



2022 Medical Device Sector Highlights, Trends & Opportunities

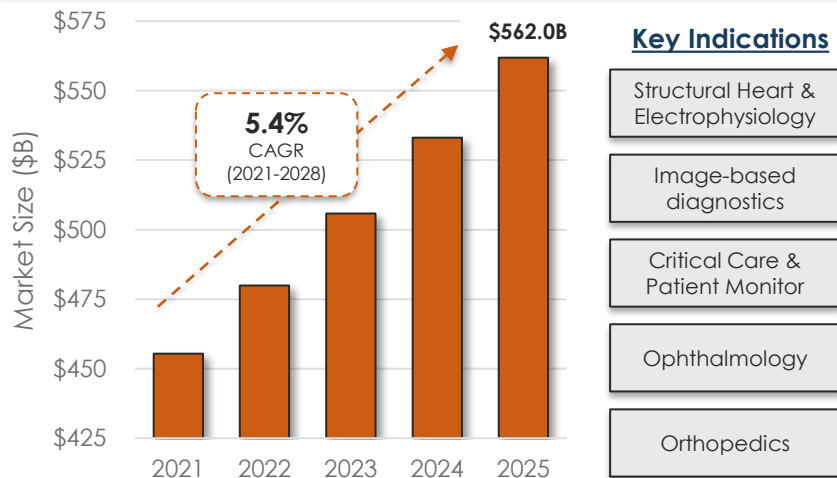
Reach the *Right Outcome*



MedTech Digitization & Miniaturization Creates New Opportunities

Medical Devices | Highlights, Trends & Opportunities

Global Medical Device Market



Select Key Players



Industry-Defining Market Dynamics

- **Shift to value-based care:** Demonstration of treatment benefits critical to achieve favorable reimbursement & market adoption
- **Transition to outpatient treatment:** Minimally-invasive technologies & wearables drive procedures out of hospital & closer to home
- **Focus on reducing cost of care:** Chronic disease management offers potential to prevent expensive treatments/surgeries
- **Increase data collection:** Big data leads to added patient measurements & advanced analytics; more instrumentation adopted by hospitals

Innovation Driven By Accelerated Adoption Of Tech-Enabled Assets

- Regulatory environment increasingly receptive to digital technologies
 - Software-as-medical-device (SaMD) FDA pathway resulted in development & approval of additive tools
 - Connected-devices aid physicians in data collection, diagnosis & treatment
- Digital solutions (i.e., software) enhance traditional image diagnostic modalities (i.e., MRI, ultrasound, pathology)
- Device miniaturization & smartphone integration enable hospital integration, portability & at-home monitoring
- Adoption of cloud-based medical data storage enticing Big Tech to pursue life sciences, increasing competition for novel technologies

Rapid Advancements Focusing On Digitally-Enabled Solutions For Delivering Enhanced Patient Care

Portable Medical Devices Enable Greater Usability

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Global Portable Medical Device Market

Low-Value

Descriptive: Traditional data collection capabilities (i.e., pulse rate, step count, etc.)

High-Value

Prescriptive: Analytics to provide actionable insights into health & impact of lifestyle.

Prevention

Diagnosis

Treatment

- Wearables
- Biosensors
- RPM Devices
- POC Diagnostics
- Implantable Devices
- At-Home Devices

Key Benefits



Expand access to care & end user base, driving creation of new markets & product categories.

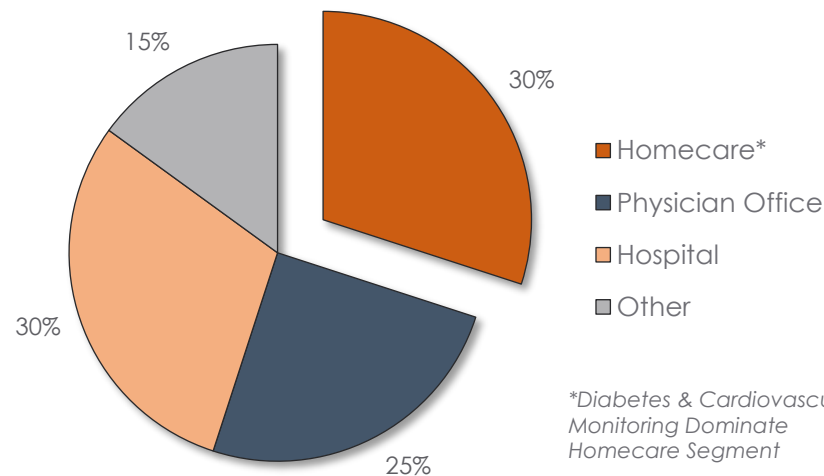


Portability combined with software integration shifts functionality from capturing a single data snapshot to providing continuous data for informed diagnoses.



Miniaturization of technology offers opportunity for less invasive solutions to reduce length of stay & improve outcomes.

End User Segmentation (% of Users)



Select Players

Abbott

Roche

Medtronic

ResMed

SAMSUNG

OMRON



GE Healthcare



clarius

Butterfly™
The New Image of Health



tytocare™

CLARION™
MEDICAL TECHNOLOGIES

Teladoc
HEALTH

Improved Utility & Access Promote Device Adoption Across Patients & Providers

AI Versatility Enhances Care Across Functional Areas

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Global Healthcare AI Market

\$150B

Potential U.S. Healthcare Savings by 2026

29

AI-Enabled Medical Devices Approved

400,000

Lives Saved Using AI-Enabled Healthcare Technology

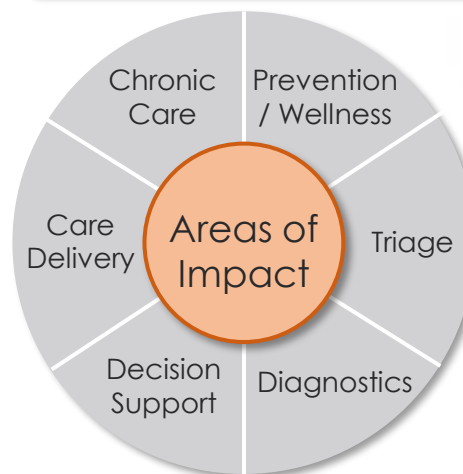
1.8B

Hours Freed Up with the Use of AI-Enabled Technology

Availability of Patient Data Drives Innovation in AI-Enabled Devices

- Advancements in technology allow for real patient data to be used in developing highly-specific & sensitive AI algorithms
- Pressure to reduce healthcare spending & shortage of trained healthcare professionals accelerates adoption of AI-enabled technology
- AI supports disease prevention, early diagnoses & precision medicine solutions for enhanced care
 - Drives >\$8B in venture funding (2020) for increased innovation in healthcare AI
 - Promotes traditional tech companies (i.e., Intel, IBM Watson, etc.) to enter market with healthcare-specific solutions

Emerging Trend Dynamics



Key SaaS Applications

 SUBTLE MEDICAL	General
 ARTERYS	Oncology, Cardiology
 koios™	Oncology
 iCAD®	Oncology
 iz.ai	Neurology

Select Players



AI-Enabled Technology Unlocks Bespoke Healthcare Solutions While Streamlining Operations

Medical Robotics Providing Breakthrough Clinical Outcomes

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Global Medical Robotics Market

\$42B

Average Annual Cost Associated
with Medical Error

~\$1,200

Average Cost Savings per Procedure
Performed with Robotic Assistance

16.6%

Global Medical Robotics
Market CAGR
(2020-2027)

59%

Total Global Medical Robots Market
Occupied by Surgical Robots
(2020-2027)

Key Drivers Promote Accelerated Growth of Robotics Segment

- Ability to provide minimally-invasive surgical tools that integrate with digital components (i.e., surgical navigation software, etc.) promotes increased use of medical robotics
 - Patients prefer minimally-invasive procedures for shortened recovery time
 - Precise surgical tools improve overall clinical outcomes
- Increase in robotic approvals by regulatory agencies signify acceptance to entry/innovation
- Physician adoption drives increased innovation by key strategies as greater usage de-risks investments in the opportunity

Emerging Trend Dynamics

Sought
After
Features



Multifunctional



Portable



User-Friendly



Digitally Integrated

>50%

Average Reduction
Surgical Blood Loss
(2020)

>70%

Average Reduction
Length of Stay
(2020)

>60%

Average Reduction
Hospital Readmission Rate
(2020)

Select Players



Medtronic

Boston
Scientific

stryker

Johnson & Johnson



ZIMMER BIOMET

NUVASIVE

INTUITIVE
SURGICAL®

ASENSUS
SURGICAL

SIEMENS
Healthineers

TITAN MEDICAL

smith&nephew

STEREOTAXIS
Improving Life with Precision and Safety

Robotic-Assisted Devices Drive High-Value Transactions

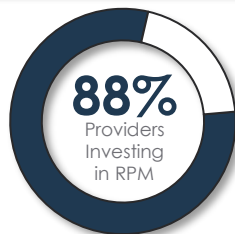
Superior Care Through Continuous Patient Monitoring

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Global Patient Monitoring Market

125%

Increase in RPM
Funding
(2019-2020)



\$73.5B

Global Patient
Monitoring Market
Size by 2028

Clinical ROI

Financial ROI

Operational ROI

>23M

Patients Using Remote
Patient Monitoring Tools
(U.S., 2020)

>30%

Reduction in
Hospitalizations
(U.S., 2020)

>20%

Reduction in
ER Visits
(U.S., 2020)

Select Players



Patient Monitoring In Critical Care Settings

- **Need to optimize ICU/NICU operations:** Critical care patients account for 29% of stays & 47% of hospital charges
 - Sensitivity of ICU patient conditions require constant, accurate data for better outcomes
- **Seamless communication of patient data:** High-quality data from innovative monitoring technologies enable more informed
 - Incompatible monitoring devices create additional, time-consuming tasks
 - Integration across monitoring technologies facilitate faster, more precise care decisions

Enhanced Monitoring Technology Offers Key Benefits

- Availability of RPM/wearable devices drives adoptions for chronic disease management
- Miniaturization allows devices to fit in ICU/NICU settings
 - Cumbersome devices more difficult to transport in & out of ICU/NICU rooms
 - Miniaturized monitoring technology easily accessible for greater usage
- Payors recognize economic benefits of technology & support favorable reimbursement environment
- Greater operational & care performance increases provider performance & patient throughput for improved cost efficiencies

Optimizes Care Continuum While Increasing Clinical, Financial & Operational ROI

Differentiated Technology Attracts Strategic Attention

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MedTech Innovation Overview

>60%

R&D Budget Spent on
New Product Development
(2020)

>47%

Increase in MedTech
Venture Financing
(U.S., 2018-2020)

>20%

Increase in MedTech Digital
Transformation Funding
(2019-2020)

>29%

Increase in FDA-Approved
Innovative Medical Devices
(2018-2020)

Regulatory Pathway

Comprehensive strategy aligns with
commercialization requirements

Value-Based Care

Device improves clinical
efficacy or reduces cost of care

Intellectual Property

Broad IP estate blocks competition
to maximize technology value.

High-Value Features

End-To-End Solutions

Technology addresses needs
from screening to intervention.

Smart/Connected Devices

Capitalizes on patient data to improve
clinical insights & personalize care.

Integration Potential

Target technologies align with existing
offerings & expands capabilities.

Key Acquisition Drivers & Desired Synergies

- **Product Tuck-In vs. Market Adjacencies:** Portfolio enhancement & expansion drive inorganic growth to increase market share across business segments
- **Cross Selling Opportunities:** Leverage existing salesforce to amplify product adoption
- **Geographic Expansion:** Providing new sales opportunities in untapped regions; both local & global

Key Technology Features & Potential Synergies Stimulate Increased Investment In MedTech

Product & Company Attributes Drive Transaction Value

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Device Attributes



Therapeutic Function

Clinical data aligns with value-based care models.



FDA / CE Marking

Regulatory approval creates premium device value.



CMS Codes

Clear reimbursement promotes physician adoption.



Intellectual Property

Broad IP portfolio maintains market position & competitive advantage.

Impact & Value



Worldwide Capabilities

US, EU & APAC reach sought-after by multi-national strategies



Digitized Offering

Leverage data & analytics to provide meaningful insights & support growth.



Commercial Model

Effective commercialization confirms pricing strategy.



Physician Adoption

Widespread initial physician adoption validates demand profile & usability.

Operational Efficiencies

Strategic Positioning & Market Alignment Create Favorable Transaction Dynamics

Strategic & Financial Acquirers Seek High-Value MedTech Assets

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Strategic Acquirers



Rationale

Maintain market leadership through expanding technology offerings & areas of focus.

Growth Equity



Rationale

Create value through long-term innovation & growth.

Private Equity



Rationale

Optimize profitability to position for strategic exit.

MedTech Growth Opportunities Underpin Consolidation Across Segment

Leading MedTech Strategics Provide Significant Industry Investment

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MedTech Top 10*



M&A Overview

>70

Transactions
Within The Last 3 Years

>\$72B

Total Capital Deployed
By Lead MedTech Players

>\$3B

Average
Deal Size

>\$275M

Median
Deal Size

*Based on MedTech companies with highest market capitalization as of 12/22/21

High-Value Target Areas

- 1 Microsurgical Robotics
- 2 Orthopedics
- 3 Intraoperative Imaging
- 4 Surgical Navigation

Top Acquirers

Medtronic



Johnson & Johnson

Stryker

Recent Events

Johnson & Johnson

11/12/21 – J&J separating medical device & pharma business from consumer segment

Baxter







































12/13/21 – Baxter completes acquisition of Hillrom, consolidating MedTech buyer universe

Innovative Treatment Solutions Drive M&A Value & Interest

MedTech Leaders Deploying Significant Capital Into M&A Targets

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	3M	Abbott	Baxter	BD	DANAHER	GE Healthcare	INTUITIVE	Johnson & Johnson	Medtronic	stryker
M&A Targets Last 3 Years		 	 	      	 			     	        	    
Invested Capital	~\$6.7B	~\$280M	>\$12.8B	N/A	>\$9.5B	N/A	~\$150M	>\$6.4B	>\$2B	>\$4B

Market Share Maintenance & Capability Expansion Drive MedTech Market Consolidation

Recent High-Value Transactions Demonstrate Substantial Demand

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Portable Devices

ProvenProcess
MEDICAL DEVICES

Target

NextPhase
MEDICAL DEVICES LLC

Buyer

Undisclosed

Size

Provides medical device design & development services specifically for handheld, combination & wearable technologies.

Target Description

Breathe

Target

Hillrom™

Buyer

\$130
Million

Size

Developer of non-invasive portable & wearable ventilator for people with lung conditions, such as COPD.

Target Description

Healthcare AI

zebra™
MEDICAL.VISION

Target

NANOX

Buyer

\$200
Million

Size

Medical imaging analytics company using cutting-edge AI technology & cloud capabilities for diagnosing patients.

Target Description

Digital Surgery™

Target

Medtronic

Buyer

Undisclosed

Size

Provider of surgical artificial intelligence, data & analytics and digital training for medical procedures & surgical systems.

Target Description

Buyers Seek Bolt-On Opportunities That Leverage Existing Sales Channels

Strategics Deploying Significant Capital For Differentiated Assets

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Medical Robotics

AURIS

Target

Johnson & Johnson

Buyer

\$3.4
Billion

Size

Developer of controller-operated robotic camera that helps doctors obtain images from within the body, including the lungs.

Target Description

Mazor Robotics

Target

Medtronic

Buyer

\$1.7
Billion

Size

Developer of robotic-assisted technology & guidance systems for use in spinal & implant procedures.

Target Description

Remote Monitoring

VRI

Target

modivcare
FORMERLY LOGISTICARE

Buyer

\$315
Million

Size

Provider of remote patient monitoring solutions & medication management platform to drive patient engagement & outcomes.

Target Description

Preventice SOLUTIONS

Target

Boston Scientific

Buyer

\$950
Million

Size

Developer of mobile cardiac health solutions portfolio, ranging from ambulatory monitors to mobile cardiac telemetry.

Target Description

Acquirers Seek Accretive Opportunities That Align With Current Portfolio

Transaction Types Evaluated Based On Alignment With Internal Strategy

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	M&A	Build-To-Buy	Strategic Investment	VC/PE Investment
Description	<ul style="list-style-type: none"> Consolidation of companies into a single entity Ideal for targets with existing commercial traction or developed growth strategy 	<ul style="list-style-type: none"> Contributions to target development for future M&A Opportunity for acquirer to give input on existing operations for efficient integration 	<ul style="list-style-type: none"> Investment in target development by strategic player Investor provides capital for enhanced growth; de-risks target for potential acquisition 	<ul style="list-style-type: none"> Investment in target by financial sponsor Early-stage target companies receive capital & guidance from investors for future exit opportunity
Shareholder Benefit	Immediate liquidity with potential future upside through performance milestones.	Shared risk through market validation & pre-defined exit.	Market & industry buy-in with access to growth capital.	Strategic guidance & necessary capital to reach exit.

Target Company Stage & Buyer Growth Strategy Determine Optimal Transaction Type

MedTech Case Study: Innara Health

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TARGET



STRATEGIC & FINANCIAL ADVISOR



PARTNER

Business Description

Industry

Medical Device

Vertical

NICU / Patient
Monitoring



Product

The NTrainer is the only FDA-cleared device to improve feeding outcomes in premature infants.

Differentiation

The NTrainer objectively assesses oral coordination & provides consistent, therapeutic pulses for improved feeding outcomes.

Transaction Challenges

Status

Having a differentiated product with clear therapeutic function, Innara Health required additional capital for re-designing the NTrainer to better integrate into NICU floorplan & enhance usability.

Challenges

Limited salesforce & large-format device inhibited NICU adoption. With minimal commercialization & no similar devices on the market, partners struggled to evaluate future market opportunity of the NTrainer.

The Outcome Way

Strategic Insight

Outcome realized the true market potential for Innara Health & identified a range of transaction options for enhanced commercialization.

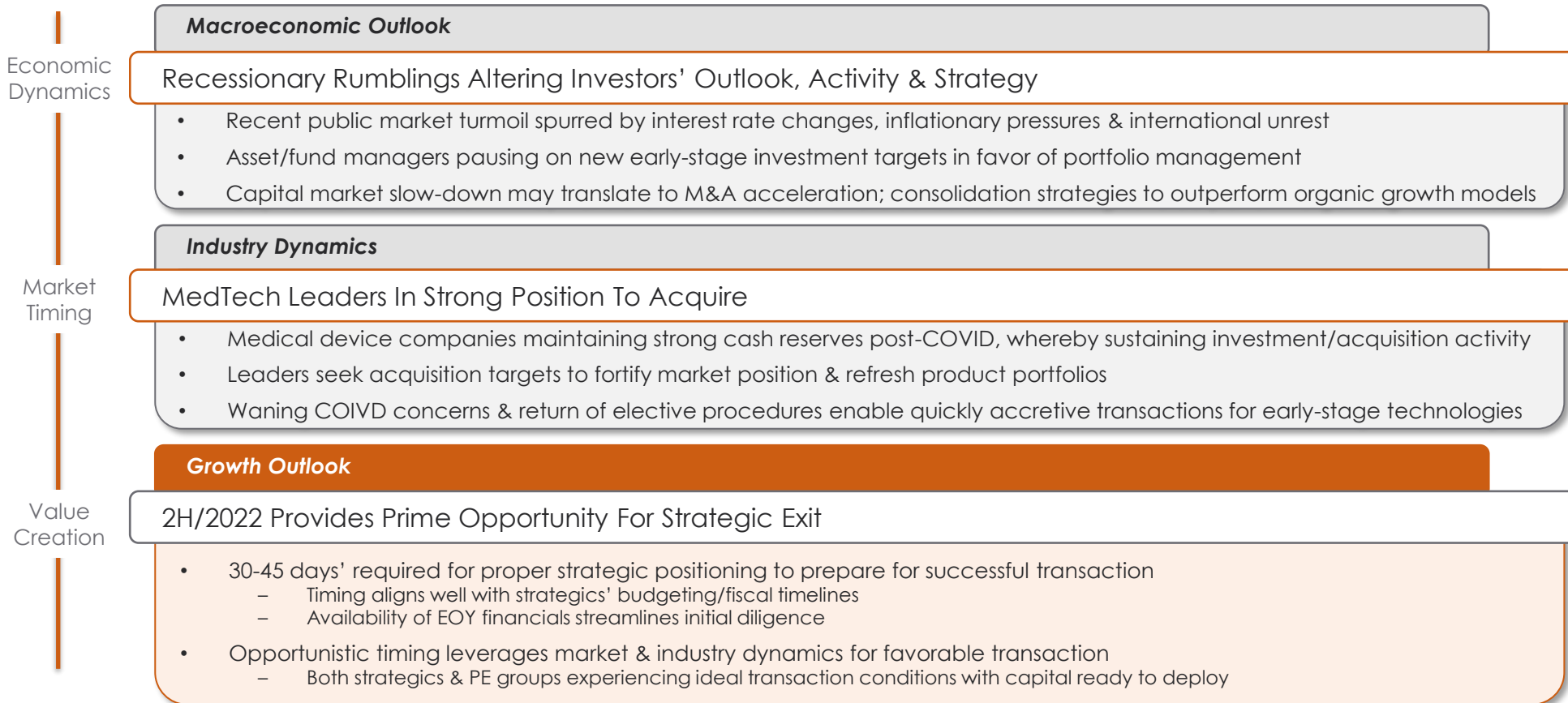
Process

Outcome developed a market-based perspective to identify key value drivers for the NTrainer & engaged a strategic partner to fund the continued improvements to the device as well as expand commercial efforts.

Outcome Communicated Value-Enhancing Milestones Resulting In A Strategic Partnership With Cardinal Health

MARKET & INDUSTRY DYNAMICS DRIVE MEDTECH M&A

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Potential Value Creation Opportunity For Middle-Market MedTech Innovators



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