

**Whitepaper:**

# Evaluating Sales Development as a Service (SDaS) to Accelerate Global Growth for Medical Device Companies

[www.GrowthMedics.com](http://www.GrowthMedics.com)



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*Selecting and evaluating international market expansion routes. SDaS has successfully assisted numerous worldwide medical device companies with their international expansion while minimizing their risk and cost with increased speed to market. Will it fit your international growth objectives?*

## Introduction to Growth

These days one of the most successful companies in the world are leveraging Sales Development as a Service (SDaS) including Amazon, Apple, Google and Microsoft. They benefit from a lean operation driving faster and more effective global revenue.

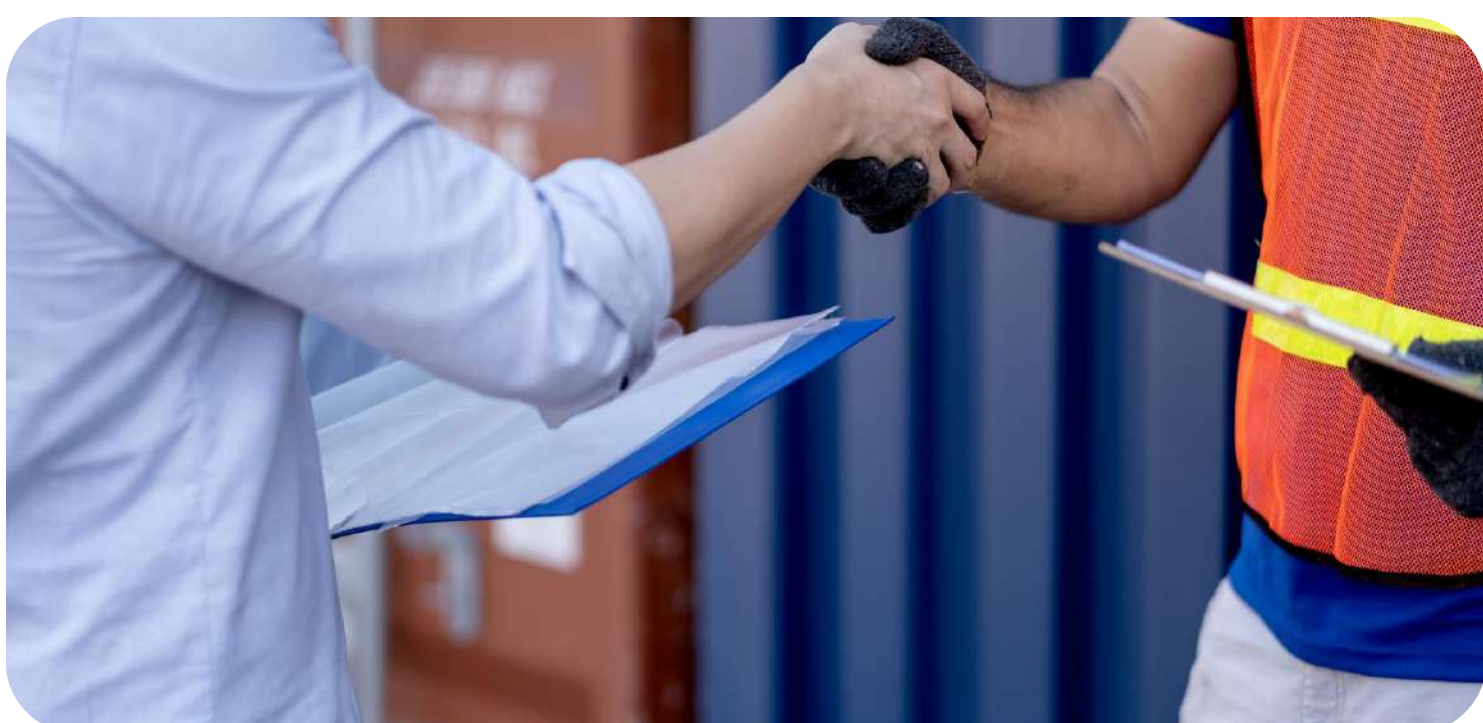
Scaling your operations globally is a complex process and making the wrong decision can result into time and money wastage as well as limiting the reach of your actual potential. This article will provide a definition to SDaS, a comparison of other expansion routes such as hiring, considerations and an outline of the approach of SDaS services provided.

GrowthMedics' Sales Development as a Service model have been exclusively developed and optimized for worldwide medical device companies looking to expand their presence in European and Middle Eastern healthcare markets.

Reach out to us [contact@growthmedics.com](mailto:contact@growthmedics.com) for any questions or more information.

## Sales Development as a Service – what does it mean?

SDaS is like other services such as Software as a Service - a facilitative service, with the goal to drive higher revenue and margins while avoiding large expenses, risks, liabilities and maintain flexibility. Especially for companies operating in a niche market where specific market knowledge is required and where uncertainties are available, SDaS can bring tremendous value.



## Key Benefits of SDaS:

- Quickly ramp up sales volumes and performance by onboarding expertise and an infrastructure within a short time
  - Maintain or increase flexibility by adopting a flexible sales force in terms of capacity, expertise, and flexibility in contractual agreements
  - Minimize and/or reduce your operational and employee costs. Sales Outsourcing could be less cost compared to hiring or setting up your own operation. It can also help minimize your operational cost such as travelling.
  - Reduce your risks, liabilities and save time by avoiding recruiting and hiring your own full-time employees
  - Key insights in data and analytics so organizations can make intelligent business decisions and entering new markets with reduced risks
  - Increasing internal organizations capabilities and knowledge by adopting new technologies and expertise from experienced SDaS partners in your industry
- SDaS companies provide an organization with a dedicated sales force, staffed with highly experienced sales professionals who focuses on the sales development. They get familiar with the products, gather market knowledge and act as a true representative of the company.

## Considerations and assumptions for not choosing SDaS as an outsourced solution:

Hubspot [researched](#) over 350 firms and concluded 5 assumptions why Sales Outsourcing may not be a fit. Sales outsourcing may not always be a fit, it will depend on the growth stage you are currently in, available resources and nature of the market and/or your business model.

GrowthMedics has eliminated most of these assumptions and optimized its business model for medical device companies with no to little presence in EU and MENA markets.



## Argument 1: Business model consideration

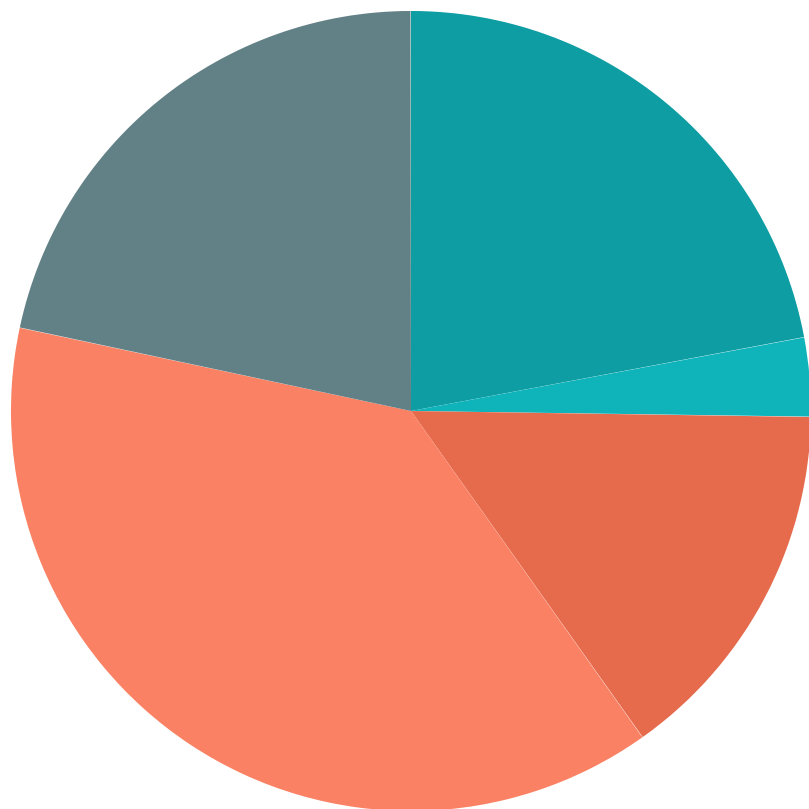
IF your model is B2C, B2B2C or B2C2B it may be complicated to work especially if your contract value consists of a low amount such as less than \$1000. This will be hard to sustain this model unless there is mass sales. Especially if you are targeting a large pool of end-users – in these cases investing in marketing, advertising, and freemium product strategies. Example selling commodities such as cosmetics, masks directly to end-users.

## Argument 2: SDaS is too expensive

Companies that have never used SDaS believe these kinds of services cost them a fortune and that an in-house team will be less expensive with greater control.

This argument is nothing but true. SDaS can save cost and increase productivity and efficiency. [The Bridge Group](#) researched that on top of salary costs a 25% needs to be added to include software, team tools, training, and management.

# ANNUAL EXPENSES FOR IN-HOUSE SALES DEVELOPMENT REPRESENTATIVE \$120,520



The research also shows a comparison of productivity of a direct hire vs a SDaS hire. Companies spend 26% of their time on training, which results in productivity for less than a year. At GrowthMedics we've proven to be full productivity after 2 months compared to average SDaS firms (after month 4).

Our infrastructure allows us to learn, adapt and execute in an independent manner resulting into an increased speed to market.

### Comparison costs hiring in Western Europe

- (conservative calculation)
- +Employment
- +Employer cost
- +Payroll costs
- +Management time (20%)

**Average cost: € 120K**

Excl. hiring time and cost (table explained below)

Costs for rendering SDaS services from GrowthMedics starts from 60% less cost compared to direct hiring with more flexibility, speed and minimized risks and liabilities.

## Argument 3. Cold outreach is dead

There are companies that believe reaching out to cold contacts to establish relationships are not working. Some companies believe they are in a niche market where only through a network sale can be established.

In numerous studies and case studies it has been proven outbound outreach can generate successful growth. Each of the 20 fastest growing B2B companies have implemented outbound outreach.

At GrowthMedics we have established hundreds of new partnerships and millions € sales through cold calling. Moreover we have been in the European medical device industry for many years and have created a network and access to hundreds of distributors, OEMs, KOL's and hospitals in the EU/MENA healthcare industry.

■ Management: (22.06%)   ■ Team tools: (3.18%)  
 ■ Overhead: (14.94%)   ■ Base Pay: (38.17%)  
 ■ Bonus: (21.66%)



#### Argument 4. Assumption of not having control over an SDaS team

This is typically mentioned as the most common reason for not choosing an SDaS team. The assumption is due to not having an employment contract, the management will not have control over the process, direction, and customers.

This assumption can be true if control means 100% supervision and daily reporting or presence in the office. The goal of SDaS is to save time and cost while operating efficiently and more effectively. By operating as independent as possible to a certain extent, management frees up time to focus on other aspects. They can function in a team and capture knowledge and activities, creating transparency.

At GrowthMedics we communicate frequently with our customers. There is an advanced sales CRM for reporting, a monthly planning and cloud-based communication tools to align direction. The SDaS team will report to the management of our customers and consider feedback and direction in their approach. Payment structures and contracts will go directly through the customer.

This method of approach will create transparency and provide 100% control on the process for our clients.

#### Assumption 5: You don't know the potential of your products

In the research there was a correlation between companies not choosing for SDaS and not understanding the potential for their products in that target market or didn't care to learn why.

SDaS has proven it could function as a right model to gather knowledge and assess the product / market fit. At GrowthMedics we provide a local sales team that understand the culture, language, has the network and process in place to gather this information in an efficient manner. The information will allow to formulate a winning market plan. In case the potential isn't as expected, the great thing is contracts are flexible and can be easily modified in case a no-go has been decided.

#### Assumption 6: My products / services are too complex to learn

Often times there is the assumption that a SDaS can't function due to the complexity of the products and/or services provided. There is a steep learning cycle, and the assumption is that it only works if someone comes from that specific industry or has worked for similar companies or competitors.

It is indeed true that someone from the same industry or with similar product knowledge would ramp up the onboarding time and facilitate faster independence. On the other hand, SDaS teams are trained to learn products fast as they are used to working and representing similar companies within similar industries. They are trained and facilitated to focus on what is needed to learn in the beginning to become fast operational for example, learning what makes them unique and learning to ask the right questions to qualify interest levels and build sales funnels.

It is a trade-off companies need to make between the costs, time and competitive sensitivity that comes to play when contracting an industry expert. With GrowthMedics we have gained knowledge and a network across various medical device industries and are able to activate this network together in combination with our sales development infrastructure aimed to produce qualified interest levels in a short period that may require assistance in the beginning from the client, but in time require in more independence.

In summary the ramp-up time with an SDaS does not have to take long and considering the cost and speed advantage it has proven to support medical companies offering complex solutions.

## SDaS offered exclusively for medical device companies

GrowthMedics' SDaS goes well beyond hiring a sales representative and acting as a representative for medical device companies. The successful track record of helping worldwide medical device manufacturers expand, has provided the expertise, network (distributors, OEMs, KOL's and hospitals), and failure lessons to optimize and adapt SDaS exclusively for the medical device industry and international sales expansion domain.

### **An International Dedicated Sales Staffed Office**

To become successful in international markets, adapting to these markets and having a local dedicated approach will make a significant difference in becoming successful. GrowthMedics will provide a multi-lingual, experienced Growth Manager and/or a Growth Developer as a sales team with experience in the medical device industry. More-over a European and/or Middle Eastern virtual sales office, with phone number and contact information will be provided. These resources will give customers instant access to these markets while gaining more trust as a local company with customer service.

### **Increasing brand recognition**

The go-to-market approach will include acting under the behalf of the customers. This means the market and end customers will experience the staffed sales office as an extension of the headquarters. This approach will be integrated in the communication but also in business cards, picking up the phone, phone-line, email address and information on marketing material.

### **Expertise and access to customers and stakeholders**

With years of experience in the European and Middle Eastern healthcare market helping medical device manufacturers and service providers across various medical device markets, a strong network and relationships are developed. Network consists of KOL's, hospitals, distributors, and OEMs within the European and Middle Eastern healthcare industry.

Competition is rising and there is pressure on time and cost. There is often a lack of staff among hospitals, distributors, and OEMs. They are being approached frequently by manufacturers and connecting through cold outreach has decreased due to being less available, on the road or working from home. Having existing relationships will increase exposure and shorten the lead generation and market feedback cycle substantially.

### **Market and Sales intelligence**

The expertise and sales approach provided will deliver the organization with knowledge to make intelligent business decisions, decisions that could lead into outperforming competitors and increasing its position in international but also in its domestic market.

### **Keeping control and measuring progress**

The sales team will work on a CRM dedicated to the customer were KPI reporting will take place frequently and a communication platform will be utilized for transparency. Through weekly calls and a monthly KPI planning the customer will be aligned with the sales team and will maintain influence and control over the process, the team and its customers. Payment and contract flows will be directly from the customer to the end-user, so the primary process will not be touched.



## International sales expansion options and considerations

There are different ways to organize your international sales. This choice can depend on various business aspect such as the company's strategy, exporting stage or resources. For companies in the beginning of their international expansion other routes may fit more then a company that already is in an international market for years and is continuing to drive sales growth in a fast-growing market. For the latter an M&A, own office or hiring one or more full-time employees make more sense but for the other where sales is limited an SDaS track would make more sense. Let's have a look at the options.



## Hiring overseas

Having a full-time employee overseas can provide full focus on the market and control on the direction of the employee. It also comes with a costs, risks, and liabilities to consider. Nowadays there is a 50% failure rate in hiring and 70% in international hiring.

There is more, contractually in Europe it is complicated to terminate the employment contract and in some countries a minimum of a year and nowadays in most countries a permanent contract from the start is mandatory. A firing process can be difficult, can take time and will most likely end up in court with high costs and reimbursements.

Hiring in Europe will require a capital investment, not considering the costs for recruiting and setting up legal structures and contracts. Employment salaries are on average higher compared to North America but usually includes less commission agreements. Employer costs such as social benefits differ per country but adds significantly to the cost as proven in the graph below and analysed in the previous chapter.



**Average gross salary of an international sales manager by country are listed below excl. commissions, pension plans and other healthcare benefits.**

Dedicated Sales Focus in expansion area	~Annual gross salary for international sales manager * Excl. Bonus	~Bonus 15% (minimum)	~ Employer costs (social benefits)	~ Total employment costs per year	~Incl. administration costs ** (5%)	Managemet time 20% (over employer cost)
Spain	€ 60K	€ 69000	0.3	€ 89,700.00	€ 94,185.00	€ 107,640.00
Germany	€ 100K	€ 115000	0.2	€ 138,000.00	€ 144,900.00	€ 165,600.00
Netherlands	€ 82K	€ 94000	0.24	€ 116,560.00	€ 122,388.00	€ 139,872.00
France	€ 80K	€ 92000	0.45	€ 133,400.00	€ 140,070.00	€ 160,080.00
Italy	€ 67K	€ 77000	0.3	€ 100,100.00	€ 105,105.00	€ 120,120.00
Sweden	€ 83K	€ 95000	0.2	€ 114,000.00	€ 119,700.00	€ 136,800.00
Average cost					€ 121,058.00	€ 138,352.00

\* Bonuses will add additional taxes to employer costs depending on % per country

\* Average administration costs include costs of payroll, setting up VAT number, insurances, legal costs, salary payment and bank transfer costs applied by payroll firms

\* Cost of hiring and recruitment fees are not included

## Sales Rep / Agent

In some markets like North America territory reps based upon commission are seen more compared to for example the European market. Territories (and thus market potential) can be bigger and most of the times products are already proven and generating revenue.

These reps typically represent similar or competitive products and include the offering to their current network. They usually do not have the full focus and typically target the low hanging fruit to make fast commissions. This can be an ideal solution for proven products and when the nature of the market accepts these structures.

In the European and Middle Eastern market these constructions are seen rarely because:

(1) hospitals often work directly with companies/distributors and have service level agreements in place, often not able to be delivered by independent reps

(2) a rep in Germany or other EU country would not be able to sell to other countries due to language, culture and network gaps limiting the market potential. In larger countries like Germany, France an independent rep would not be able to cover the whole country and therefore again limiting their potential reducing the focus on the sales of your products

(3) there is no control over the sales process, especially with new technologies or when more efforts are required to service or execute business development activities, reps often times want to spend limited time especially if there are long sales cycles and there is no revenue / product potential proven

(4) The journey in finding these independent territory reps is not an easy process as its not a common structure in the EU/MENA market, therefore limiting the speed of entry especially if reps are required across several EU countries, not considering the time to manage these reps.

## PAN European or Middle Eastern distributor

Having one distributor with sales reps across almost all European or Middle Eastern countries with sales representatives that can cover all the key customers and markets is unfortunately not a reality. This has to do with the complexity of the EU/MENA market that represents a fragmented and complex market with each its market structure and requirement for a localized approach. There is often not one distributor that can cover entire or several markets.

There is an option to engage with distributors that are covering a region based upon language for example DACH (Germany, Austria, or Switzerland), Iberia (Spain and Portugal) and for example France / Belgium (French speaking part). These are often territories that could be covered, but in that case the coverage of the distributor should be well assessed.

## Opening own office, a physical entity

Having an own entity and physical presence is an assumption most companies have as they see it as a requirement to conduct business in Europe or feel they will be more effective in building a footprint in that market. Having an own office with an own employee can give you the control and direct presence in the market.

A consideration to make is the risks, liabilities, and significant cost it will bring. If there is no or a limited presence it can be very risky and costly as there are many uncertainties and the chance of changing strategy is highly present. Most companies would like to first have sustainable revenue coming in before making that decision as it in most cases should balance the profit and cost made in that market.

It can be very costly to reverse this strategy and, in most cases, having an own presence or entity is not required to conduct business.

GrowthMedics offers a dedicated local sales office with warehouse and a sales team so flexibility can be offered while minimizing cost, risk, and liabilities for the same advantages of having an own office.

## In-house international sales manager

Often we see companies having their own international sales manager working from their headquarters in their domestic market, responsible to build and manage global growth. This is in most cases the easiest way to establish international growth – however the effectiveness should be well assessed.

It can be a temporarily solution in the beginning stages to assess the market and executing the initial outreaches and communications. Going to tradeshow and facilitating video calls to get business going. In 70% of the cases, we see this structure being installed where the international sales manager is not able to successfully establish sales or take sales to the next level. This most of the time ends up in a waste of time and resources.

By not being physically in the market, in the same time zone, speaking the language, travelling, and meeting with prospects and end-users and not being fully dedicated to that market for example Europe or the Middle East, results will in most cases be very limited and extend the time of success. The knowledge and experience in these markets are also vital in during the expansion journey.

By offering a local experienced resource with the infrastructure it needs SDoS can function hand in hand with the role of the international sales manager.



## Comparison chart of SDaS vs other international sales routes

EXPORT CHALLENGES	Domestic Sales Manager	Pan-European Distributor	EU Commission Sales rep	Merger or acquisition	Opening a European office/own EU employee	GrowthMedics SDaS
Operational complexities (Time zone, language & cultural challenges, travel limitations)	Very High	Medium	Medium	Low	Medium	Very Low
Dedicated Sales Focus in expansion area	Medium	Medium	Low	High	Very High	High
Full Market Coverage and rolodex	Low	Medium	High	High	Medium	Very High
Cost and resource intensiveness	Medium	Very Low	Low	Very high	High	Medium
Control on sales process, strategy and customers	High	Low	Very Low	High	Very High	High
Speed to market	Low	High	Medium	Very High	Medium	Very High
Management involvement intensity	Medium	Low	High	Very high	High	Low
Risk & Liabilities	Medium	Low	Low	Very high	High	Very low

\* Most favourable outcomes are marked green.

It can either support the sales manager with generating and qualify leads or where the most value lies, function as a local sales force to qualify and manage sales funnels as well as offering local support to distributors and customers by being in the market, visiting tradeshows, leads and customers. The full scope of business development activities.

Each time results have proven faster and better results are gained either together with an international sales manager or as a separate independent dedicated sales extension saving the company time and money.

## Assessing your options for international growth

Scaling a business is a complex process. Complex to measure, complex to track, complex to get right. If you commit to international growth, there is a big chance you will succeed however the opportunity cost of doing it badly will result into time and money wasted in the process.

There are more roads leading to Rome. As an executive in international sales, you want to make a decision that meets your corporate strategy and objectives. A path that delivers the fastest and most sustainable long-term ROI.

Therefore, having a short-term and long-term expansion strategy is key. For example, choosing a way that can limit your risk and cost in an early expansion stage such as SDaS may most likely be a matching outcome, while when business grows overseas to substantial revenue and multiple employees are needed, hiring your own team or a local manager and setting up your own presence when you want to manage your own stock may be a better fit.


The flexibility and sales power SDaS offers has resulted into numerous successful market expansions and should therefore seriously be considered as a market entry route for international expansion.

For more information please feel free to contact us at [contact@growthmedics.com](mailto:contact@growthmedics.com) or book a meeting with us [here](#).





**Enabling global growth for medical device companies**



GrowthMedics is an ISO 13485 market development provider serving worldwide medical device companies with their international sales and importing expansion in European and Middle Eastern Healthcare markets.



**We enable global growth for medical device companies**

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