

Big medtechs' efficiency starts to recover from Covid



[Elizabeth Cairns](#)



Orthopaedics and cardiology groups start to improve in terms of sales per employee, but Covid test makers do better still.

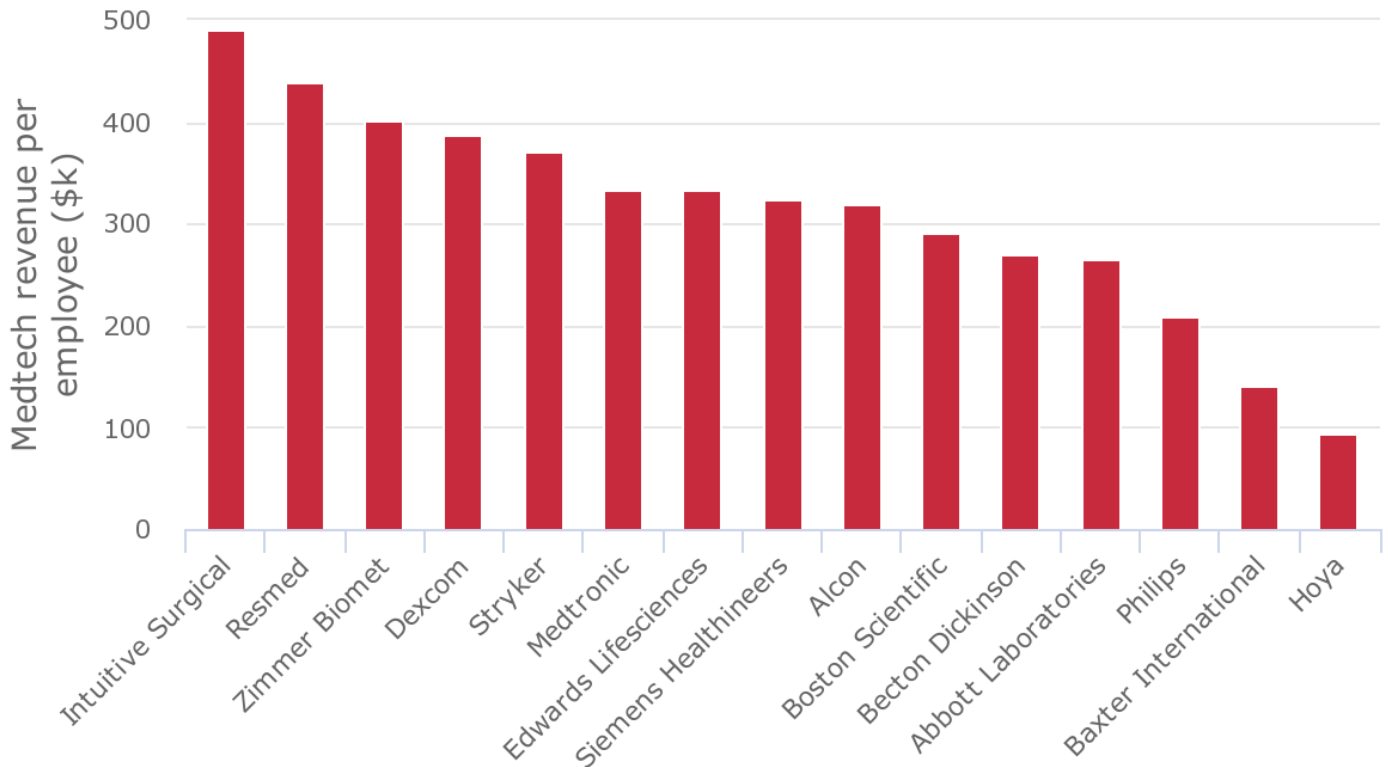
The sales a medtech company reaps per worker it employs is not the only measure of its efficiency, but it can be useful. It certainly highlights the tribulations of the sector through Covid, with 2021's data indicating a major recovery in revenues and market cap among orthopaedics and cardiology companies.

It is still Intuitive Surgical that reigns supreme on this measure, however. At \$490,000 in 2021 the robotic surgery leader's sales per employee have ticked up from 2020 as lockdowns lifted and hospitals reopened for non-emergency procedures. This figure is still 4% lower than pre-pandemic 2019's number, though, so the company has more ground yet to regain.

The analysis below counts only the top 15 medtech companies by market cap. A company counts as medtech if its medical device sales make up more than 40% of its total revenues.

2021 medtech revenue per employee

Top 15 medtechs by market cap



Source: Evaluate Medtech.

As such a group's presence or absence in the list have more to do with its share price and M&A moves than its sales or headcount. Zimmer Biomet's shares crashed so badly during 2020 that [it fell out of the top 15](#). A recovery last year sees it reinstated into the cohort.

Align Technologies experienced the opposite pattern. Demand for its clear tooth straighteners [soared during lockdowns](#), driving up shares; but stock has cratered since as economic straits mean that many people can no longer afford out-of-pocket cosmetic interventions.

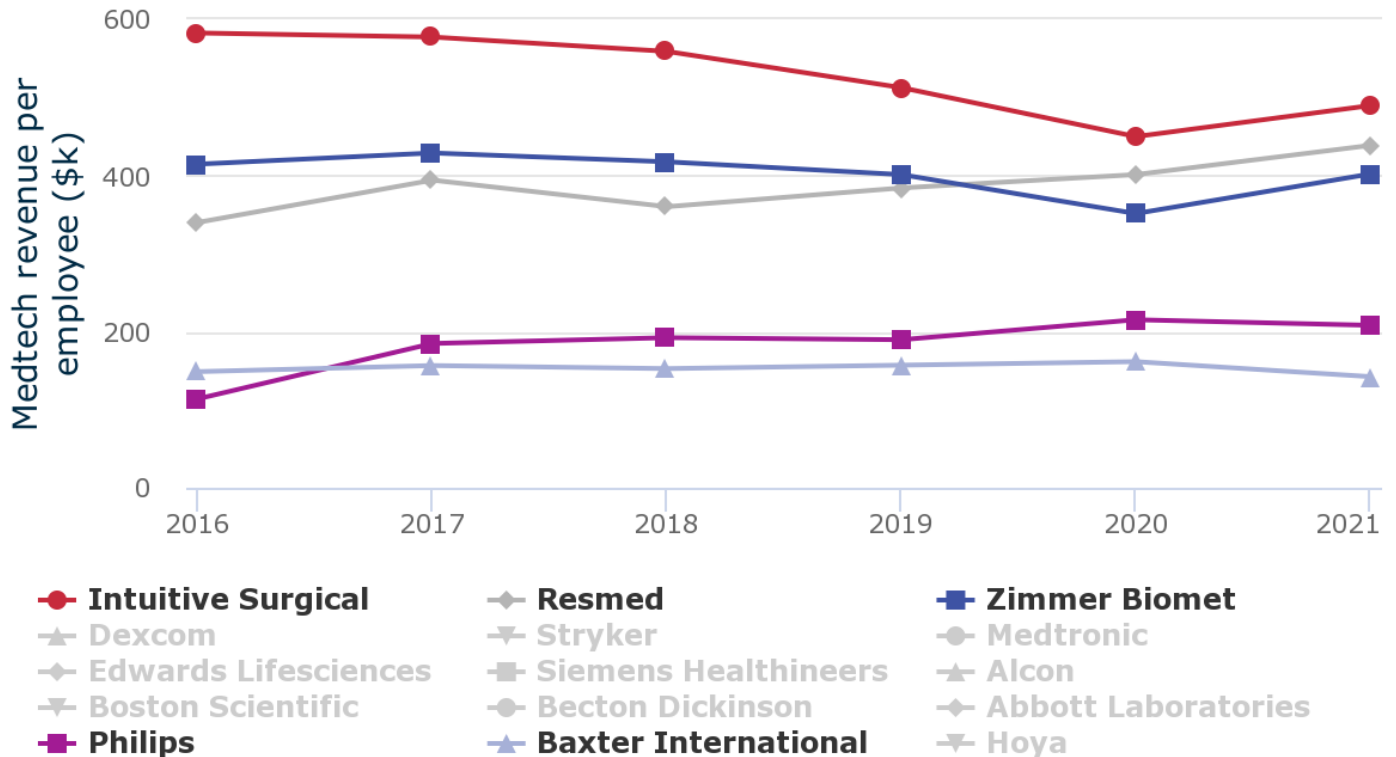
Comeback

Among this year's top 15, a recovery in efficiency can be discerned. All but two saw the sales they booked per staff member increase from 2020, eight of them by a double-digit percentage. The orthopaedics specialists Zimmer and Stryker saw 14% increases, and the cardiology groups Boston Scientific and Edwards Lifesciences are not far behind with 13% and 11% respectively.

It is Covid test developers who reign supreme, though. Abbott and Becton Dickinson saw sales per employee climb 28% and 22% respectively, as they released new tests for the coronavirus onto the market across 2021 and saw sales rocket accordingly.

Medtech revenue per employee

Top 15 medtechs by market cap



Interactive chart. Source: Evaluate Medtech.

Even the companies that saw a downturn in their efficiency did so not because of a fall in sales, but thanks to expanding their workforce owing to a takeover. Baxter's acquisition of Hillrom closed in late 2021, adding 10,000 workers and dropping its sales per employee figure by 12%. Philips closed three acquisitions, most notably that of Biotelemetry, and saw a slight diminution in its efficiency despite a very slight increase in sales.

Outside the top 15, the companies hiring new workers fastest are firmly in the cancer testing sector. The liquid biopsy group Veracyte more than doubled the size of its workforce in 2021, and Guardant Health, one of the most successful cancer blood test makers, was the third-largest hirer in percentage terms. In between is Castle Biosciences, which makes cancer tests that work not on blood samples but on tumour tissue.

Even among the smaller groups, more are hiring than are cutting their workforce. The industry's road to recovery from the pandemic will be long and hard, but many medtechs have already made a decent start.

Top 3 headcount increases of 2021

By percentage of staff added			By number of staff added		
Company	% added	2021 headcount	Company	Number added	2021 headcount
Veracyte	138%	761	Siemens Healthineers	11,700	66,000
Castle Biosciences	72%	345	Baxter International	10,000	60,000
Guardant Health	59%	1,373	Medtronic	5,000	95,000

Top 3 headcount reductions of 2021

By percentage of staff cut			By number of staff cut		
Company	% cut	2021 headcount	Company	Number cut	2021 headcount
Ra Medical Systems	-32%	58	Becton Dickinson	-2,000	70,000
Niox	-31%	111	Avanos Medical	-825	4,555
Vapotherm	-16%	102	Zimmer Biomet	-500	19,500

Source: Evaluate Medtech.

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