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NAYAMED (A)

As the Alps disappeared into the darkness through NayaMed's window, General Manager Aarnav Sendutta considered how to grow his fledgling unit. It was February 2014 and NayaMed, a unit of medical devices giant Medtronic, was just over two years old. It was formed to distribute Medtronic's economy range of heart pacemakers and defibrillators, with regional sales and online technical support.

Aarnav was facing two key issues. The first was the perception of Medtronic sales reps that NayaMed would cannibalise their offering. The second issue was how to grow the unit, which currently operated from its Lausanne base in Switzerland, targeting only Italy, Germany and Sweden. The business had grown but was still very small, generating US\$4 million in its second year of existence. Aarnav's passion for the NayaMed business was clear; the justification for NayaMed made good business sense but attempts to grow it were being constrained by organisational issues within the parent company, Medtronic. What could they do?

The medical devices industry

Cardiac rhythm management devices (CRDM) are external and internal devices that ensure the proper functioning of the heart. These include implanted cardioverter defibrillators (ICDs), pacemakers, external defibrillators and cardiac resynchronisation therapy devices. (See Exhibit 1 for principal products offered by Medtronic's CRDM business.) Heart rates that are too fast or too slow mean that blood does not circulate around the body properly, resulting in certain death. Pacemakers quicken heart rates, while defibrillators manage heart rates with rhythms that are too fast by shocking and pacing the heart. A normal resting heart rate for adults ranges from 60 to 100 beats a minute, with a resting rate of 48-50. The incidence of arrhythmia indicates that, for every one million people, approximately 1,000 need a pacemaker and 650 a defibrillator. Without treatment, mortality is 50% within three years. In the western world, anyone who presents with arrhythmia receives a pacemaker/defibrillator. In developing countries this is not the case.

This case was prepared by Lisa Duke, research associate, under the supervision of Professors Costas Markides, London Business School, and Daniel Oyon, HEC Lausanne.

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