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MEDTECH
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STARTUP
Interview
Bhagwat Dhingra,
Founder, and
Abhishek Ghosh
Co-Founder, MediSage



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MedTech M&As: Gateway to sustainable growth

Even though M&A will continue to loom large while the MedTech spectrum witnesses heavy consolidation in a teeming market, helping both survival and competitive edge, **Nitin Potdar**, M&A Partner, J. Sagar Associates, cautions that players cannot simply rely on the conducive pandemic environment to further their M&A/JV strategies. Patents, IPs, geographical reach and quality of innovation will separate the leaders from the followers

Healthcare is a key sector that was directly and deeply affected by the ripples of the pandemic in diverse ways. While the tiny, lethal virus impacted the M&A activity in this space -- given the lockdowns and mobility restrictions -- it also brought together competing life science and pharma players to work on life-saving drugs and vaccines in record timeframes. In fact, many diagnostic players with digital COVID-19 offerings were able to make up for their otherwise sluggish mainstream activity.

M&A in the MedTech space is gradually taking off, led by glittering cases in point, including the \$2.8 billion BioTelemetry acquisition by Philips and the Siemens' takeover of radiation therapy player Varian.

In 2021, PerkinElmer made waves by acquiring infectious disease-testing tool-maker Oxford Immunotec for \$591 million while Hologic's twin acquisitions hit the headlines among other MedTech deals: namely, Somatex, a localisation technology expert for \$64 million and Biotheranostics, maker of proprietary molecular tests for metastatic cancers, for \$230 million.

Looking beyond, M&A will continue to loom large while the MedTech spectrum - including imaging technologies, remote monitoring and virtual health systems, therapeutic devices, and research and lab equipment - witnesses heavy consolidation in a teeming market, helping both survival and competitive edge. Artificial intelligence, 3D printing, Internet of Things (IoT), nanotechnology, big data, virtual reality, cloud infrastructures, sensor technologies and genomics are providing the most credible foundation to help the merged and acquired entities to deliver on

the return on investment (RoI) promise.

That said, key players in this space - including those providing and using devices, tools and systems in key segments such as in-vitro diagnostics, cardiology, neurology and diabetic care - cannot simply rely on the conducive pandemic environment to further their M&A and joint venture (JV) strategies.

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markets, or disrupt them. Patents, IPs, geographical reach and quality of innovation will separate the leaders from the followers. Legal due diligence will become even more critical in validating the strength of patents, products, technologies, and financial muscle and talent.

In an era of looming threats and uncertainties - whether biological or manufactured - corporate M&As are on the brink of several inflection points that necessitate decontamination of processes and methods to ensure sustainable growth in the emerging order. While the possibility of further mutations is not yet ruled out, and vaccines are not the silver bullet, many think they are, we must deal with equally bigger threats such as

invasions. Evidence-based medicine will become a norm, not an option.

In a business world engulfed by technological advancements, industry players cannot afford to be unaware of the essence and credence of the reigning trends - whether cloud-enabled infrastructures, AI-powered applications, or hyper automation-led operations. They would have to wilfully embrace a dynamic-by-default business environment defined by remote working, contactless deliveries,

themes for achieving a real-time production and productivity boost, here and now!

Contrary to the naysayer predictions of insular, inward-looking and authoritarian nation-states, COVID-19 has not killed globalisation. Rather, it has put it in perspective. Ask the virologists, epidemiologists, and environmentalists, and they will readily agree. The pandemic has also triggered a faster transition towards Industry 5.0 - a coming era seeking to reinstate the human element into hi-tech manufacturing and operating environments.

Consequently, MedTech companies - big and small - will have to adopt a new approach christened as the GPS paradigm for M&As and JVs, which represents three inter-woven prerequisites. One, the acquisition of ground intelligence before undertaking any M&A or initiation of JV talks; two, the need to foster unconventional partnerships that pave the way for disruptive innovation; and three, the design and delivery of strategic solutions. G stands for Ground Intelligence, P stands for Partnerships rooted in unconventionality and S stands for Strategic Solutions.

The GPS paradigm, by virtue of the synergistic play of the G, P, and S components, will help these organisations discover and study key global paradigms (both existing and evolving), establish their own growth co-ordinates, and chart their progression through potent growth strategies, including M&A and JVs. The GPS paradigm is a unique, wholesome global positioning system to help MedTech companies with the fusion of landscape navigation, astute collaboration and sustainable progression in the same breath.

(Views expressed are personal.)