



## (DE)SIGN OF THINGS TO COME

MEDICAL DEVICES COMPANIES WEAVE NEW BUSINESS MODELS  
TO PROVIDE VALUE-ADDED SERVICES

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## ABSTRACT

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The world of Healthcare has been experiencing demands in terms of clinical outcomes, care delivery excellence, cost performance and accountability. Patient centricity being the focus area, care providers strive to deliver superior care at optimal costs.

Today, medical device companies see a churn in their business environment via changing purchase processes (e.g. Value-based Purchasing), technology commoditization and disruptive competition. Third-party vendors and startups are venturing into the market at a fast clip, thereby pressurizing medical device manufacturers to differentiate at a feverish pace. By innovating and offering their customers value-added services, device companies plan to boost customer loyalty, improve competitiveness and generate profits. To achieve that, business processes and infrastructure are being optimized, automated and redefined with emerging focus to leverage insights from devices to shape products and services. The age of Internet of Things (IoT) is on the anvil!

## CONNECTED DEVICE/ IOT PROGRAM - A VEHICLE FOR TRANSFORMATION

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Adoption of M2M (IoT) continues to grow across regions. The Healthcare & Pharmaceuticals industry has shown significant growth, indicating that innovation via IoT will perhaps overcome the challenges of a regulated industry to benefit from innovative connected device solutions.

Interestingly, while many functions contribute to the ROI of the connected device/IoT program, it is the customer service function that promises quantifiable business improvements and across the entire enterprise.

## HOW CAN MEDICAL DEVICE COMPANIES LEVERAGE ON IOT?

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- **Improving sales in new markets:** A customer service organization could enable better product sales in new/emerging markets by allaying equipment downtime fears of prospective customers by demonstrating its ability to predict failures and, thereby, proactively manage equipment downtime. Moreover, overall costs to a customer could be reduced owing to reduced need of field visits
- **Improving differentiation via product design and ease of support:** Leveraging insights from usage and service history, engineering teams could improve design to enable faster troubleshooting and replacement. Additionally, these insights can help design custom products,

new clinical applications/protocols and services, thus providing differentiation

- **Product portfolio management:** Portfolio and lifecycle managers can leverage operational feedback to strategize product introduction or withdrawal, thereby helping improved obsolescence management
- **Operations cost optimization:** A service parts management team could use the device failure prediction updates to automatically plan parts sourcing and delivery to reduce overall cost of inventory, improve warehouse and supply chain operations. This helps deliver superior customer experience

Clearly, integrated devices and systems are needed to help diverse business functions collaborate, and enhance overall business results while achieving individual functional targets. Customer service organizations are looking to IoT to open up new business opportunities, generate business gains via efficiency enhancement, provide unique customer experiences, and improve operational effectiveness.

## PROGRAM EXECUTION – CHALLENGES AND OWNERSHIP

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While connected device/IoT programs are conceptually exciting, treading this path of change is not yet easy. It's a complex process that poses multidimensional challenges such as:

- Insufficient executive sponsorship for want of compelling business cases
- Low interest among hospitals and care providers
- Diverse processes, technology and service capabilities (especially with acquisitions seen in Medtech industry)
- Missing or weak strategy for data collection and analysis
- Lack of open standards (e.g. data collection, interoperability, etc.)
- Diverse and complex organization structures
- Rigid product/device centric mindset

- Concerns about data security and privacy
- Large installed base and diverse product portfolio
- Evolving ecosystem of consultants, solution providers, integrators et al.

Since IoT programs are outcome focused, with multiple beneficiaries, there are invariably different perspectives on how the program rollout needs to be owned, defined and executed, resulting in slow progress. In terms of program ownership, C-suite leaders invariably see the situation differently.

Currently, in most organizations the IT function led by the CIO/IT director, is the program owner with cross functional sponsorship, especially from the customer service/service innovation function. Past experience in delivering IT programs of scale, complexity and innovation coupled with appreciation of platforms and data management provides the IT function the necessary capability to execute IoT programs and deliver outcomes, internally and externally.

The ecosystem, comprising of platform/solution providers, system integrators, service domain specialists and digital transformation consultants, has been quick to realize this industry need, and has scaled up to support the challenge. For a Medtech company, this provides a great opportunity to leverage established partner organizations that have all round capabilities from strategizing to execution.

## IT IS THE TIME FOR TRANSFORMATION

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Medical device companies are on a transformational journey to provide their customers with services/outcomes for mutual benefit.

Developing customized service offerings requires deep understanding of customer operations that are well addressed by devices, in the form of data and insights. Connected devices/IoT programs enable this transformation that promises outcomes, enterprise wide. The IT function is currently the best positioned function to work with the customer service function in delivering these outcomes internally and externally. The challenges are many to realize success. However, with a choice of partners from the ecosystem, this is mission possible.

## ABOUT THE AUTHOR

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**Venkatesh Seshachar** is a Principal Consultant and IoT evangelist, providing thought leadership and subject matter expertise for IoT/M2M-driven transformation of customer/field service business in the medical device industry. He supports clients in developing their transformation strategies and execution via adoption of digital technologies. Venkatesh has years of cross-functional experience in areas of industrial automation, consumer electronics and healthcare/devices.

## ABOUT WIPRO LTD.

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