information retrieved from:
  - https://www.crbard.com/Healthcare-Professionals/E-Commerce.html
  - https://www.cookmedical.com/support/ordering-returns/e-commerce-and-electronic-data-interchange-edi/
  - https://www.bostonscientific.com/en-US/medical-specialties/gastroenterology/services-solutions/customer-service.html
- Icons made by Freepik, Dave Gandy, ProSymbols, SmashIcons, and Gregor Cresnar at flaticon.com