



Transforming global healthcare together: Medtech's role in empowering providers in Europe

4 critical considerations for medtech in Europe

By Sudhanshu Bhatnagar, Lukas Grabner and Jun-An Tan



Hospital executives are facing an increasing number of challenges in a rapidly evolving healthcare environment. [Navigating talent shortages](#), retention struggles and escalating wage pressures—against the backdrop of an aging and increasingly unhealthy population, procedure backlogs and rising costs of care—has tested hospital executives' unwavering commitment to maintaining quality outcomes. Medtech companies can play an impactful role in tackling these issues.

In a series of interviews ZS conducted, 15 health system executives in Germany, France and the U.K. discussed the unprecedented challenges their health systems are encountering. One executive in the U.K. reflected: *"I have not experienced anything like this in my career. It's a combination of many things—we lost some operational discipline coming out of the pandemic, stock for consumables is unpredictable and people are staying in hospital for longer. I've seen it all before but not all in one go."*

An executive from Germany was open about realities and expectations, including the need for help from across the healthcare ecosystem: *"We [hospitals] are fighting for survival. More than half the hospitals are expecting to suffer losses in 2024. Putting the uncertainty over the hospital reforms aside, we have real concerns about rising costs and a lack of staff that is also impacting our ability to deliver services. My top priorities are how to continue operations and reduce our costs, and I would be open to any viable solutions that third parties can provide."*

Add to this the responsibility of leading the [way into healthcare's future](#)—modernizing antiquated data and technology infrastructure, adopting [AI solutions](#), redefining delivery models, reimagining various care sites' roles to ensure quality healthcare access for all and maintaining a strong financial foundation, all while embracing environmentally sustainable practices. These same executives are meanwhile expected to provide patients with greater transparency, accountability and equity in care delivery from healthcare systems. Hospitals are searching for solutions that address all of these challenges.

The challenges facing European healthcare

In our interviews with healthcare executives, we found common threads regarding potential solutions. These fit primarily into four categories.

- 1. Providers need to optimize operations while maintaining standards of care.** While achieving better clinical and safety outcomes remains a top priority, customers are equally conscious of the need to streamline operational processes and resource utilization. Products and solutions that deliver the same outcomes through more efficient means or reduced skill dependency will be most sought after. Examples include cutting down admission or readmission times, reductions in adverse events, eliminating the need for backup infrastructure and minimizing skill-based variability. In Germany and France, providers are under significant pressure to minimize operational redundancies and maximize utilization of resources while also aiming to alleviate workloads and deploy talent effectively. In the U.K., the focus is on increasing capacity to manage more procedures and to reduce waiting lists. There are broad national directives to optimize provider-level



processes in the operating room (OR) and post-surgery—such as separating elective and emergency services to protect elective delivery and reduce the length of post-intervention stays. These examples highlight a pivotal shift in the importance of operational efficiency in healthcare delivery.

2. Providers increasingly anticipate a shift in sites of care in Europe. This includes an increased share of outpatient procedures, closer proximity of care to patients and the emergence of non-hospital-owned sites of care. In Germany, this shift is expected as part of a suite of government-led hospital reforms that will further promote outpatient care, among other outcomes. In the U.K., the National Health Service has laid out a [comprehensive plan](#) to reduce the elective procedure backlog, which includes expanding community-based diagnostic centers to free up capacity at tertiary centers, leveraging capacity by shifting simple procedures to private outpatient settings and using digital technology and virtual wards to free up elective procedure recovery capacity. And in 2023, France made permanent its previously experimental reimbursement program, becoming the first European country to reimburse patients fully for remote patient monitoring through its national health insurance scheme. All these forces are pushing hospitals to plan for their role in this evolving environment—for instance by expanding on-site ambulatory capabilities and capacities, investing in new sites or further positioning themselves to offer innovative, complex inpatient procedures.

3. The imperative to manage and optimize costs within the European healthcare systems has reached unprecedented levels. Governments are implementing spending cuts, hospitals are grappling with rising cost-side pressures and anticipated changes in revenue models are looming. Healthcare providers in France and Germany are facing mounting pressure to justify investments with evidence that extends beyond clinical outcomes to encompass potential financial returns. Practitioners performing lucrative surgical procedures have leverage to demand innovative equipment, including robotic technologies, while those in less profitable specialties often contend with outdated equipment, tight OR schedules, limited OR capacity and traditional methodologies. This disparity underscores the evolving landscape of healthcare economics, where medical practices' financial viability plays a pivotal role in shaping resource allocation and technological advancements. The U.K., where a politically charged focus on addressing backlogs has prompted substantial government investments, stands out as a notable exception. But this brings with it significant pressure to demonstrate immediate impact and improved outcomes. Ultimately, across the region, this focus creates a need for providers to manage spending, rationalize costs and consequently to justify investment choices with evidence beyond the purely clinical.

4. The hospital industry's search for partners from the life sciences industry could at last be underway. Hospital executives are considering moving away from traditional supplier and vendor relationships and toward pursuing consolidated strategic partnerships. Hospitals are seeking manufacturers who offer a holistic approach to partnerships, where product quality and competitive pricing are considered baseline expectations. This evolution is manifesting in two ways: First, partners are expected to bring forward-thinking solutions to the table, including in operational services, inventory management strategies, enhanced scientific and medical engagement and even services in advanced analytics, among other areas. Second, hospitals are increasingly seeking partners who demonstrate a strong commitment to maintaining a resilient supply chain that can withstand global disruptions, while also prioritizing environmental sustainability. This transition is still a work in progress, and deal negotiations will test hospitals' commitment to rewarding a holistic approach to partnership. Nonetheless, this evolution signifies a promising shift toward more collaborative and forward-thinking relationships within the life sciences industry.

While healthcare providers are adept at articulating their challenges and needs, their attempts to drive change are frequently impeded by both external obstacles and internal organizational hurdles. Consider the challenge posed by [the German hospital reform](#)—providers must decide whether to adapt preemptively to forthcoming changes or await finalized details. Similarly, when optimizing processes and enhancing efficiencies, providers may struggle to determine the necessary upfront investments and efforts required. These uncertainties not only underscore the challenges providers face but also present a unique opportunity for medtech companies to play a more impactful role.

4 critical considerations for medtech in Europe

For medtech, seizing on the opportunities in the European healthcare system will require transformation within the medtech industry itself. Executing this vision within the context of European culture and politics introduces additional complexities and hurdles that companies must navigate actively. As one U.K. NHS Foundation Trust (group of hospitals) CFO told us: *“We always hear from medical device companies that they want to be a partner to us. But few can articulate what a partnership would mean. The doors are open for them to bring us mutually beneficial solutions.”* Regional medtech organizations operating in Europe face a landscape where market dynamics, customer challenges and viable solutions can vary significantly across countries. Some regional organizations operate within resource-constrained environments, requiring them to be more agile and efficient in their decision-making processes compared to their U.S. counterparts. Critical considerations for medtech companies looking to capitalize on the European market include:

1. Delivering on value innovation: A common criticism medtech manufacturers face in Europe is the tendency to focus on introducing new features and products tailored specifically for the U.S. market, often neglecting the region’s unique needs. As one French hospital procurement leader said, *“It feels like most companies just create new products so they can sell them at a higher price. This marginal feature improvement might work in the U.S., but I would love for them to consider the realities here when launching new products. It’s also not good for me to have to tell the physicians that they cannot use the latest products available.”* This approach not only leads to higher costs but also fails to deliver the essential value that European clinicians, provider organizations and payers seek. Consequently, many European organizations hang onto older, more cost-effective products that are still in demand with customers while grappling with expanding portfolios of the latest offerings that may not resonate as expected. The proliferation of product variations not only overwhelms marketing and product management teams but also strains already stretched supply chains.

Meanwhile, a singular focus on innovating for clinical outcomes aimed at securing improved reimbursement often disregards the critical aspect of innovation that could significantly simplify operations or make products more accessible to a “less specialized” workforce.

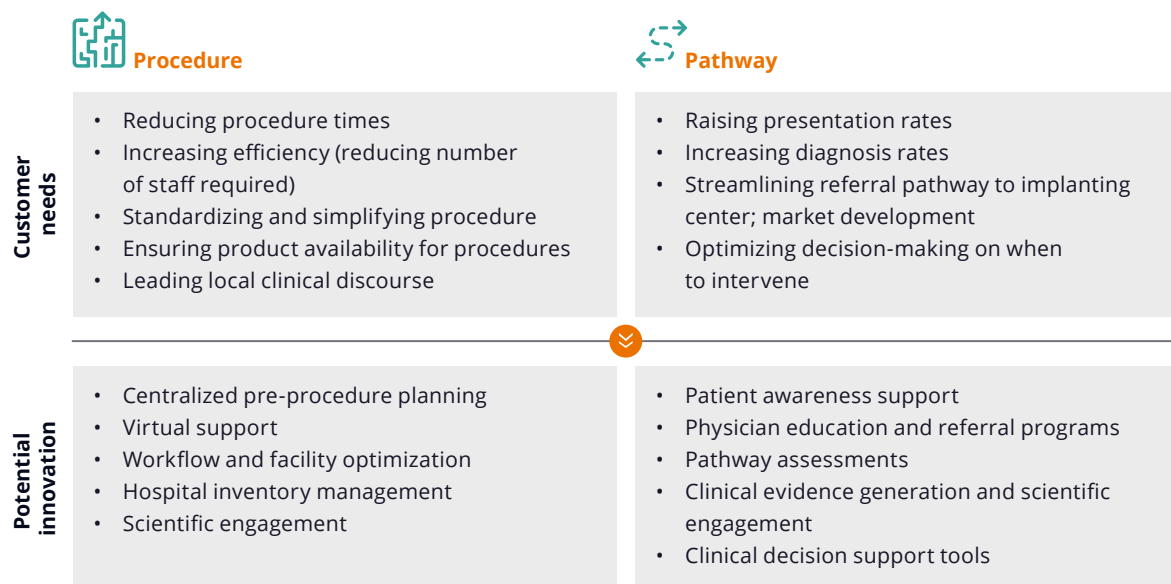
Key for medtech will be to embrace a broader view of value innovation that extends beyond clinical feature advancement. Medtech companies must put economic and operational outcomes on the same pedestal as clinical outcomes when prioritizing product innovations to bring to the market. A focus on creating value—rather than continuously adding features and complexity—necessitates a shift toward simplification and adaptability. This shift may play out in several ways, including: tailoring devices and solutions to suit the preferences of non-specialist end-users, such as general practitioners and nurses who may not require the same comprehensive features or detailed reports as specialists; considering how products can seamlessly integrate into evolving and operationally simple workflows to meet operational demands; or adapting products and wraparound solutions for alternative sites of care.

2. Partnering with customers beyond the product: Adjacent to value innovation will be the ability to deliver non-product solutions to providers. Providers are actively seeking operational optimization, presenting a prime opportunity for medtech manufacturers to leverage their established partnerships across clinical and administrative realms—and their expertise in patient pathways and operational workflows within provider organizations—to develop solutions that enhance procedure and workflow efficiency. In Europe, expanding beyond the product provides regional medtech organizations with powerful leverage to drive value with customers. As one German hospital CEO told us: *“Our team only operates here, in this hospital. The big medtech companies operate globally. They are in the biggest and best hospitals, working with the best physicians. There is so much that they can bring to us from elsewhere, including solutions to the challenges that we face.”*

While product innovation is typically the domain of global R&D teams, regional organizations maintain control and flexibility over process innovations aimed at streamlining operational efficiencies. By collaborating closely with customers to co-design and refine medtech solutions, regional organizations can deliver immediate impact, demonstrate value and swiftly adapt to evolving market demands. This approach not only enables scalability and customization to address customers’ key challenges but also elevates medtech companies from mere product providers to strategic partners, fostering mutually beneficial relationships.

FIGURE 1:

Procedure and pathway innovation approaches



Most regional organizations tend to gravitate toward procedure innovation for near-term investment and immediate adjacencies, but pathway innovation is emerging as a key area of differentiation as a longer-term play.

Any such services and solutions must be designed and delivered to ensure compliance with industry standards.

These services and solutions exist on a diverse spectrum. On one end, leading medtech companies can pioneer specialized service and advisory offerings, but such initiatives demand a substantial organizational commitment to embrace a distinct operational and business model. Alternatively, medtech firms can introduce targeted, incremental innovations—such as supplementary procedure enhancements or pathway optimizations—to address the urgent needs of their customers directly within specific procedures.

Another area where these partnerships between medtech firms and their customers could flourish is in shifting sites of care, which includes the rise of ambulatory surgeries. Rather than taking a reactive approach as this shift unfolds in Europe, medtech organizations can guide providers proactively through these transformations and position themselves for success. This approach means introducing programs to shift surgeries to ambulatory, establishing effective early discharge programs, providing consulting services to help evaluate future ambulatory strategies and simplifying procurement processes.

- 3. Solving prevalent problems with solutions that can scale:** While serving every customer is a key priority, regional and local teams must resist the temptation to attempt to deliver very specific medtech solutions aimed at addressing a problem for an individual customer without analyzing the solutions' scale and impact. Solving for problems that only a limited number of hospitals face—or that are constrained to customers in just a specific location—is often a misallocation of medtech's resources, less likely to make an impact than targeting solutions toward healthcare systems' more widespread challenges. Because bespoke approaches that address narrow issues are traditionally difficult to scale, local teams often struggle to sustain them. Too often these programs are abandoned for failing to achieve broad adoption—resulting in losses for customers, patients and medtech companies.



To mitigate these risks, medtech manufacturers should aim to solve problems “big enough” to scale across multiple countries or customers within a country. While some degree of customization is to be expected for pilot programs, selecting common issues and designing programs with broad applicability is critical for long-term success.

Adopting a scale mindset will also lend itself effectively to a well-considered value-capture monetization strategy—an element of long-term strategic planning that medtech companies can sometimes leave unaddressed. While medical devices typically follow established reimbursement pathways, services offered to healthcare facilities—and digital solutions for patients—often do not. And although quantifying the economic value that such programs generate may seem straightforward in theory, translating this value into a viable revenue stream poses a more intricate challenge for medtech organizations. Companies must navigate the complexities of aligning the interests of buyers (typically administrators, clinicians and end-users), which also requires adjusting evidence strategies to substantiate any value-capture objectives. This approach extends beyond focusing solely on clinical outcomes, which most medtech evidence-generation activities are geared toward. Customers are now demanding evidence of a solution’s operational and economic benefits, which underscores the importance to medtech companies of developing a robust evidence-generation plan alongside the solution itself, selecting appropriate pilot sites and crafting a resonant, evidence-supported value narrative. Medtech firms that have yet to develop clear monetization and evidence-generation strategies tend instead to adopt a “give first, collect later” approach, leading to difficulties in transitioning customers to newer models after they become accustomed to receiving benefits for free.

Having a well-defined vision for delivering and capturing value at scale is vital. This foresight is essential for ensuring that medtech companies effectively capture a portion of the value they deliver, which in turn supports ongoing value innovation.

- 4. Using technology to make sales and support models more customer-centric:** While medtech companies have effectively leveraged technology toward product innovation, they have been broadly less successful applying technology toward improving their customer engagement and support models. The prevailing approach to customer engagement in the medtech field continues to rely on deploying field personnel to drive engagement and support. While people-centric sales and support models will continue to be critical—particularly as new roles, including customer success managers, program coordinators and remote support and sales teams become better integrated—weaving technology into the relationship between medtech companies and their customers will help to drive more value, supplementing the services delivered by in-person teams. Medtech companies can approach this transition through two distinct angles, each embodying a different value proposition for the customer.

First, using technology to reduce reliance on in-field personnel to deliver service and support can significantly boost medtech customers' operational efficiency. Activities that currently require significant attention from medtech field teams and hospital staff—such as post-procedural device support, servicing, pre-procedure preparations, report generation and data management—can be automated, streamlined and centralized. This evolution necessitates a modernization of medtech's technology infrastructure, including health data transmission systems, information management platforms, remote device management, remote monitoring capabilities and virtual support technologies. By embracing these advancements, medtech can empower customers to execute their day-to-day operations more efficiently and—crucially for medtech—independently of on-site support.

Second, customers' need for and perceived value from in-person interactions are in constant competition with other demands on their time. The ability to leverage an omnichannel approach to customer engagement will be critical for medtech companies, as customers increasingly expect personalized, always-on, closed-loop experiences. Digitalization is not a means to replace the sales rep, but a key mechanism for customers to interact with medtech manufacturers through their preferred channels and at their preferred times, realizing maximum value from their interactions with medtech personnel.

These value-adds should not be limited to clinical stakeholders only. Hospital leadership and procurement have their own unique needs, such as environmental, social and governance reporting, demand scenario planning, supply chain transparency, contracting insights and dashboards, which medtech manufacturers can address in proactive and customer-oriented ways.

None of these changes are small, nor will they happen without deliberate effort, time and investment in people and technology. Too often, medtech companies retire recent initiatives in the face of earnings pressures and savings targets before realizing their gains. Evolving the support and engagement model—whether through incremental changes or large investments—will allow medtech organizations to ensure that the value promised to customers in Europe is not limited to product innovation but also delivered through ongoing services and support.

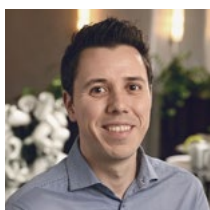
The opportunity for medtech in Europe is now

Medtech organizations have an unprecedented opportunity to address the operational challenges European healthcare providers face and to elevate their role as partners. By redefining their approach to innovation, challenging traditional norms in care delivery and pathway models, and reshaping customer engagement strategies, medtech companies can position themselves as true partners in addressing the most pressing customer needs. Customers in Europe are looking for solutions, and medtech can rise to the challenge.

About the authors



Sudhanshu Bhatnagar is a leader in ZS's global medtech industry vertical and has more than 17 years of experience helping medtech clients across portfolio and go-to-market strategy, digital health strategy, growth marketing and organizational transformation. Sudhanshu has worked with clients ranging from midsize to Fortune 500 companies across Europe and North America.



Lukas Grabner is a leader in ZS's European medtech consulting practice, specializing in strategic initiatives for medical device organizations. With over 13 years of healthcare strategy consulting experience, he has guided top global medical device and diagnostic firms on portfolio, commercial strategy, organizational design, capability building and operations.



Jun-An Tan is a member of ZS's EU medtech consulting practice. Jun-An works with medtech organizations on a range of commercial strategy topics covering commercial effectiveness, go-to-market strategy, organizational design, and marketing strategy. He has delivered engagements in EMEA, the U.S., and APAC with local and global teams of leading medical device companies.



About ZS

ZS is a management consulting and technology firm focused on transforming global healthcare and beyond. We leverage our leading-edge analytics, plus the power of data, science and products, to help our clients make more intelligent decisions, deliver innovative solutions and improve outcomes for all. Founded in 1983, ZS has more than 13,000 employees in 35 offices worldwide.

Learn more: www.zs.com

