



AUGUST 2011

Markets are constantly in a state of uncertainty and flux and money is made by discounting the obvious and betting on the unexpected.

George Soros

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Glimpses of the Future of the Medical Devices Industry

David Matheson, President and CEO, SmartOrg

Imagine picking up the *Wall Street Journal* and reading one of these headlines:

*Medtronic moves its headquarters
Minneapolis to Beijing*

or

*Success of in-home treatment causes 20% of
hospitals to shut down due to lack of patients*

Each of these headlines captures, in a dramatic way, one possible resolution of a major trend affecting the industry today, such as: What will happen with emerging markets? What is the impact of information technology? It doesn't matter whether you agree with the headline and its implications or not, but rather each headline is the starting point of a serious conversation for you and your business: What are the relevant headlines for us? Will we thrive or struggle if such a thing will come to pass?



Scenarios of Dreams and Nightmares

At Frost & Sullivan's recent Medical Devices Mind Xchange conference, a group of medical device thought leaders and executives from a wide variety of medical device companies created scenarios for what the future might look like for the industry. The group developed "headlines," from which they constructed stories and narratives of possible good and bad futures.

Good and Bad Future Scenarios Guide Planning

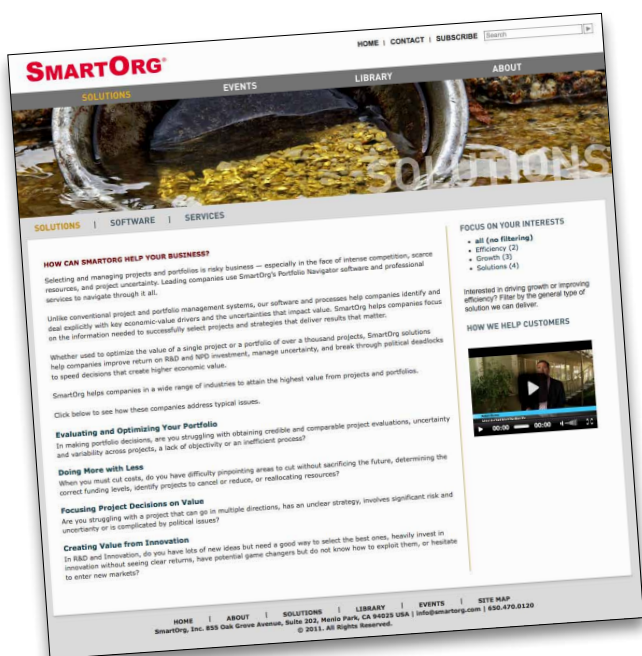
Thought leaders and participants developed a set of future scenarios for the medical device industry, including:

- WTO enforces patent violations, shutting down 50% of global medical device companies.
- Medical tourism booms as patients from India and China travel to the US and EU for treatment.
- Readmission rates drop by 80% because of a dramatic increase in in-home treatment, causing 20% of hospitals to close.
 - The US makes major commitments to embedding information technology into devices and throughout the medical industry. This backfires, resulting in skyrocketing deaths as aging seniors find it difficult to use at-home devices and physicians, faced with data-mining-based lawsuits and overwhelming data stop using the devices.
 - China becomes the global medical device center, with a boom causing acute physician shortages in the US and EU. Medtronic moves its headquarters from Minneapolis to Beijing.
- China announces 50% medical device tax on all imports.
- China Ortho Devices (COD) signs as exclusive supplier for the NBA for individual customized hip and knee replacements after it shows superior outcomes at lower cost. Patients ask for COD devices by name.

Multi-scenario planning helps companies imagine and prepare for the future. Consider your strategic portfolio. How would you react to each of the above scenarios? Plan now and be ready as the future unfolds—regardless of your industry. [Read the full report.](#)

Let Us Have Your Thoughts about www.smartorg.com!

We announced our new web site in last month's ValuePoint™. We seek continual improvement and solicit your thoughts — take a look and let us know what you think! Do we get our message across? Missing anything? Suggested improvements? Please visit www.smartorg.com and [send us an email.](#)



SmartOrg Client is Key Speaker at Process Driven Innovation Conference

We are pleased to announce that Evjatar (Evi) Cohen, Vice President, Global Portfolio Management, Catalent Pharma Solutions will join us at the Marcus Evans Second Annual Process Driven Innovation Conference next month in Philadelphia. Evi's presentation will focus on Measuring the Value of Innovation Initiatives, with emphasis on the relationship between innovation spending and shareholder value.

20-21 September | Philadelphia, PA | [More Information](#)



Matheson to Lead Think Tank at GIL 2011: Silicon Valley

David Matheson will lead a group of innovation executives in "Creating Exceptional Value from Innovation" at the Frost & Sullivan Growth Innovation Leadership event. Participants will learn how HP creates exceptional value from R&D, NP&D and innovation portfolios and how to apply portfolio best practices in their organizations.

11-14 September | San Jose, CA | [More Information](#)



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SmartOrg clients include large companies like Boeing Commercial Airplanes, Chevron Technology, Dow AgroSciences, Hewlett-Packard, and Cisco Systems. And smaller companies like Zimmer, Catalent and TEVA Neuroscience.

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