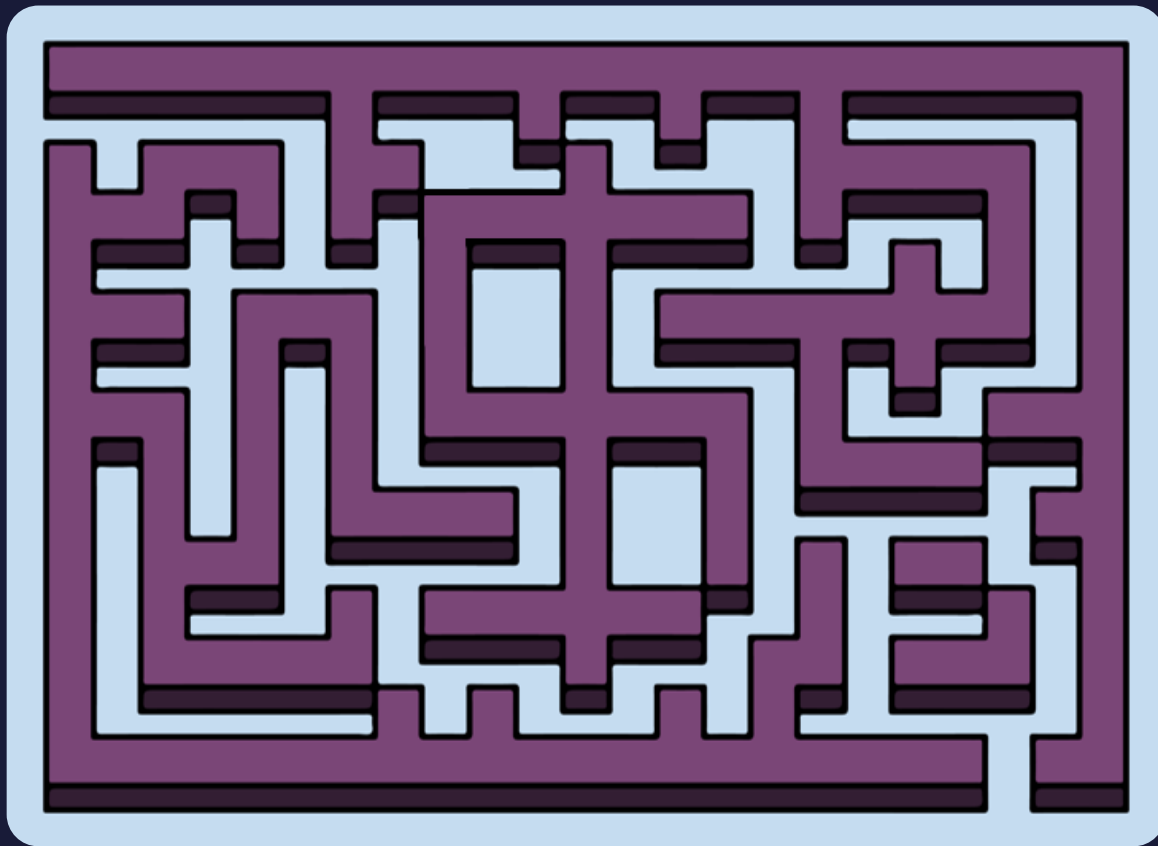


An Export Growth Engine for health tech scaleups

How Norway can build an export growth system
for its emerging health tech sector



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Authors note: This is the first in a series of three articles where we share our ideas for boosting Norway's health tech and life science exports.

The Norwegian government has set an ambitious goal to double healthcare export revenues to NOK 50 billion by 2030. Despite its strengths, Norway's life sciences sector is still relatively young and faces challenges, particularly in terms of commercialization, expansion, and access to risk capital.

Building on our experience in running health tech scaleups, along with support from fellow CXOs and go-to-market experts, we created the Health Tech Export Engine.

The case for geographic expansion

Nordic healthcare companies boast significantly higher shareholder returns and profit margins compared to global peers. Despite this, achieving revenue growth and global scale remains a challenge. For Norway, which relies on oil and gas for 62% its exports, improving the latter will be critical for the future.

Nordic's young health tech companies will struggle to deliver on their valuation without geographic growth. For many companies that raised equity at high price tags during a period of low-cost capital, the transition to a new normal is still in progress. In the majority of cases, even market leadership in the Nordics, may not be enough to fulfill their promises to investors.

Expanding into new markets is a daunting task for CXOs, and Norway's historically low health exports are not making it easier.

Team Norway assemble!

Team Norway, the collective name for organizations such as Innovation Norway (the national economic development agency), cluster organizations, and the chamber of commerce, will be the driving force behind the growth of health tech exports. Together they are already running many high value initiatives that are helping companies to tackle challenges in innovation, go-to-market and geographic expansion. Further aligning these initiatives around CXOs' future needs, supported by local ground crews, will ensure enduring growth and geographic expansion for the industry.

Exhibit 1 | Six critical challenges



Health tech CXOs’ biggest headaches

We have identified the six most critical challenges that health tech growth companies' face in 2024. This list is based on our own research, interviews with CXOs and international industry experts. Helping companies to overcome these hurdles will require highly specialized knowledge.

Market access related challenges

- 1. Regulatory wall**
New MDR regulations are very challenging to the industry, specifically for small and medium sized companies. Furthermore, the current bottlenecks due to limited capacities of notified bodies are making forward planning extremely difficult.
- 2. Reimbursement**
Systems are slow to embrace innovation and reimbursement plans are not aligned with digital health policies and new business models.
- 3. Pricing strategy**
Very complex to define and get buy-in for clinical benefits and transfer to pricing

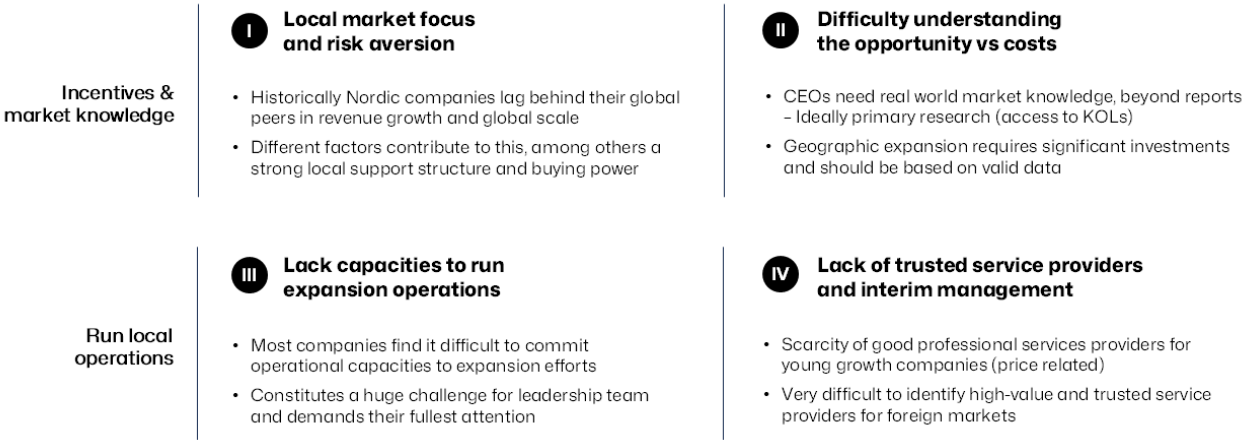
models. Almost none of the interviewed companies had a strong understanding of pricing strategy.

Commercial challenges

- 4. Long sales cycle**
Lengthy and resource intensive procurement processes, ranging from 6-12 months. The difficult economic environment in Europe may further slow the sales process.
- 5. Securing capital**
The next funding round will be harder then the last one – Especially for hardware and biotech companies. The relatively small number of healthcare investors in Norway intensifies competition for capital.
- 6. Geographic expansion**
It is difficult to scale internationally due to very different healthcare contexts, and risk of late mover disadvantage.

In addition to the six core challenges considered prevalent across Europe, we need to understand Norway-specific reasons impacting expansion.

Exhibit 2 | Challenges related to geographic expansion



Reasons young companies postpone expansion

Furthermore, we uncovered several expansion-specific challenges related to both strategy and operations. These challenges can be categorized into two key areas: Incentives & market knowledge and running local operations. We identified four main reasons why companies delay expansion efforts.

Local market focus and risk aversion

Nordic companies often lag behind their global peers in revenue growth and scaling internationally. A strong local support structure and buying power contribute to this local market focus. Additionally, many companies are risk-averse when it comes to entering unfamiliar markets, which delays their expansion plans. This is slowly shifting with a new generation of Millennial and Gen Y CXOs who are more ambitious and risk taking.

Difficulty understanding the opportunity vs. costs

CEOs require real-world market knowledge to make informed decisions about expansion. Relying solely on reports is insufficient. Primary research and access to Key Opinion Leaders (KOLs) are crucial. Geographic expansion also demands significant investments, and companies must base their decisions on solid, valid data to understand the true cost-benefit ratio.

Lack of capacities to run expansion operations

Many companies struggle to allocate the necessary operational capacities for expansion efforts. This presents a major challenge for leadership teams, requiring their full attention and resources. Without the

proper infrastructure and team in place, running operations in new markets becomes a daunting task.

Lack of trusted service providers and interim management

The scarcity of reliable professional service providers for young growth companies is a significant hurdle, especially when price is a concern. It is often challenging to identify high-value and trustworthy service providers in foreign markets, which further hinders companies' willingness to expand.

A system for supporting companies to pursue growth needs to be structured around these critical obstacles.

Building a Health Export Growth Engine

Creating a system that empowers CXOs to pursue global growth

In order to drive successful growth and international expansion, companies need to develop key capabilities. Team Norway can aid this effort by focusing on four main areas: Market access, ecosystems, local ground crews, and growth tools. These can be divided into two main categories: Partnerships and Enablers.

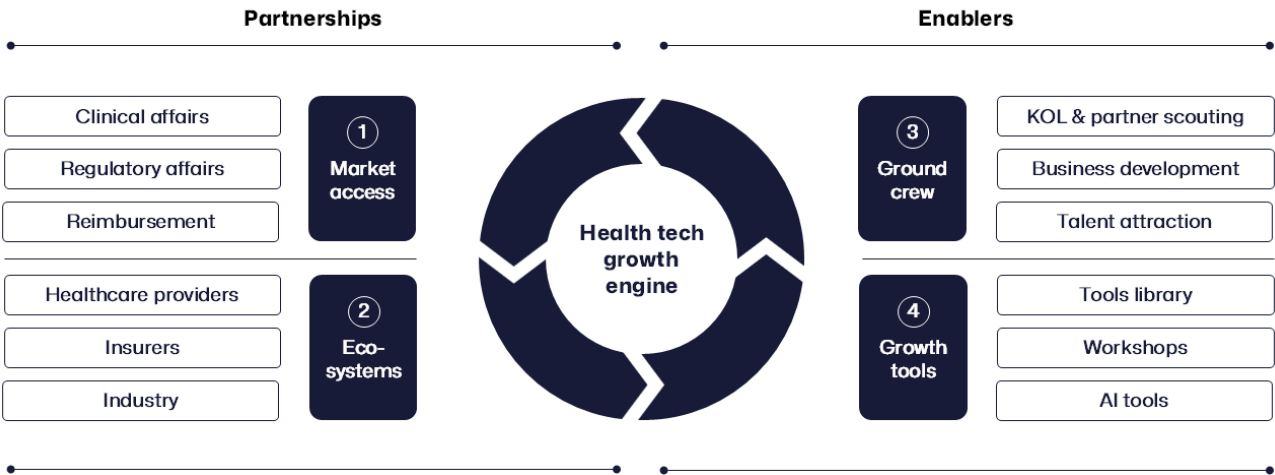
PARTNERSHIPS

Guide companies through a complex maze.

1. Market Access

Breaking into new markets requires overcoming complex regulatory and reimbursement hurdles. It's essential to have a clear path to market access, including a strong support system for clinical strategy verification. Addressing these access hurdles will streamline entry and ensure compliance with local regulations.

Exhibit 3 | Growth engine architecture



- **Clinical Affairs:** Establish formal service packages with selected Contract Research Organizations (CROs) to ensure excellence in planning and conducting clinical studies. This formalization is key to maintaining high standards and regulatory compliance.
- **Regulatory Affairs:** Partnering with regulatory advisors is essential for an efficient pathway to regulatory clearance. Streamlining these processes through formalized packages can expedite market entry.
- **Reimbursement:** Formalize service packages with reimbursement specialists. Understanding the payer landscape, including probability and effort, is vital for success in new markets.

2. Ecosystems

These are the second type of partnerships, and vital for accelerating commercial activities and growth. Companies need access to a network of hospitals, insurers, regulators, industry partners, and distribution

channels. By tapping into these ecosystems, businesses can leverage existing infrastructure and relationships to fuel expansion efforts.

- **Healthcare Providers:** Develop "home ports" by establishing partnerships with several large hospitals. Most stakeholders involved should be clinicians, representing the needs of users and buyers, rather than researchers.
- **Insurers:** Secure formal partnership agreements with insurers to align market strategies. Engage their innovation teams for hands-on support and insights into reimbursement trends.
- **Industry:** Gain access to distributors and retailers in the healthcare sector. Additionally, collaborate with health tech players, including both small and medium-sized enterprises (SMEs) and large MedTech companies.

ENABLERS

Equip companies with go-to-market power.

3. Ground Crew

Local presence is key, and having a dedicated ground crew consisting of local professionals and a more cost-effective junior team can provide critical support. This team assists in identifying and recruiting local opinion leaders and clinical experts. Additionally, they can help with talent identification, ensuring that companies have the right resources and personnel to succeed in new markets.

- **KOL & Partner Scouting:** Utilize local junior teams to identify, interview, and onboard experts. These teams, composed of students and junior employees, play a central role in establishing market connections.
- **Business Development:** Early business development activities are best carried out by local teams with support from industry experts. This ensures that companies have a ground-level approach to market entry.
- **Talent Attraction:** Identifying the best local talent is key to building a strong presence. The ground crew can support talent attraction, utilizing county specific channels and tailor interview processes.

4. Growth Tools

Upgrading sales and marketing capabilities is necessary to maximize reach and impact. Providing AI tools, workshops, and knowledge databases can empower companies to scale their operations. Combined, the growth tools ensure just in time knowledge, trainings and inspiration.

- **Tools Library:** Compile all tools, insights, and reports, into a structured knowledge

base. Establish a community approach of information sharing and enable an efficient search function.

- **Workshops:** Conduct workshops focused on defined market segments. These workshops provide critical market insights and functional skills building, that are critical for successful market entry.
- **AI Tools:** Collaborate with AI company, (e.g. Oslo-based Brua.IO) to develop Large Language Model (LLM) tools. Use content from the tools library and workshop outcomes as a database to enhance decision-making.

Outlook

The journey to building a Health Export Growth Engine is just beginning. By building lasting capabilities and an international infrastructure, Team Norway will drive the health tech sector toward sustained global expansion.

In our next article, we will outline a staged implementation approach, providing actionable steps to start the growth engine.

In the meanwhile, please reach out and share your feedback or start a dialog on how to further improve our ideas.



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