

10 Mar 2021 | Interviews

# Medtronic CEO Regrets Not Moving More Aggressively On Some M&A Deals During Pandemic

by [Ferdous Al-Faruque](#)

Geoff Martha says the COVID-19 pandemic didn't create the kind of liquidity crisis that would have allowed bigger companies to get bargain deals on smaller medtech firms.

One of [Medtronic plc](#) CEO Geoff Martha's regrets from this past year is not moving hard enough on some mergers and acquisitions. He also says that while the company is interested in acquiring artificial intelligence (AI) technology, it is being conservative about how it defines AI.

Martha recently spoke with *Medtech Insight* about his experience stepping into his new leadership role at the start of the coronavirus pandemic and helming the ship through the crisis. While he's proud of the work he and his team have done over the past year, the head of the largest medtech company in the world says he should have been more aggressive about some acquisition deals that fell through.

---

*"It wasn't the heyday of M&A for somebody that's an acquirer like us, as I thought it would be." – Geoff Martha*

---

The pandemic has been painful for medtech companies all around – but overall, smaller companies trying to establish themselves were hurt more than

**Q&A: Medtronic CEO Discusses**

larger companies that have the reserve capital to weather the storm. Experts have noted, however, that the pandemic has been less perilous than past economic crises for smaller companies, especially those that were still in the stages of raising funds compared to those conducting clinical trials. (Also see "[COVID-19 Bad For Smaller Companies, Good For Innovation: Experts](#)" - Medtech Insight, 12 Oct, 2020.)

Martha pointed out that a large part of Medtronic's business model rests on acquiring smaller companies into its portfolio and while the economic uncertainties brought on by the pandemic may seem ideal for companies like his, this past year was not like the 2009 financial crisis that led to a buying frenzy.

"There was very little liquidity crisis and the governments around the world, regulators around the world, made sure that the banks are at a much healthier position, and there's quite a lot of liquidity," Martha noted. "It wasn't the heyday of M&A for somebody that's an acquirer like us, as I thought it would be. And maybe we should have moved a little more aggressively on one or two situations that didn't work out for us."

### Working Out Tucking In

While Medtronic prides itself on its internal research and development, the company also has a reputation for buying smaller early-stage medtech firms that show promise as an asset to its existing product portfolio, or when the technology fits into its future business goals.

### **Challenges Of Taking Helm During COVID-19, Exciting Innovations, More**

By [Ferdous Al-Faruque](#)

09 Mar 2021

In an exclusive interview with *Medtech Insight* Medtronic CEO Geoff Martha discussed his experience not just taking the reins at the start of the pandemic, but also adjusting the company to meet public need.

[Read the full article here](#)

---

***"The impact over time, it's huge if you do the right one." – Geoff Martha***

---

Martha said his company has been focused on tuck-in acquisitions, also known as bolt-on acquisitions, where a smaller company is merged into a product division at a larger company. This type of acquisition is typically meant to help the larger company gain a comparative advantage over its competitors at a lower cost, since it doesn't have to build a product line or

division from square one.

“They’re smaller deals and they’re earlier-stage; smaller from a how-much-we-have-to-pay perspective,” said Martha. “The impact over time, it’s huge if you do the right one. But they tend to be smaller, earlier-stage companies, that tuck into an existing business or right next to one, like a near-adjacency to augment areas that we’re already in.”

As examples, he notes Medtronic’s acquisition of the [spinal cord stimulation company Stimgenics](#) a few months before the start of the pandemic. Similarly, Medtronic bought [French spinal implant company Medicrea](#) recently specifically because of the company’s AI technology.

“So we’ve got situations like that in a number of our business, where data and AI are disrupting,” said Martha. “And to get us going, we’ve done a couple of these earlier-stage acquisitions in that area to build up the capabilities around data science and to augment what we already had and accelerate it.”

“I do think AI is one of the more profound technologies right now that can have a relatively short-term, and build up over time, but an impact on healthcare outcomes relatively quickly,” he added.

### **Not Falling For The AI Hype**

As Medtronic is looking at various acquisitions in areas such as AI, Martha is quick to note that the company is taking a conservative view of what it considers truly AI and will fit into the company’s portfolio.

Over the past decade, AI in healthcare has often been used as a buzzword to get investors interested in products that often either turn out to be machine learning software or are unable to fulfill their promise. The hype created by company’s claiming to produce AI products has led investors to be more cautious about where they put their money. (Also see "[Podcast: Beyond The Hype – Philips CEO Says The Future Is AI Platforms](#)" - Medtech Insight, 19 Apr, 2019.)

---

***“You won’t hear any kind of BS from us when it comes to data and AI.” – Geoff Martha***

---

Martha said that Medtronic is being rigorous about its decisions on what AI to acquire or adopt and has built its own data science capabilities to help it navigate the new AI terrain. He says lots

of startup companies and even researchers within Medtronic try to tack on the AI label to their product to raise interest and funding, but they need to meet a minimum standard to truly be considered AI technology.

“We have a couple hundred data scientists now in the company to help us evaluate just that,” said Martha. “I do think [they], are misusing or maybe creating a little hype when it's not there. So you'll have some products that are advertised as powered by AI or machine learning that aren't. But we're holding ourselves to a standard here.”

“When it comes to our products and how we market them and how we describe them, we tend to be even conservative and don't overstate those, not just because there's regulations around that, but because we have a certain credibility we want to maintain with physicians and patients, and we don't want to sacrifice that,” he added. “You won't hear any kind of BS from us when it comes to data and AI.”