



Stanford eCorner

Dramatic Changes in MedTech

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Josh Makower, CEO of ExploraMed, encourages those who are interested in the future of medical technology to engage in the current (as of Spring, 2010) state of the vertical's landscape. Factors such as the global economic crisis are the backdrop for the industry's threatened state. But what's even more imposing, says Makower, are the upcoming policy changes in physician interaction and compensation, patent and healthcare reform, and the broken insurance company reimbursement system.



Transcript

But when I look back at what are keys to success were, the idea worked. We were able to navigate the FDA process. It was predictable. Investors had confidence in our patents. They knew that eventually we would get protection and then that would be powerful and we can enforce those patents. We had ready access to financing, able to maintain great clinical advice. We work closely with our clinical advisors, get them in the lab, pay them appropriately and incentivize them appropriately to take time out of their practices to spend with us. We were able to go into a scenario where the reimbursement was already there in place for the procedure. And we were able to quickly establish it and get it covered under that umbrella. We were able to track great people who worked really hard and never gave up.

But when I look at this list and I think about some of the challenges that now face the med tech industry, this is what's at risk. Is the opportunity to do this again. Given what has happened within the last just couple of years, just within the last two years, there have been some dramatic things that have happened. And that's what I'm really going to talk about for the rest of the talk here and hopefully try to get some of you to care about this and want to be in the space to take some action and help make things better. We are essentially facing what is essentially a perfect storm in med tech. It's the global financial crisis. It's the certain aspects of health care reform. It's not all bad but there are certain aspects that are quite damaging for our industry, limitations on the ability to interact with physicians, certain aspects of patent reform that are quite scary, changes at the FDA potentially devastating, and a broken reimbursement system that really penalizes things that are new and potentially better and puts a really high bar in their success.