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Successful entry into
the DACH markets for
US MedTech and
diagnostics companies



Building Trust. Building Business.



Tips for successful entry into the DACH markets

We suggest five areas important for US MedTech and diagnostics companies to consider when seeking prosperous distributorships within the DACH region.

1. Markets, “Deutsche Mittelstand” and competition landscape

As the German market is by far the largest in the EU, it makes sense to make this central to your European export strategy. In particular, the healthcare industry continues to expand more rapidly than the economy as a whole and has become one of the most important industries in Germany, employing around 5.2 million people and comprising over 12% of the total workforce.

Medical care in Germany enjoys an enviable reputation for efficiency and quality, being both universal and comprehensive. The healthcare system promises high growth, not least due to the increasing demands for new, high-quality medicines and services from an ageing population, rising health awareness and comparatively high average incomes. While German hospitals are primarily state operated, almost one third are now private and the medical laboratory landscape is driven by consolidation. However, the system is decentralized, diverse, and highly regulated.

In addition, Germany is home to tens of thousands of businesses ranging from small sole proprietorships to large conglomerates. Notably, the prominence of Germany’s economy on the world stage is often linked to the small and medium sized businesses (SMEs) of the German “Mittelstand”. These companies possess a broad set of values and

are often family concerns with long-term presence and vision.



Experienced representation in Germany is a major asset for business development, especially considering that primary competitors for most American products are the smaller and mid-sized domestic “Mittelstand” firms. Our SilverSky team includes former CEOs of hospitals, MedTech and diagnostic companies based in Germany and the US. Using our first hand experiences, we can assess your local market and competitor landscape, and seek fitting partners from the “Mittelstand”. SilverSky can help develop market strategies for strong national presence taking regional differences into account.

2. Business etiquette and protocol

“Other countries, other customs” also applies in business. An awareness and sensitivity underlies mutual understanding and will benefit communications throughout the whole process. The German population does not have a tradition of mobility within the country, as moving is hampered by factors such as the decentralized education system. With respect to adopting new products, one may experience higher levels of skepticism and slower adaptors.



Also, hierarchy is greatly respected in Germany, which, together with a plethora of procedures and policies, can slow processes.



10 quick things to know:

- Germans do not consider a personal relationship necessary for business
- Germans will check your academic credentials and company history
- Germans respect authority, so acquaint them with your seniority level
- Germans do not encourage an open-door policy
- German prefer formal communication
- Germans follow protocols
- Germans take hyperbole, big promises with a pinch of salt
- Germans are direct and can be blunt
- Germans expect punctuality
- Germans assess dependability on delivery

Here at SilverSky, we have an interdisciplinary and international team comprising members from the US, UK and

Germany, who are all fluent in German and English. They have experience in negotiation

with the German “Mittelstand” and can effectively help you to start and nurture business relationships. Anyone doing business in Germany knows how slowly things change. We support proactive monitoring to keep budgets and timelines on track and bring in corrective measures as needed through neutral dialog. Our aim is for you to conduct better business in Germany by providing cross-cultural awareness and tactfully managing newly formed alliances.

We hope you will appreciate the business landscape, country and culture.

3. Regulation and reimbursement

Many differences exist in this area between the US and DACH countries. Principally, Europe is fragmented into publically funded health services with different organizational structures and insurance systems, although CE marking certification spans the European Economic Area. Germany's "social market" economy largely follows free-market principles, but with a considerable degree of government regulation and wide-ranging social welfare programs. Over 90% of the population is insured through around 120 statutory health insurers, which, while being public corporations, are also competitors. The reimbursement system is complex: application and ambulatory or hospital sectors dependent, with different mechanisms for reimbursement of new products, which can make the process unwieldy and slow. To help understand and navigate these issues in DACH countries, our American clients can draw on the personal know-how of our experienced team members.



We can check the current reimbursement situation for your innovative products and identify gaps, in order to help shape your reimbursement strategy and steer through cumbersome reimbursement pathways.

4. Marketing and sales

Establishment of a strong scientific or technical reputation is key to selling new products in Germany. It is critical to engage Key Opinion Leaders (KOLs) at an early stage and build a network of influential players. Generation of scientific data within the country aids acceptance and brings valuable professional recommendation. Conventional marketing models may need to be modified, which requires investment in terms of cost, effort and time.

We adopt a systematic approach to help you access companies at a scientific and technical level and win internal champions. We can utilize both our broad network to hospital controllers, CEOs and CMOs, as well as marketing intelligence databases, to find KOLs with strong scientific reputations in your field of interest. We understand that trust is built through listening, and prompt and diligent follow up. Through this, we aim to promote a scientific and beta-customer network for you to gain momentum in Germany.

5. Perception of US products and companies

It should be recognized that German clinicians trust the excellent “Made in Germany” brand. As always, precise definition of customers’ needs underlies a tailor-made solution and greater acceptance. A little more awareness and energy in the preparatory phase may be required to win a



loyal customer. SilverSky consultants can better promote your company by adapting product material to suit the German market. This may require a more detailed approach, with greater focus on research and scientific data. We can design local surveys and clear communications to convey your USP and

position your company prior to market launch. Throughout our interactions, we aim to offer the **high level of service that you would expect at home.**



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