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# Q&A: Medtronic CEO Discusses Challenges Of Taking Helm During COVID-19, Exciting Innovations, More

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In an exclusive interview with *Medtech Insight* Medtronic CEO Geoff Martha discussed his experience not just taking the reins at the start of the pandemic, but also adjusting the company to meet public need.

In a lengthy exclusive sit-down with Medtech Insight, Medtronic CEO Geoff Martha talked about his transition into the new job at the start of the coronavirus pandemic, some second thoughts on how aggressive he was on mergers and acquisitions, the upcoming technologies he's most excited about, and more.

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**Q** *Medtech Insight:* I want to ask you about the fact that you took the helm at Medtronic at the start of this pandemic. I'm guessing it's not how you envisioned your first day on the job to go, or the first year, for that matter. Tell us how that's been for you.

**A** Martha: Well, first, Danny, thanks for having me on the podcast here. I'm excited to be here.

Yeah, no, we did a lot of succession plan. I think Medtronic, Omar Ishrak, the board

of directors, our head of human resources Carol Surface, they spent a lot of time on a great transition plan and all kinds of contingencies and scenarios. But it did not have, as far as I know, a global pandemic in it.

The word I would use is 'intense.' It's been an intense year for us at Medtronic, between the pandemic and then specifically within the pandemic, being in the middle of a ventilator issue earlier on in the pandemic, given that we're a big, global provider of ventilators. And then you've had a CEO transition, the pandemic, the ventilator piece, and then we made some significant changes at the company, due to what we'll call our new operating model, all over that same time period. So, it's been intense.

But I would say that because they did such good succession planning, I thought I had really good support from the board, from Omar. These transitions, as I've learned, oftentimes don't go so well. I think ours has gone excellent. And I got support from him, and then plus the leadership team that I inherited is a very tenured leadership team who I have worked with. I feel like I do have a lot of support.

And finally, there's the Medtronic mission, which was written 60 years ago. And you know, people know tenet one being "alleviate pain, restore health, extend life," but there are five other tenets. It's one of those documents that in a situation like a pandemic where you're having to make a lot of decisions quickly and there's no real playbook, it really helps a lot. It is our North Star, it's liberating in that it helps you make decisions like that.

So it was intense, but I felt like I got a lot of support.

**Q**

**Well, obviously, this has been a challenging year for everyone. What are some challenges that you feel like you faced from the start, and how have you adapted to them?**

**A** Martha: The biggest one was the ventilator—at the time, I'll call it a 'shortage,' both in terms of the number of ventilators and the functionality of the ventilators. The ventilators business has been not a high growth [business]. It's been a pretty steady business for the last couple of decades. They're not made in that high quantity really, and so the parts are bespoke and it's got kind of a complicated supply chain because of that. And all of a sudden, you wake up one day and it's the center of the universe, right? You've got people asking for orders of magnitude more ventilators than are out there. There's just a lot of chaos.



MEDTRONIC CEO GEOFF MARTHA *Source: Medtronic*

If you go back in time, there's a lot more unknowns in February, March, April, May of 2020.

I remember one particular Sunday afternoon—I think it must have been in March—I got down to my basement to do a little workout, because March in Minneapolis is still pretty cold, so I was downstairs in the basement. And I got calls from three governors, one of the heads of [the Federal Emergency Management Agency], the White House, and a president of a European country, all within an hour. Somehow, my phone number got out there and [they were] looking for ventilators. We're over a quarter of the world's critical care ventilators in terms of market share, over a third of the United States, and everybody was looking for them.

And then the next wave was, 'Hey, can you get ventilators to do this increased functionality?' Like, be remotely controlled so nurses and frontline healthcare workers don't have to walk into the ICU with all these COVID patients.

And so how [do] you handle that situation where lives are hanging in the balance? You're a new CEO, lives are hanging in the balance, there's absolutely no playbook, and you're getting pulled in different directions from different states, different countries, you've got people throwing around words like Defense Production Act and things like that. So that moment in time was probably the biggest crisis, and I am definitely proud of the way we handled that.

**Q** Well, I mean, there's a lot of positive that you just talked about, but do you think you made any missteps during that whole period that you wish you could kind of go back and do differently?

**A** Martha: You know, when it comes to the ventilator piece, not really. We [made] at the time what seemed like crazy decisions. We open-sourced the ventilator, which when you're a for-profit company like Medtronic and it's really a technology company where the intellectual property and trade secrets are really critical to your survival, and we open-sourced. That's unheard of. But we open-sourced because it was the right thing to do, we thought, for patients and healthcare workers around the world. So we open-sourced, announced it to the world, 'Hey, here are some of the challenges we have here in ramping these up, and some of the technology challenges we have, and some of the new functionality, and we need to have it all fixed here or improved in a short period of time.' We got some really unbelievable response from individuals, but companies from all around the world. And in the end, we're a better business for this and our employees are hugely motivated by how we behaved. Some people will warn you not to do certain things like that, but in the end, it was absolutely the right thing to do.

Some of the things that I would go back and maybe do over again are more on the business side. When the environment was a little more uncertain in what was going to happen I thought on the M&A side ... We're all about technology innovation, clinical innovation, right? That's the foundation here. And if we don't do that, right, we're not going to be around very much longer. And M&A is an extension of that. We buy earlier-stage companies, typically. I thought given the liquidity crisis that there'd be more of a liquidity crisis. Given that the economy was down, I thought liquidity

would be down, and we would be able to be more aggressive on M&A, because we were fortunate to have a strong balance sheet. And there were a couple opportunities that I thought, 'Look, we can push a little harder.' But in the end, this wasn't like the financial crisis, 2008, 2009, 2010. There was very little liquidity crisis and the governments around the world, regulators around the world, made sure that the banks are at a much healthier position, and there's quite a lot liquidity. And so it wasn't the heyday of M&A for somebody that's an acquirer like us, as I thought it would be. And maybe we should have moved a little more aggressively on one or two situations that didn't work out for us.

But in this grand scheme of things, given everything that happened, I've really been thinking about this a lot: What would I have done differently? I really feel like, again, between our mission and the management team that was around me, I feel like we made pretty good decisions over the last year.

**Q** The crisis is not over yet, so there still might be opportunities for you. And I want to get back to the idea of M&A in just a second. But I wanted to also kind of touch on something that recently happened. Forbes magazine listed Medtronic as one of its Top 500 Most Admired Companies. What do you think Medtronic has done, and especially under your leadership, that warranted that recognition?

**A** Martha: I've been here 10 years now, and I've heard a lot of times, 'Hey, we're one of the best-kept secrets' in terms of the quality of the company, the technology capabilities we have, the clinical capabilities, what we do for patients around the world, and just how a mission-driven company like Medtronic shows up every day.

And I agree with all that, I love all that, except the thing I don't like is this best-kept secret thing. I do think we need to tell that story, I think a little more frequently and a little louder, and introduce ourselves to a broader set of stakeholders in the ecosystem: new physicians, go directly to patients and articulate our value prop.

So I think in the last year, we have gotten out there and told the story of Medtronic I

think a little more loud. We've been a little bit more vocal about it, I'd say. And I think as people hear about us more and you get those surveys, most admired this or that, people are starting to think about Medtronic. I can't take credit for changing the way Medtronic behaves, because it's been a company that's been mission-driven and successful for 70 years. I just think telling that story and putting it into context for different stakeholders, whether it's a physician or a patient or a government or a hospital CEO, what Medtronic does for the healthcare system day in, day out for patients, I think that's something we've got a little better at over the last year.

**Q** You've got your hands in a lot of different technologies. You've kind of talked about some of this stuff earlier. What are some technologies that the company's working on right now that gets you most excited?

**A** Martha: Well, it gets not just me, but I think Medtronic employees in general: It's not technology for technology's sake. It's technology for advancement of clinical science, breakthroughs in clinical science, that are going to really help patients in a meaningful way and/or the healthcare system. We can launch something that dramatically decreases the cost without hurting outcomes. But what I think really drives people here is improving outcomes and/or access to more patients.

So I'd say we've got a couple things that are really exciting, one that we're kind of waiting with bated breath to hear the final clinical trial results is our renal denervation therapy. It's for hypertension. It's a new procedure, a minimally invasive procedure, that doesn't have the side effects that people are used to with all the different pharmacological products you can take when you have high blood pressure if it gets that far. And it meaningfully lowers people's blood pressure, and based on the clinical results we've seen, it stays down. And it doesn't have that side effect profile. This has the ability to really change people's lives, millions of people around the world, as well as healthcare systems. It would take a lot of cost out of the system. And again, assuming that this last pivotal leg of our trial that we're supposed to hear back this calendar year, that comes back as expected, this is going to have a huge impact on healthcare around the world. And that's really exciting.

I had the privilege of taking responsibility of the neuroscience division of Medtronic five years ago, five to six years ago at this point, right when our new stroke therapy was just coming out, clinical trials, and becoming a new standard of care, versus again, a pharmacological product called PPA that breaks down ischemic strokes. The effectiveness of [the PPA] is, quite frankly, limited versus our ischemic stroke technology, stent treatment technology, which goes in and grabs that clot and pulls it out and restores blood flow with an instant impact. I mean, the impact I saw on patients was astounding. I go around the world and talk to health ministers all around the world. All they want to talk about is this, because not only does it help patients, but it helps the healthcare system avoid a lot of expense.

I think renal denervation will have that kind of impact and more because hypertension is the number-one contributor to death around the globe.

So that one probably tops the list, but there's lots of others, like disrupting the surgical robotics space with our new surgical robot, Hugo, which we plan to start selling here in certain countries at least, not in the United States or Europe for a while longer until we get the approvals, but shortly. Robotics in general, we have a spine robot, a soft-tissue robot that will compete with Intuitive Surgical's da Vinci. We have a cranial robot.

Robotic technology, one, will help improve outcomes, but two, if you think about it, it will really improve access around the world, because in certain countries, take Asia, where there's just so many physicians that haven't had the training that you see in Europe or the US or someplace like that where they go and have, you know, four years of med school, then they have a residency and a fellowship, it's just physically impossible to train enough physicians that way. And so to automate important parts of the surgery with a robot really will democratize good health and good surgery around the world.

So that's another one. So those are two, but I could keep going, Danny. There's a lot right now at Medtronic. There's new therapies for deep brain stimulation for



Parkinson's and, you know, with sensing technology, we've got this PillCam Genius, we call it, that's going to disrupt colonoscopies. I could go on and on. It's an exciting time right now at Medtronic, really exciting.

**Q** I wanted to kind of look at the broader picture. I know you can't disclose your business plans, but can you tell us about the areas of mergers and acquisitions that you're looking at to maybe help bolster your portfolio of a lot of these technologies?

**A** Martha: We've talked to our investors about this and the analysts that follow Medtronic and our employees. We're really focused on what we call tuck-in acquisitions. What that means is they tend to be not massive. They're smaller deals, and they're earlier-stage. Smaller from a how-much-we-have-to-pay perspective. The impact over time, it's huge if you do the right one. But they tend to be smaller, earlier-stage companies, that tuck into an existing business or right next to one, like a near-adjacency to augment areas that we're already in.

We bought a company a year ago, called Stingenics, that tucks right into our spinal cord stimulation business, into these stim patterns with great clinical outcomes for back and leg pain. And it just goes with our existing spinal cord stimulation platform. It's just a new algorithm that goes on it. It can be something right down the middle like that.

Or we've spent a lot of money—and I can see us doing more of this—on data-enabled therapy, so taking a therapy that we're in today and kind of disrupt it using data and [artificial intelligence]. We just did an acquisition a few months in our spine business, a company out of France called Medicea that takes images that you get in the normal care pathway with a spine patient different CT, x-ray, MR images and merges them and applies data and AI to do a real customized surgical plan for that patient, and also customize the implants, so the implants are custom-built for those patients using data and AI.

So we've got situations like that in a number of our business, where data and AI are



disrupting. And to get us going, we've done a couple of these earlier-stage acquisitions in that area to build up the capabilities around data science and to augment what we already had and accelerate it. I do think AI is one of the more profound technologies right now that can have a relatively short-term—and build up over time, but—an impact on healthcare outcomes relatively quickly.

**Q** There's a lot of talk about AI, but there's also some concern that there might be a little bit of a hype with AI. Are you at all concerned about how you're picking and choosing what kind of AI technology to look at and what kind of mergers and acquisitions that you might be looking at that use AI?

**A** Martha: Yeah, we're definitely rigorous about this, and we've been building up our own data science capabilities over the years. We have a couple hundred data scientists now in the company to help us evaluate just that. I know every startup composed of what I get, solicited or unsolicited, somehow they try to how AI is a part of it. So even internally, even some of my own people think, 'Hey, if we put AI on it, we'll get more funding,' or something like that, or more prioritization for companies. We asked our R&D leadership to help us define if we're going to call something a data-enabled therapy, what needs to be part of it? How much data should you leveraging and how, and AI and machine learning, how does that work in that particular product? So there's a minimum standard that you need to hit for us to really consider you in that category of therapies.

So we have the type of experts to help us through that, because you're right: people, I do think, are misusing more—maybe creating a little hype when it's not there. So you'll have some products that are advertised as powered by AI or machine learning that aren't. But we're holding ourselves to a standard here.

One thing about Medtronic – there's a lot of things I like about it. We're changing certain things, but there's a lot of things you don't want to change. When it comes to our products and how we market them and how we describe them, we tend to be even conservative and don't overstate those, not just because there's regulations around that, but because we have a certain credibility we want to maintain with physicians

and patients, and we don't want to sacrifice that. So you won't hear any kind of BS from us when it comes to data and AI.

**Q** I want to kind of go off to the side a little. I got to be honest: I'm not a big sports guy. I don't know anything about sports. But my colleague, Reed Miller, is. And he told me that you used to be a pretty good hockey player back at Penn State. So does that kind of come across in your leadership style? I hope you're not, like, shoulder-checking people during board meetings, but do you feel like that's inspired you in some way?

**A** Martha: You know, I think sports, I love the physical aspect of it, the rush you get of competing, and just staying healthy. But I think more than that, sports taught me teamwork and what a good team looks like and how that functions and there's other ways to pick up those skills, but sports is a good one. I mean, hockey's a team sport. I'd like to think that I learned a lot about people and teams and whether to be on a team or what the responsibility is, what that means, or leading a team. I hope that comes through, because the team is something that's really important to me, and what that means, to be a team player.

Another analogy: sometimes you're the hero, you're scoring the goal. And other times, you're the unsung hero. You're the player that had to go in the corner and dig out the puck and take that hit to pass it to the person that scored the goal. And you got to take a lot of pride in both of those activities. Sometimes you're playing offense; sometimes you're playing defense.

So teams is what I think [I got from] sports. But yeah, there's definitely no shoulder-checking at Medtronic. And if I tried that, there are so many good hockey players at Medtronic, and in medtech. Medtech, a lot of it's Minneapolis-based, right; plus, there's a lot in the Boston area. There's a ton of good hockey players. So if I started trying to shoulder-check people around the office, I might find myself flat on my back, because I don't even think I'd make the Medtronic team if we had one.

**Q** I kind of want to understand your short-term and long-term plans for the

**company. How are you going to get this company through this pandemic, and in the long term, what do you want to do with the company?**

**A** Martha: Well, short-term with the pandemic, it's not over, like you said, but there's definitely light here. I mean, it's a bright light that we're seeing. We do believe the economy is going to come back given the stimulus. And just talking to hospital CEOs, and we've been talking to them throughout the pandemic, and they've been a good source of information and very accurate. As we sit here today, they're gearing up for—in the United States, in particular, for, I'll call it a snap-back of procedures, in the next couple of months. And between patients that need care, and the stimulus is there, so I do think and then with the vaccines kind of ramping up now, we do think that in the near term, it's going to get a whole lot better.

And so what we're focused on in the short term is one, getting through that, but two, it's a great time—this is short term, I'll call it—this is a great time in our company's history in that, look, the pandemic only strengthened our reputation, I believe, with all of our stakeholders: first and foremost, our employees; but our customers; our patients; governments, have seen this. We've been tested, whether it be ventilators or other areas, throughout the pandemic, and I think we came out of this, not just survived COVID, but I think we actually somewhat, believe it or not, thrived as a company. And we're coming out leaning forward; we're coming out with momentum.

And you add that to, this is the best product pipeline that we've ever had. Products that are launching right now, products that just launched, that are just early stages and have a lot of runway, products we're launching now, and big, disruptive products we have that are not too far off, like launching our robot; and renal denervation; and cryoablation, first-line indication for atrial fibrillation. I'll come back to that one because it's a thread in a bigger theme for patients who suffer from afib, kind of being the first choice for therapy versus the last resort. And I'll come back to that theme in a second.

But we're launching all these products and we're really focused on being not just a mission-driven company, but also a more competitive company out there. So taking

these products and first and foremost, making sure they deliver the outcomes for patients and our customers in the healthcare system, but also making sure that they deliver to shareholders and maximizing our competitive position here to grow markets and take share.

So all of that, we are expecting the next couple months, couple years, to see an improvement in our growth driven by the product pipeline—well, the markets coming back is a big one; the product pipeline specific to Medtronic; and some cultural and structural changes that we've made at Medtronic over the last year that are really going to take hold in the next several quarters and years. That will position us, I think, higher growth, more market share in medtech.

Then longer term, I'd like to see medtech, with Medtronic leading the way, move to the front of the line in many therapies. And what I mean by that, we live in a culture where most patients' first choice and many physicians' first approach is, 'Here, take this pill.' And medtech was kind of way back in the line because it involved surgery, and whether it was an implant—implants are maybe kind of big and the surgery was more invasive than anybody wanted. But over the last couple of years and going forward here you're seeing massive miniaturization. The technology innovation is amazing, and now we've miniaturized devices like our pacemaker. Our micro-pacemaker's 93% or 92% smaller than the next-smallest pacemaker out there, which is ours. That's a huge order of magnitude smaller, and you use a catheter to implant it versus a surgery. We've got a device, the PillCam Genius I mentioned earlier, that's in trials yet; it's not out there in the marketplace yet. But we're not that far off where you can swallow a pill and the images from that pill, it images your colon, and the image is going to the cloud, and you're diagnosed do you need a traditional colonoscopy or not. So the access that provides people to get good colonoscopy screening and diagnostics is amazing.

So it's a first choice versus, in many cases, a surgical procedure or a pharmacological product, because of all the advancements, and moving med tech way up to the front of the line and really dramatically improving the awareness that patients have. And

frontline physicians: internists, general practitioners, et cetera, nurses, their awareness of these therapies along with patient awareness and what they can do for patients, that over the long term will really grow the market and I think is going to be much better for patients. I mean, we're an engineered solution. Our therapies are very engineered for a specific problem, and the side effect profile is a lot different than something you take like a pill that's got a systemic impact on your body.

So that is a longer term, I wouldn't call it a vision, it's more of a commitment that I think med tech, and I know Medtronic, we're making.

**Q** Well, I mean, I think a lot of that also kind of depends on reimbursement issues, I'm guessing, in terms of getting that recognition for your product that it works is maybe better than the alternative. Do you have a plan on that end? Is there anything that you're doing to try to do that?

**A** Martha: Yeah, I mean, clearly, that's partly in our control here. The reimbursement for these, I mean, they just need the data. They want what's best for healthcare systems and patients as well. We've got to show them the proof. The clinical side and the clinical evidence generation, I think Medtronic, this is one of our core strengths, I would say, one of our top two or three things that we're good at is clinical evidence generation. And then taking that evidence and using it to turn something like a leadless pacemaker that's inserted through a catheter from a cool concept to a standard of care, because you've convinced regulatory bodies around the world that it's safe and effective with the evidence; you've convinced reimbursement bodies—you know, the CMS in the United States or commercial payers or governments outside of the United States that this is an effective, financially approved decision to reimburse this; and then you've got evidence to convince patients that it's also safe and effective and the best choice. And that is something that absolutely we have a plan, and it's leveraging a core strength of ours. And so we have more to work with now. We have strong clinical evidence, but we have more to work with now because there's technology advancements.

And there's also new clinical trial techniques with these Bayesian models that you

can still have a very powered result with less patients. And so that helps as well.

All this does favor companies that are upscale and that can invest in that kind of expertise like Medtronic. So that's why we are optimistic about where things are going for medtech and for Medtronic.

**Q** So everything good comes to an end at some point, and at some point, you're going to leave Medtronic, leave the helm. When you leave, have you set any goal markers for yourself to say, 'Hey, I've gotten this done; I've been successful?'

**A** Martha: Well, look, I'm just new in the CEO spot, and I kind of see myself as having a pretty decent timeframe here as long as we continue to perform. Or it could be shorter. So the timeframe is a little bit longer than maybe some because of my age [50] and being new. So I have some pretty lofty goals.

We talked about earlier the idea of just repositioning medtech to be more in the front of the line, like, for patients, their first choice. Not their last choice where they're like, 'Oh, my God, spine surgery, that's the last thing I want to do.' We want to disrupt these therapies with technology and clinical science to make them closer to the first choice, and economically, for healthcare systems and for patients to invest. And that's a big goal, and I can break that down by therapy, doing it by therapy. But that's a big one.

The other one is, I think look socially—companies like ours need to show up differently beyond just what you do as a for-profit company in a specific industry. So for us, a healthcare technology company driving outcomes and access for patients and good returns for our shareholders, we need to weigh in. Companies are expected, especially after the events of the last year, to weigh in on and have an impact on other issues, social issues like inclusion, diversity, and equity, like climate. And I do think Medtronic can make a make a big difference there. And so being the leader in driving some of these things within our four walls and outside, and we've got specific goals around those, short, even long. But I think helping drive some of the social

agenda forward as well as the healthcare agenda, these are things that over my tenure I'm really excited about and doing that globally.

**Q** I want to leave this question with you: Is there anything that I haven't covered that you think is worth mentioning to our listeners?

**A** Martha: Well, I think we've covered a lot. I appreciate the opportunity to kind of go around on Medtronic. On an optimistic note, I think the worst is behind us on the pandemic and we're seeing a bright light here. We can get back to treating patients with less restrictions here, even none. And you're entering a golden age of, I think, technology and clinical advancement for the medtech industry, and Medtronic is leading into this with a healthy balance sheet and a lot of excited employees. So that's how I'd leave it, and we're very excited about the future, both short and long term.