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Note on Operational Budgeting in Health Care

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More information = More in

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and surgery techs
s about possible interest in product

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Current Information

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The “Hound” □ \$38,000

- >5th year on market

- >2nd generation

- >10 year life cycle

- >Cuts time by 15 minute average

- >“Luxury” product

Paws □ \$30/each

- >3-4 per case per Hound

2,000 of 7,000 have at least 1 Hound

2010 \$50M in product line with 10% growth

- >\$30M in capital (7% growth) and \$20M in disposable (11%)

Main reason cited for not upgrading is total cost

Hound Marketing Team has 2 members that help

Business Plan

Biggest advantage to the Hound is economic value

- >Save time=more patients=more money

Focus on selling capital

- >Lower capital price close to cost

- >Paws are the continuous growing revenue

2 Members of the team split market

- >One focus on existing customers

- >One focus on penetrating new clients

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Sales Representative Questions

Flexibility on capital but not disposable

Do not want to disrupt top customers

Communication

>Sales rep must do a better job at communicating economic benefit

Relationship

>Flexibility with the Hound pricing, fixed manufacturing cost of Paws

Competition

>Quality/price

>Luxury product or time saver

>Makes a difference for everyone involved

>Want top surgeons, need to have top products

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Moving Hound into Hound Ultra

Is there enough benefit to outweigh the cost?

Additional benefits

- >Economic = Time
- >Cost
- >Work with engineers to find out the differences

Market desire

- >Talk with hospitals, doctors, and surgery techs
- >Speak with potentials clients about possible interest in product extension

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What I Want to Better Understand

1) Costs/Pricing

Margins, cost, sell price

Average life time sales, #'s on revenue

Competitors entering the market

2) Market Share

% of the market controlled

% used by which type of surgeon (orthopedic vs. neuro)

International

3) Obamacare Affordable Care Act

Impact on market

2.3% Excise Tax

More information = More informed decisions

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