FROM THE HOST OF STATE OF MEDTECH

The Market Engineering Primer for MedTech

A briefing for founders and commercial leaders at the commercialisation inflection point.

MARKETCRAFT

After **370 conversations** with the founders, investors, and executives building medtech, one pattern shows up more than any other.

The product works. The clinical data is there. The team is experienced. And the commercial launch still stalls.

The instinct is to diagnose the sales team, or the market timing, or the pricing model. But the post-mortems, when founders are honest about them, almost always point somewhere else.

The market never fully formed.

This primer maps that problem. The Exit Positioning Score you completed measures five dimensions of market engineering readiness. Each one corresponds to a failure mode I've seen enough times to recognise before the company does.

01 FAILURE MODE 1

Your Category Isn't Defined

Category Clarity

When a company's category isn't defined, every investor meeting starts with **20 minutes of context-setting**. Hospital procurement doesn't know which budget code to use. KOLs describe the technology differently in every room. The commercial team spends runway educating a market that hasn't formed a shared vocabulary yet.

CathWorks is the clearest case I've found. They had a clinically validated algorithm for coronary artery disease assessment. CAD is the number one cause of death globally. FAME 1 and FAME 2 landmark studies existed. And their first commercialisation attempt failed.

> *"We had a failed attempt at commercializing the product the first time around. It did everything the product does. The algorithm was still the same."*
>
> **Ramin Mousavi, CEO · CathWorks**

The algorithm didn't change between version one and version two, but the market narrative did. CathWorks rebuilt the category framing and went from a stalled first launch to **75,000 patients globally** and a position in the **top 0.25%** of all medtech startups.

WHAT TO DO

Define the minimum viable category before any commercial activity. One sentence covering the category name, the clinical and economic problem framing, and your differentiation. If your Head of Sales and Head of Marketing would give meaningfully different answers to "what does your company do and who needs it," this work hasn't been done yet.

02 FAILURE MODE 2

You Chose the Wrong First Market

Beachhead Selection

Beachhead selection is the decision most medtech companies make based on clinical logic. Which indication has the strongest evidence? Where are the most sympathetic surgeons? None of those questions lead to the right answer.

The right beachhead is the market where adoption friction is lowest and pull potential is highest. And choosing the wrong one early, with a full sales team deployed and runway burning, is one of the hardest commercial problems to recover from.

The most commercially successful medtech company in history got this wrong on their first attempt. Gary Guthart, Intuitive's current CEO, told me directly:

> *"Early on we thought cardiac surgery was the beachhead. If we had stayed on that path, the company would have gone out of business."*
>
> **Gary Guthart, CEO · Intuitive Surgical**

Intuitive pivoted to urology. One million prostatectomies per year followed. Then the **$200 billion market cap**. The device didn't change. The first market did.

WHAT TO DO

Map candidate beachheads across two dimensions before commercial launch: adoption friction and pull potential. Where is the hospital buying cycle fastest? Which segment has clinical champions who carry the narrative forward without prompting? The right first market and the most obvious clinical market are often different things.

03 FAILURE MODE 3

You're Pushing When You Should Be Getting Pulled

Narrative Pull

There are two commercial states in medtech. In one, every deal is chased. Investor follow-ups require your outreach. Strategics aren't tracking the company. In the other, investors call you. Accounts reach out before your rep does. Strategics start building a file before you've approached them.

Market narrative is what determines which state you're in. MAKO Surgical was the most shorted stock on Wall Street. Then Stryker paid **$1.65 billion**.

> *"It was like close to 30 bucks and we just destroyed the shorts on that day."*
>
> **Rony Abovitz, Founder · MAKO Surgical**

Craig Gaffin from Smith+Nephew described what pull looks like at its endpoint:

> *"One of the greatest unicorn stories of our industry. Intuitive went from a few billion to close to $200 billion. Part of the reason: they were so well positioned in the market that the market had such strong pull-through."*
>
> **Craig Gaffin · Smith+Nephew**

WHAT TO DO

Pull is built before the sales team arrives. It comes from a defined category, a narrative investors and buyers can repeat without your help, and clinical champions who carry the story forward on their own. If most follow-up is coming from your side, the gap is in the narrative. More reps won't close it.

04 FAILURE MODE 4

You Launched Demand Generation Before the Market Was Ready

Commercial Sequencing

A company gets FDA clearance. Investors want commercial traction. The board wants a VP of Sales. Two years later, with two VPs of Sales and a diminished runway, someone finally asks: why isn't this closing?

Bruce Cleveland built the Traction Gap framework after studying hundreds of companies in exactly this position:

> *"Never start demand generation until you have created a category and established yourself as a thought leader. If you do it too early, you will spend your company to death."*
>
> **Bruce Cleveland · Traction Gap Partners**

Joe Kiani built Masimo. FDA-cleared. Clinically proven. Saving premature babies from preventable blindness. And the product still couldn't get into US hospitals because of the GPO procurement structure.

> *"We re-engineered the whole market just to get it into the hospitals."*
>
> **Joe Kiani · Masimo**

WHAT TO DO

If the sales team is deployed but close rates aren't there, audit the sequence before changing the team. Ask whether the market narrative was in place before the first sales call went out. Category definition, narrative, and positioning have to happen first.

05 FAILURE MODE 5

Strategic Acquirers Don’t Have a Thesis on You

Exit Positioning

At the end of conversations with founders who have the right product, the right indication, and the right team, one pattern comes up that surprises most of them.

Nobody in the strategic community is tracking them.

The category hasn’t been defined clearly enough for a strategic buyer to build a thesis around it. The company’s market position is mostly in the founder’s head, not in a form that moves through Medtronic’s or Stryker’s deal pipeline without someone manually carrying it.

When Stryker acquired MAKO, they weren’t discovering the cobot category for the first time. They had been watching. The market engineering work, the category naming, the clinical publications, and the conference presence had already built the thesis. The companies that exit well at **$1 billion or above** have usually been on the radar of **three to five strategics** for **18 to 24 months** before anyone signs an LOI.

CathWorks rebuilt. Same algorithm, rebuilt category narrative. They went from a stalled first launch to the top **0.25%** of all medtech startups globally. That’s an exit positioning result, not just a commercial one.

> **WHAT TO DO**
>
> Exit positioning is market engineering applied with the acquirer in mind. Every piece of content, every conference appearance, every clinical publication is a data point in the thesis a strategic will eventually construct. If no one in the BD community has called or shown informal interest, that’s a signal about category clarity.

WHERE THIS LEAVES YOU

The five failure modes above map directly to your Exit Positioning Score.

A low score in any dimension isn't a final verdict. It's a diagnosis of where the work needs to happen.

The companies that navigate these patterns successfully build the category narrative before they build the sales team. They choose the beachhead based on pull potential, not clinical familiarity. They treat exit positioning as a market engineering outcome, not an event that happens when the banker calls.

After 370 conversations with the people building this industry, the pattern holds. The companies that exit well engineer the market.

THE NEXT STEP

If any of this describes where your company is right now, the next step is a 30-minute Market Engineering Review.

We won't pitch you anything. We'll take your Exit Positioning Score, map the highest-leverage dimension to address in the next 90 days, and be specific about what a 6-month engagement would change.

Book your Market Engineering Review →

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