

# The Medical Technology Industry Post-COVID-19

## *Impacts on the healthcare ecosystem and their effect on med-tech*

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COVID-19 continues to challenge healthcare systems around the world, testing their limits and capabilities, and compelling them to rethink the way things have worked.

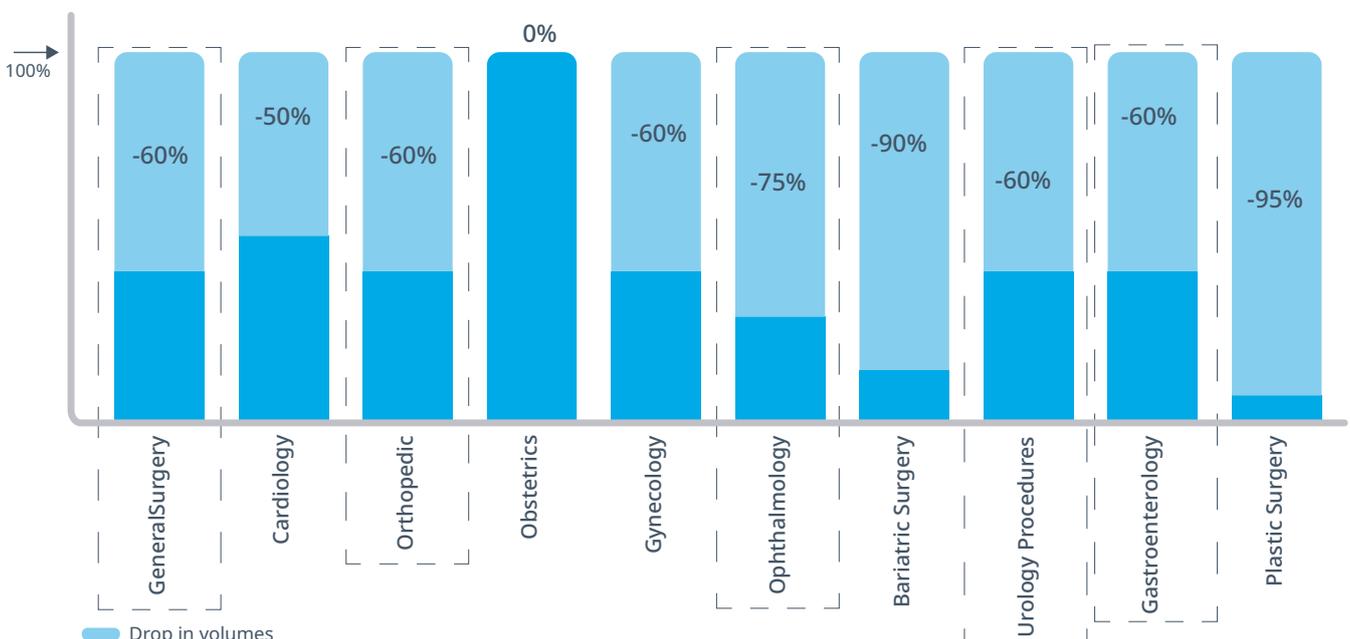


COVID-19 continues to challenge healthcare systems around the world, testing their limits and capabilities, and compelling them to rethink the way things have worked. With more focus allocated to fighting the pandemic, non-COVID-19 healthcare services have fallen, with reductions reaching up to 80% in the private sector. Early detection and screening programs for non-COVID-19 related conditions have been halted. Elective surgical procedures have been cancelled as a result of government decisions. And the enormous financial

burdens have forced some independent and small-sized healthcare providers to close their doors.

Protective and preventive measures, such as physical distancing and the high demand for necessary personal protective equipment (PPE), have added obstacles to the challenges the healthcare industry was already facing. To overcome these obstacles, and to continue to deliver the care patients need, healthcare professionals and organizations have turned to innovative medical technology.

**% Average change in procedures during COVID-19<sup>1</sup>**



<sup>1</sup>Source: Based on Primary market research conducted in first week of May 2020, IQVIA analysis

The medical technology industry, in turn, has responded to these new demands, ensuring the safety of both medical workers and communities at large while adapting to the new realities imposed by COVID-19. PPE manufacturers, including new entrants, have stepped up production. Commercial and clinical activities have seen a shift toward remote interactions wherever possible. Digital health solutions and machine learning capabilities have been leveraged to maximize operations and care. Supply chains have been reevaluated to avoid shortages. And med-tech players have been working with non-traditional partners to fulfill the immediate healthcare demands for critical supplies and equipment.

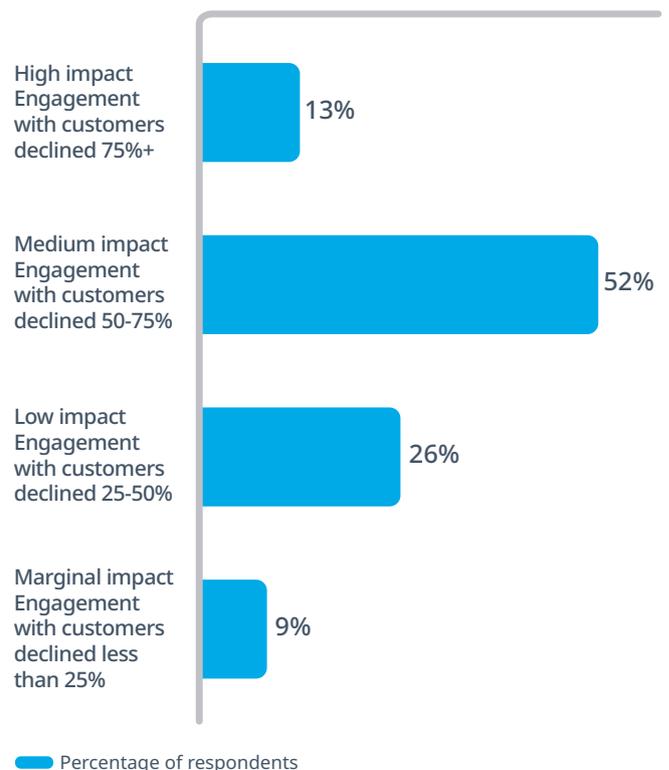
In a recent survey of med-tech organizations, conducted by IQVIA and Mecomed, delayed payments, reduced demand for medical devices, reduced customer engagement, and logistics and transportation of products were identified as the top challenges faced by most in the industry. Over half of the respondents said customer engagement declined by 50-75% as a result of COVID-19. 70% said they have adopted new methods to keep customers engaged.

## The Impact on the Medical Technology Value Chain

To empower the med-tech industry to deliver at the speed currently necessary, governments and regulators have accelerated registration, procurement, and import processes and eased restrictions for medical devices, including testing kits and PPEs. Some of these devices have been labeled 'National Security Devices' to help achieve national self-sufficiency during the ongoing pandemic. And health authorities continue to conduct regular studies on the availability of installed devices and local manufacturing capacity in preparation for any phase of the pandemic.

While many in the med-tech industry – especially local manufacturers - saw a sudden increase in demand for PPE and COVID-19-related testing kits, with the focus shifted on mitigating the effects of the pandemic, manufacturers of 'elective' products were hit with declines in sales and revenues. Dental equipment saw a sharp drop as the new health risks forced many dental services to shut down. Oncology devices were also impacted as they require large investments and harder key decisions. Orthopedic, ophthalmologic, and IVD devices have also seen sales fall.

### Impact on customer engagement (decline due to COVID-19)



Source: Survey conducted across Medical Device company stakeholders within the Middle East & Africa region by Mecomed & IQVIA

Outside of devices and physical equipment, the demand for remote engagement services for healthcare professionals and their patients soared as physical-distancing measures stopped physical doctor visits. People resorted to video-conferencing tools and telemedicine to follow up on their health with their doctors.

## Commercial, Financial, and Strategic Effects

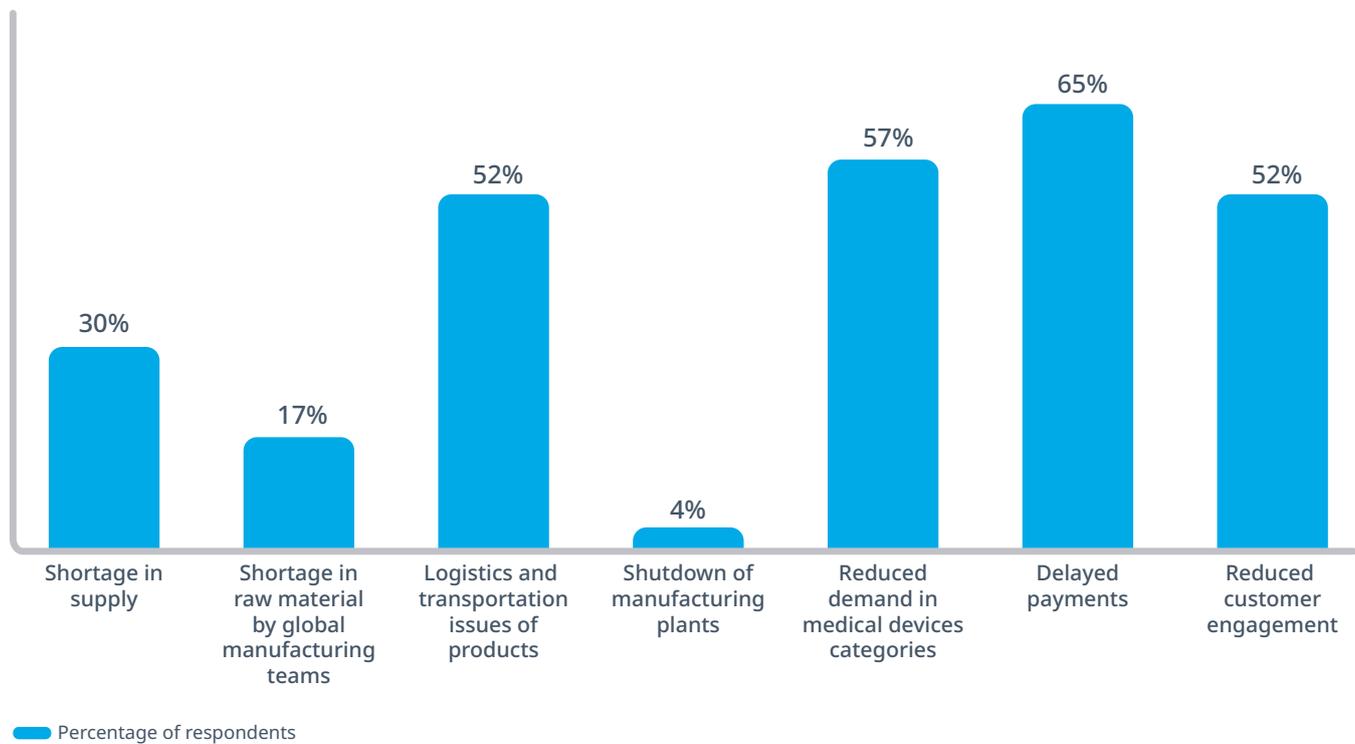
The COVID-19 pandemic took the world by surprise. Revenues and sales for non-COVID-19 related services and supplies plummeted and financial forecasts that were drawn up before the disease arrived have been deemed obsolete. But demand and sales for PPEs and COVID-19 test kits have surged, along with telemedicine and remote engagement services that virtually connect patients with doctors.

Businesses continue to reel from the impact of the

pandemic and cost cutting measures are expected to continue. Orders will be deferred or cancelled and constrained cash limits will limit the operational freedoms for distributors and manufacturers.

With regards to supply chains, businesses will seek more stable procurement and supply options. Distributors and healthcare providers will reevaluate their lists of suppliers, and procurement teams will most likely seek those they see as best suited to survive the current situation. Dual sourcing agreements will also increase as more stable supply lines are sought, presenting a major challenge for smaller companies.

### Top challenges faced by MedTech organisations due to COVID-19



Source: Survey conducted across Medical Device company stakeholders within the Middle East & Africa region by Mecomed & IQVIA

## Post-COVID-19 Market and Healthcare Outlook

When the pandemic begins to dissipate, market forecasts will be reassessed. A temporary surge in demand may occur as a result of delayed demands due to COVID-19 lockdown measures.

Procurement strategies will also be reviewed in light of the lessons learned from the pandemic. Businesses will want to ensure that, during unforeseen emergencies, multiple supply channels will remain available.

The COVID-19 pandemic highlights the crucial importance of medical devices. Governments may now include med-tech companies in planning conversations, inviting them to share their knowledge and expertise when drawing up strategies for manufacturing and crisis mitigation plans in the future.

The availability of medical devices has also proven to be a critical tool in the fight against pandemics. The med-tech community will likely review operating processes and take necessary decisions to ensure that enough stockpile of their devices remain available in their inventory.

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*Certain categories of medical devices are expected to gradually recover as a priority depending on regulatory mandates and urgent medical conditions. General surgical consumables and cardiac implants will likely be in the lead position for recovery.*

The med-tech industry will continue to align their product portfolio with the shifting demands of the market as the pandemic subsides. However, the need for accelerated innovation that meets short term demands of healthcare and maintains the momentum of this shift in healthcare delivery will remain. With the COVID-19 pandemic, our region witnessed an accelerated move towards digital health, where offerings, such as teleradiology, point of care testing and remote monitoring, emerged as preferred models, while certain challenges are yet to be addressed. The concept-design to product-launch process will likely be reassessed to ensure that essential devices and equipment reach those who need it as soon as possible.

As the world begins to recover from the effects of the COVID-19 pandemic, innovation and technology will be seen as essential tools that helped societies and nations overcome the disease's impact. The medical technology industry has identified areas in its supply chain it needs to adjust and continue to deliver devices and equipment that save lives. Innovation in the medical devices industry will accelerate to keep up with the new trends and demand across the continuum of care and maintain the momentum in certain technology adoptions and developments that have been achieved in the way healthcare is delivered.