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# **INDUSTRY ROUNDTABLE: MEDTECH COVID-19 IMPACT 2020**

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To provide more color around the impacts COVID-19 has had on Medtech companies in particular, we turned to the River Cities' portfolio company CEOs. We asked the most prevalent questions on the minds of healthcare management teams to assess the impact on their businesses and Medtech as a whole. Participants include:



**Jason Pesterfield**  
**CEO, President**  
**Veran Medical**  
Image-guided  
technology for  
diagnosis of lung  
cancer



**Jim Pearson**  
**CEO, President**  
**NICO Corporation**  
Minimally invasive  
neurosurgical devices



**Robert Kline**  
**President, CEO**  
**Bolder Surgical**  
Laparoscopic surgical  
devices



**Eric Timko**  
**Chairman, CEO**  
**OrthAlign**  
Surgical navigation  
systems for  
orthopedic surgeries



**Brian Hutchison**  
**Chairman, CEO**  
**Catalyst OrthoScience**  
Surgical implants for  
shoulder implant  
surgery

## Top three concerns with respect to COVID going forward:

### Eric Timko

- The continued ebb and flow of elective procedures, especially large joints
- Another wave creates panic and further disrupts ramping case volumes to pre-COVID levels
- Economic impacts that COVID has had on our business partners, which are out of our control: vendors, manufacturing partners, suppliers

### Brian Hutchison

- Recovery for elective surgery across the US
- Avoiding another slip due to a spike in cases
- Finding ways to connect with our customers live

### Jim Pearson

- Lack of capital dollars or unwillingness to spend capital by hospitals
- Access to customer or hospital for our sales channel
- Impact to revenue

### Jason Pesterfield

- Reoccurrence: Globally it will cause prolonged company growth impact and patients with underlining conditions will not be screened, diagnosed or treated in time or appropriately
- Vaccine safety and effectiveness: Global human health and safety risks
- Economic impact: Globally will cause stress on the markets which will, in turn, slow down business and force us to make additional tough decisions

### Robert Kline

- Timing of a full return to normal surgical workloads at major hospitals
- The potential of a new stoppage of surgical procedures due to a second wave
- Limited access to hospitals even after procedures resume

Eric Timko  OrthAlign  
precise · alignment · simplified

- “We are starting to see a positive benefit due to COVID. While it’s in the early stages, moving hips and knees to ASC’s is expected to increase faster than expected as a result of COVID. Our technology fits this shift very well due to three key pillars: strong clinical results, efficiency is not hampered using our product, economics favorable for our products versus robots or other capital expenditures.”

Brian Hutchison  CATALYST  
ORTHO SCIENCE

- “The most significant benefit has been the extra time to devote to training our employees, distributors and customers.”

Jason Pesterfield  VERAN  
MEDICAL TECHNOLOGIES

- “In general, any medical procedure brings a level of infection and cross-contamination risk. Bronchoscopy is relatively low risk, but with COVID the risk materially elevated. We are in early stages of commercially launching SPiN Vision, a first-of-its-kind single-use bronchoscope designed specifically for the Advanced Bronchoscopist, Interventional Pulmonologist or Thoracic Surgeon. Our single-use scopes have a compelling clinical and economical value proposition for the hospital, physician and patient, especially in this COVID environment.”

Jim Pearson  NICO

- “We have improved our online training, reevaluated or thought more intently about what travel is needed or important and everything virtual has improved (customer training, virtual courses, in-servicing, etc.).”

Eric Timko  OrthoAlign  
precision alignment. simplified.

- “Our field sales and training teams have done a great job onboarding and training numerous surgeons virtually during COVID. So as cases continue to ramp, we expect our business to ramp ahead of the curve due to what we accomplished during the COVID downtime.”

Jim Pearson  NICO  
NEUROLOGICAL

- “We have outlined our sales cycle and customer adoption cycle in significant detail and spent time working out the finer points. Also, we have offered creative capital equipment strategies to a greater extent.”

Brian Hutchison  CATALYST  
ORTHO SCIENCE

- “During the shutdown of elective surgeries, we spent a lot of our time in online training and in webinars with doctors. Because many of them were off, they welcomed the chance to participate and connect to people they normally do not have time for. As surgeries restarted, we have been employing a mix of one-on-one and virtual interactions. In October, we will host our first virtual reality symposium and lab.”

Jason Pesterfield  VERAN  
MEDICAL TECHNOLOGIES

- “Up until the last several months, we had to learn to do most everything virtually across every function. We really pressed the entire organization to communicate and stay focused on executing on the business. From a sales and marketing standpoint, we made sure we were finding creative ways to keep moving the business forward and engaging customers in the safest, most respectful manner possible. It was critical to make sure the leadership team and the entire organization understood their respective objectives and the company’s objectives that would define our success in 2020.”

Robert Kline  BOLDER  
SURGICAL

- “We’ve conducted a series of clinical seminars hosted by surgeon customers that have been well attended. We’ve also mastered remote in-service procedures eliminating the need for sales rep travel for these activities.”

Eric Timko  OrthAlign  
precise · alignment · simplified

- “Yes, we think VACs will play a more active role during and post-COVID. And our product should be viewed favorably due to the three pillars I mentioned earlier. We are already experiencing this via strong support from VACs that have reviewed our technologies.”

Jim Pearson  NICO  
NEUROGRAPHERS

- “Yes, if it creates new revenue. No, for almost all other purchases.”

Brian Hutchison  CATALYST  
ORTHO SCIENCE

- “We are finding VACs open to ideas. We are getting approved in most places.”

Jason Pesterfield  VERAN  
MEDICAL TECHNOLOGIES

- “The challenge is getting on their schedule as things ramp back up. Like everyone else, they had to adjust to COVID and now have to manage the priority of products or services as well as the backlog created. Hospitals and companies continue to try and find creative ways to work with each other, which is a good thing.”

Robert Kline  BOLDER™  
SURGICAL

- “Most VACs are not yet meeting regularly or have cancelled all meetings for the remainder of the year. Any new product that includes a capital component has little chance of approval.”

Eric Timko  OrthAlign  
precise - alignment - simplified

- “Outlining the impact that we provide across all three segments instead of just focusing on clinical outcomes has opened many doors for us.”

Jim Pearson  NICO  
NEUROLOGIC

- “A lot of the VAC committees have delayed meetings and or put a hold on meetings so it’s difficult to get on their agenda.”

Brian Hutchison  CATALYST  
ORTHO SCIENCE

- “We have not changed our plans or interaction with VACs. We have seen about the same type of communication. The surgeon champion matters. More time for education and preparation was a good thing.”

Jason Pesterfield  VERAN  
MEDICAL TECHNOLOGIES

- “You have to make sure you have all the required material and be ready to present your product or service. We made sure our reps had all the collateral material they needed to submit and present our SPiN Vision single use bronchoscope. We are still early in our launch, but we are finding the infection control and cross-contamination risks are a major concern of hospitals, especially now.”

Robert Kline  BOLDER  
SURGICAL

- “Not really other than working remotely and providing materials as requested for the few VAC meetings that are being held.”

# What are your perceptions of the longer-term impact of COVID on the Medtech industry?

## Eric Timko

- “The new normal will drive more restrictions in healthcare such as reducing the numbers in the OR and enhanced room turnover protocols requiring more efficient procedures. Companies that can make a positive impact in those areas will see increased value as will companies that can make the movement in orthopedics from the hospital to the ASC setting. OrthAlign is well positioned to have a positive impact on all of these areas.”

## Jim Pearson

- “Air travel has changed for the foreseeable future and thus drivable territories are key. Tradeshows and meetings will be few between now and 2022. Healthcare is a resilient industry and it’s not going away but how we do business has changed.”

## Brian Hutchison

- “COVID will impact us in the future. In some ways we can feel it, like limited access to facilities. I feel that some changes are coming that we cannot see yet. HCPs are going to press for a safer OR and push to keep people out. They will look for ways to control the area more than they had before.”

## Jason Pesterfield

- “Without a doubt COVID has and will reshape the Medtech space and the way healthcare systems work through the world. My hope is when it is back to some level of normalcy, we will be a more efficient industry. I want to make sure I have Veran in position to control our controllables.”

## Robert Kline

- “Access to ORs, surgeons and other decision makers will be further reduced even after COVID fades. New sales approaches will be required. More funding directed to PPE.”