



**THRIVI SUBRAMANIAN – SID 904367788**

## **PROBLEM**

Biotron Corporation's EP division is planning a product launch for a new cardiac visualization system that is the firm's first product in this category. It is intended as a supplement to the principal product of catheters. With an allotted \$2M increase in budget for sales and marketing, the key decision is regarding the optimal allocation with choices ranging from more sales representatives to additional marketing activities.

## **BARRIERS**

The EP division currently holds only 10% market share in the US which is against the parent company's strategy of being a market leader in the markets it served, which presents the risk of the division being shed if it doesn't gain market share quickly. Additionally, given the first-mover advantages of competitors, market acceptance of the catheters is slow due to the strong dependence on relationships and meaningful technological improvements for clinical benefits. Furthermore, the reusability of catheters through sterilization presents a threat to the primary product line. Also, cost imperatives imply that the current sales force structure is suited for maintaining market share against competitors rather than growing it.

## **RECOMMENDATIONS**

9 new dedicated sales reps should be hired at a total cost of \$1.305M. An additional \$0.65M should be spent on a feature rich website. Marketing resources can be re-allocated utilized from the existing budget of \$0.9M

## **SUPPORT**

### ***Increasing efficiency requires greater time spent in relationship building and sales activities:***

Currently the allocation of territories means that sales reps spent 50% of their time traveling. By increasing the sales reps, this enables greater allocation to hours spent for customer interaction – during patient care or for entertainment of potential customers. This is important because movement of market share is driven by the affinity/relationship with the company/sales rep (Case Pg. 4). The presence of a high-quality website also creates an additional touch-point because the sales rep can spend time focusing on attributes of the product, thus boosting sales force productivity. This also boosts dedicated market coverage to approximately 30% of the target 250 EP labs assuming that each sales rep works for 250 days in a year and 10 hours/day (based on Exhibit 9 calculations\_).

### ***Increasing sales force effectiveness is possible due to the parent's firm experience in bundling catheters:***

Biotron's presence in the therapeutic catheter market allows the sales reps to present product bundling opportunities. Similar to the approach by competitors ECGI and MMD, customers would be able to "purchase" the equipment by buying a committed volume of catheters. Given Biotron's 13% share of the therapeutic catheter market from Exhibit 6 and Exhibit 8's potential opportunity, this means that each sales rep generates an expected revenue of \$387000/year growing at 5.4% annually over the next 3 years. This is a total revenue opportunity of \$8.13M in year 1, presenting an increase in market share of catheters of 4.7% (in dollars) (Assuming overall market growth rate remains stable around 1%-2%).

***Marketing must be modified to reflect bundling:*** To increase the effectiveness of the sales force, the current marketing collateral and campaigns should be modified to highlight the unique benefits of the Focalizer versus competitors (based on Exhibit 7) followed by case studies, customer testimonials and reviews on the website for quick reference during sales calls. The existing budget of \$0.9M is sufficient.