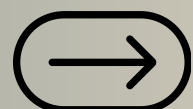


CASE STUDIES IN COMMERCIAL STRATEGY



By Scott Nelson



THE PRODUCT CHALLENGE!

1

Canary Medical, a medtech company specializing in sensor-enabled implantable devices, partnered with Zimmer Biomet to launch the Persona IQ Smart Knee in 2021.

This was the first FDA-cleared "smart implant" for knee replacements, capable of transmitting data about the patient's activity and recovery progress post-surgery.

Despite its groundbreaking technology, adoption faced challenges due to market hesitancy and reimbursement complexities.



By Scott Nelson

HEAVY FINANCIAL IMPACT

2

While Zimmer Biomet and Canary Medical garnered significant attention from the launch of the Persona IQ Smart Knee, the product's revenue contribution was limited.

The lack of widespread adoption due to reimbursement and market hesitancy resulted in an estimated opportunity loss of potentially tens of millions of dollars annually in missed sales.

Analysts estimated that capturing even a modest share of the total knee replacement market (~\$8 billion globally in 2021) could have translated into annual revenues of \$50-\$100 million for this innovative product line.



By Scott Nelson

“CROSSING THE CHASM”

BY GEOFFREY MOORE

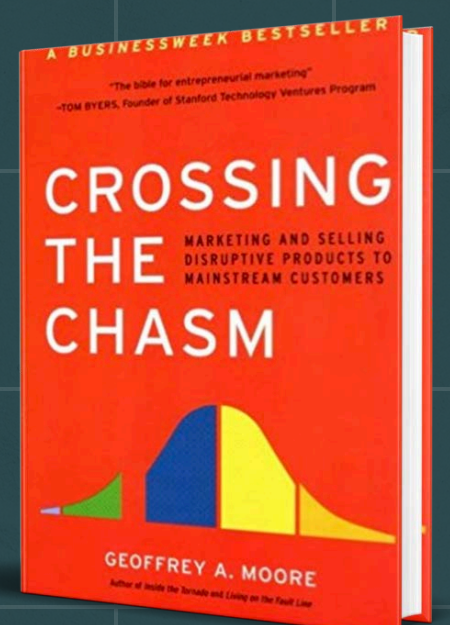
3

The challenges faced by Canary Medical and Zimmer Biomet's Persona IQ Smart Knee align with principles from Crossing the Chasm by Geoffrey Moore, which explains the difficulty of moving from early adopters (visionaries) to the early majority (pragmatists).

They faced significant challenges in moving beyond the early adopters—visionary surgeons and institutions—toward the early majority, which is critical for widespread market adoption. The early adopters were excited about the innovative nature of the device, but the broader, more pragmatic segment of healthcare providers, which includes risk-averse surgeons and hospital administrators, required clear, proven value before embracing the technology. This is a core concept of Crossing the Chasm: for disruptive innovations to succeed, they need to move past the "chasm" that exists between enthusiastic early adopters and the more skeptical early majority.



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WHY?

ROOT CAUSE OF CHALLENGES

4

The slow adoption of the Persona IQ Smart Knee stemmed from several interconnected factors that are common to truly disruptive technologies in medtech:

- **Reimbursement Uncertainty:** One of the most significant barriers was the lack of clear reimbursement pathways for this type of innovative device. The cost added a financial burden for healthcare systems not accustomed to paying for sensor-enabled implants.
- **Questions of Clinical Utility:** Surgeons were not immediately convinced of the practical benefits of real-time activity monitoring. While the technology was novel, the perceived lack of immediate, actionable insights from the data limited its appeal. Surgeons may have viewed the device as an incremental improvement rather than a transformational one.
- **Integration Complexity:** The Smart Knee introduced new data streams into the healthcare ecosystem, requiring integration with electronic health record (EHR) systems and workflows.
- **Market Readiness:** The technology was ahead of its time. The orthopedic market had limited familiarity with sensor-enabled devices, and the concept of smart implants required a shift in mindset and practices.



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BUT WAIT!

SIGNS OF IMPROVING ADOPTION AND MARKET ACCEPTANCE

5

There are many positive indicators that adoption of smart implants like the Persona IQ Smart Knee will continue to improve:

- **Increased Focus on Digital Health:** Healthcare is quickly embracing digital health solutions.
- **Success Stories:** Cases demonstrating improved patient outcomes and reduced hospital readmissions using Smart Knee data have started to emerge.
- **Reimbursement Progress:** Progress in developing specific reimbursement codes for sensor-enabled implants is underway.
- **Technological Maturity:** Canary Medical and Zimmer Biomet can refine the technology to reduce production and implementation costs.
- **Value-Based Care:** The shift toward VBC models continues to grow, and the Persona IQ Smart Knee aligns with this trend through objective recovery data.
- **Patient Advocacy and Demand:** With growing patient awareness of digital health technologies, demand for innovative solutions like the Smart Knee may increase, encouraging hospitals to adopt these devices.



By Scott Nelson

BEYOND BUSINESS PLANS

6

The challenges faced by Canary Medical and Zimmer Biomet reflect the inherent complexities of introducing disruptive medtech innovations. However, evolving healthcare priorities, advances in digital health, and emerging success stories suggest that the Persona IQ Smart Knee - and similar technologies - **WILL** see a brighter future with increasing adoption and acceptance in the coming years.

We've already seen Canary expand their technology into spine and cardiac - **it's just a matter of time.**

Commercial strategy is more than business plans and forecast spreadsheets. It's planning, oversight and communication between every point of potential success - or failure.

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