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# Medical devices industry M&A all-time high in 2014

15 January 2015 | News | By BioSpectrum Bureau

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Ms Niharika Midha, GlobalData's analyst covering medical devices, states that the unusually high amount of M&A activity last year highlights a trend that goes beyond mega-mergers and into the expansion of product portfolios.

She says: "A considerable number of deals in 2014 involved larger companies swallowing up smaller ones with novel technologies that were clinically proven to be superior to existing devices.

"This definitely sets the tone for the coming year, as the medical device industry consolidates into fewer prominent players that directly compete with each other and innovation is fueled by heightened demand."

The largest deal of 2014 was Medtronic's $42.9 billion acquisition of Covidien, creating the world's largest medical device company.

Despite criticism that the move was rooted in tax inversion, GlobalData's analyst believes there were a number of strategic motives behind the deal.

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Ms Midha explains, "Covidien has an established market position in surgical and wound care specialties, which are promising segments. Medtronic can now readily leverage this reputation for an expanded product portfolio and enhanced global footprint. Additionally, Covidien has been expanding its business in patient monitoring and hospital services, areas likely to generate significant revenue in the near future."

The analyst adds that players with an extensive product portfolio tend to have a competitive advantage in the current industry scenario.

"The demand side is displaying an increasing preference for manufacturers that offer a one-stop solution for all their needs," Ms Midha concludes.