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Exec Chat: From Cameron To Boston Scientific, Navigating Through CRM Challenges

by Tina Tan

Boston Scientific has had its fair share of struggles with its cardiac rhythm management unit, which it gained through its pivotal acquisition of Guidant back in 2006. A major slowdown in market growth was, and continues to be, a significant challenge, while the company has also had to contend with other internal operational issues. However, the business looks to be turning around to an extent, helped by a management change and some judicious innovation investments that are paying off. *Medtech Insight* caught up with Pierre Chauvineau, Boston Scientific's former VP of Rhythm Management, Europe and now VP Executive Advisor, to get an inside view.

[*Boston Scientific Corp.*](#) entered the cardiac rhythm management market in 2006 after acquiring Guidant for a hefty \$27bn, which, at that time, was the biggest deal in medtech history. Some market spectators had balked at the offer price, which enable Boston Scientific to take Guidant away from Johnson & Johnson, but the Massachusetts firm had justified the deal – which it described as a "transforming event" in its annual 2007 report filing with the US Securities and Exchange Commission – with the significant high-growth potential it saw in the CRM sector and the opportunity for Boston Scientific to be an well-rounded heart device player.

The immediate years after the acquisition did see CRM top-line make modest increases but then things started slipping after 2009, with sales of this business declining every year (dropping 10% between 2009-2010, then by 4% in 2011, and another 8% in 2012). However, the damage seemed to have been brought under control after 2012, when Boston Scientific saw a change at the helm, with new CEO Mike Mahoney coming on board and promising to take the company back to growth. That year also saw the firm acquire Cameron Health, the developer of the S-ICD subcutaneous implantable cardioverter defibrillator, which it had first invested in back in 2004.

From this acquisition, Boston Scientific took on a technology that is now one of the key drivers of growth for the CRM unit. It also gained management expertise in the form of Pierre Chauvineau, who not only oversaw Cameron's international business, but also had 20 years at Medtronic, the CRM market leader.

Speaking at the Oct 19 *Med In Ireland* event in Dublin, Chauvineau said candidly that Boston Scientific's CRM business "was challenged" when he came on board with the Cameron Health acquisition. Unlike more nimble start-ups, big multinationals tend to find it harder to build a disruptive culture within the organization, Chauvineau told delegates, but Boston Scientific is aiming to address this challenge by nurturing a strong culture that can adapt quickly to the changing health care environment and the needs of their customers and patients.



Source: Source: Boston Scientific

Medtech Insight caught up with Chauvineau for a quick chat to touch on topics including this cultural shift and how it has helped, in part, to change the trajectory of Boston Scientific's CRM business and also about his perspectives on the bigger CRM market, the continued challenges – in the reimbursement and regulation of medtech – and the opportunities for innovation in this field.

Q Medtech Insight: When Cameron Health was bought by Boston Scientific in 2012, did you move into the role that you are in now?

A Pierre Chauvineau: No. I was at Boston Scientific after the acquisition to help with the integration of Cameron. Then a few months later, Boston announced it was changing the way the company was organized from a geographic focus perspective to a business focus. That's when they asked me if I wanted to take the leadership job for CRM in Europe. I said 'no' at the beginning because I spent 20 years at Medtronic, before I went to Cameron and going back into a corporate role was not my favorite option. What changed my mind though was meeting the leaders of Boston Scientific; [CEO] Mike Mahoney, Joe Fitzgerald [the president of RM) and Michael Onuscheck [then President Europe]. I thought those people were very special and that we could do something together. At that time, I would not have called Boston Scientific a

'winning' company so it was about trusting the people to change the trajectory of the business.

Q You have been very candid about Boston Scientific's CRM business not being in a good place when you came to the company in 2012. It has been said that it had been a difficult integration and that Boston Scientific's mistake had been to run the CRM business like a stent business. What's the difference between running a business that sells stents and one that sells cardiac rhythm management devices?

A The big difference between the two is that with stents, you deliver the implant to the patient one-time and then you rarely see the patient again. In a CRM environment, you take care of the patients for life. After you implant a CRM device in a patient, you have the patient coming back every six months or so for a follow-up, so as a physician you need to have complete trust in your device provider.

Your provider is not someone who just sells you the product. Customer service and support is critical. You need to have someone who goes back regularly to the physicians and help them with the patient follow-up, understand the parameters of the programmer, and can support the physicians in fine-tuning the program for the patient.

That's a huge difference between stents and CRM.

Q In the five years that you've been at Boston Scientific, how has the CRM business evolved from where it was when you first joined to where it is now?

A When I started, it was not doing so well. We had to completely transform the business in terms of remotivating the team and making the team win again. The addition of releasing highly competitive new product lines and the acquisition of new technologies also were of great help. For me, it's all about people and together with my close leadership team, we developed a change management process. It took two years of really hard change and for the last three years, we have been winning against the competition.

Q But has the CRM market itself improved?

A No, it's been pretty flat. It's been flat to decreasing over the last five years, it's a very difficult market and the tensions have been building up even more this year.

Q Are your other CRM rivals also being impacted?

A We all feel the pain. It's the market conditions. And the pricing pressures continue to be very intense. It's organized pressure by consortiums that get together and do bulk purchasing.

Q What are the key challenges that Boston Scientific's CRM business continue to face?

A The reimbursement environment is one, but it could be an opportunity rather than a challenge. Reimbursement is slowly moving away from measuring activity to measuring outcomes. By rewarding activity, the more cases you do, the more money you make as a hospital. However, for high value-high one off price items like implantable cardioverter defibrillators, what's happened is that this has led to hospitals wanting the prices of these devices to be reduced when they do volume purchasing.

So measuring value-based outcomes for reimbursement, rather than activity, is actually a way to solve this problem and can be a great opportunity for companies. Especially if you have an implantable defibrillator [like Boston Scientific's extended longevity ICDs] which lasts twice as long as your competitors, then you know you are bringing a real benefit to the patient, to the patient outcome, and to the health care provider.

Q The new EU medtech regulations must also be a big concern.

A We have until 2020 to comply with the new rules. We are getting ready for this.

Q Will the US start becoming your first go-to market for new products?

A There may be a risk. If you were a company what would you do? If you have a market as large as the US, with one language one regulation and if you can get regulatory approval faster in the US, or at least at the same time as Europe, you'd want to invest in the US, not in Europe. We hope it isn't going to cause too much disruption in the technological innovation. That said, we do agree that we need quality products with quality outcomes – but there needs to be a fine balance.

Q **The market for CRM devices is still substantial and there is a need for technologies in this field to continuously improve. In this context, in which direction is CRM innovation going?**

A Leadless is where it's heading. The lead has always been the weak link of the system, even though we pride ourselves at Boston Scientific on having excellent long term results. In the near future, we will be connecting our leadless pacemaker and S-ICD so that they can wirelessly communicate with each other, so there's less hardware in the body and the venous system is not clogged up. It will keep options open for the patients, and for us, that is the most important aspect of what we do. We're looking at innovations on the diagnostic side too and we feel excited about the potential benefits this may bring in the next 12 months

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