



# Time in a Bottle

There is a healthcare company in the United States that makes products for various diseases, and now the company is planning to enter the smartwatch sector. What are the factors that you would consider?

CASE TYPE  
Market Entry

COMPANY NAME  
LEK Capability Network

DIFFICULTY LEVEL  
★ ★ ☆

# Time in a Bottle

## Can a Healthcare company tap into Smart Watch?

**Case Type**  
Market Entry Case

**Company Name**  
LEK Capability Network

**Round**  
Partner

**Difficulty Level**  
☒ ☒ ☒ ☐ ☐

### Problem Statement

There is a healthcare company in the United States that makes products for various diseases, and now the company is planning to enter the smartwatch sector. What are the factors that you would consider?

I have some clarifying questions. What is the target market for our product?

#### What do you think it is?

I would assume it to be high income, middle-aged people within the age bracket of 15-60 years, because this age group is more aware about technological developments and smart products in general.

#### Okay, so go ahead with that assumption.

And what is the payback period of the company (i.e, break-even for fixed costs)

#### That is a relevant question. However, that information will be shared in the subsequent rounds of the interview.

Also, are we planning to sell a standardized product or does our product have a Unique Selling Proposition (USP).

#### You can assume it to be a standardized product.

Will our manufacturing units be in the United States or some other country? Also, how do we plan to sell our products? Have we planned any retail or e-commerce partnerships?

#### This won't be relevant to the case.

What is the objective of the company. Is it profit maximization or is increasing its market share?

#### Focus on the profit maximization aspect for now.

Okay, so since it is a market entry case, I would first assess the financial feasibility. Under that, I would evaluate the market size, market share and the growth (in percentage) of the market.

#### Okay, go ahead

To calculate the market size, I would use the following filters: Income, Age, Percentage of people that wear digital watches, and the percentage of people that wear smartwatches (among those who wear digital watches)

**That is a reasonable assumption, but why did you not take the Urban-Rural divide and the no. of households in the country?**

The Urban-Rural divide in the United States is very insignificant and it won't be feasible to accurately calculate the no. of smartwatches per household.

**That is a rational explanation. How would you calculate the projected market share?**

Since the company has not entered the market yet it would be difficult to accurately calculate the projected market share. However, some factors I would consider would be the no. of competitors and if there have been companies in the past that have made a similar market entry.

**That is a fair point. Your approach is well-structured and you do not need to calculate the exact numbers. What are the costs do you think are specific to this line of business?**

I think that there would be licensing cost, litigation costs, warrantee and guarantee costs that would be specific to this business. Along with that, there would be heavy costs related to research and development as well.

**Okay, thank you. We can end this case here.**



### **HERE'S A TIP!**

Have a rough idea of the demographics of the United States because a large part of the company's operations is based there. This will also help you demonstrate to the interviewer that you are aware about the company and have done thorough research on where its operations are based.

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### CASE FLOW

#### CASE FACTS

- 1 The company plans to sell **standardised products**.
- 2 They major objective of the company is to maximise its **profits**.
- 3 The target market of the company is high networth individuals between **15-60 years**.

#### COSTS



#### OBJECTIVE OF THE COMPANY

