CONNEXIO
HEALTH

HEALTHCARE SALES FORECASTING

A PRACTICAL GUIDE

SETTING CLEAR GOALS AND METRICS FOR PROGRAM PERFORMANCE

connexiohealth.com

TABLE OF CONTENTS

Executive Summary

For MedTech, Pharma, Diagnostics, and Biotech startups, an accurate sales forecast is essential. Forecasts build confidence, guide staffing, shape marketing, and set the pace of market entry.

You will learn:

- How to define the right customer and revenue questions
- How to plan realistic ramp-up timelines
- How to build and understand a sales funnel

- How to analyze different revenue sources
- How to align team capacity with growth
- Which key metrics to track and refine

This guide offers a clear, step-by-step approach to help you build a stronger, more confident forecasting strategy.

Getting Started:
With the Right Questions

Before inputting a single number into a model, answer these foundational questions:
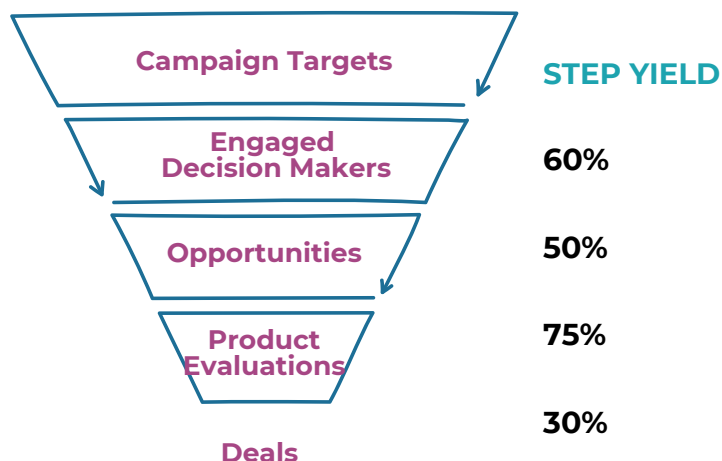
Who are your target customers?
Segment by buyer type (e.g., large health systems vs. community hospitals, retail vs. specialty pharmacies, research labs vs. clinics).

What is the average annual revenue per customer?
Factor in baseline pricing, expected order frequency, and contract terms.

What is your expected ramp-up period?
Forecast gradual adoption, especially important in healthcare where clinical validation and stakeholder buy-in slow early growth.

What is your sales cycle length?
In Pharma and Biotech, cycles can exceed 12 months due to regulatory hurdles and payer negotiations; MedTech often ranges from 6–18 months; Diagnostics may fall between 3–12 months depending on test complexity and reimbursement.

What is your team's capacity and conversion efficiency?
Your sales yield depends on your team's ability to engage, educate, and convert.

The Process Yield Funnel:
Define your commercial steps

A Yield-Based Sales Funnel clarifies each conversion stage, helping pinpoint attrition and estimate required activity levels.

Sample New Customer Funnel

STEP YIELD

- Campaign Targets
- Engaged Decision Makers — **60%**
- Opportunities — **50%**
- Product Evaluations — **75%**
- Deals — **30%**

This yields a **6.75% overall conversion** (0.6 × 0.5 × 0.75 × 0.3), requiring **~15 prospects for each closed sale**.

What If You Don't Have Benchmarks?

Many startups lack historical data early on. Apply the **10:3:1 Rule**: for every 10 prospects, 3 show strong interest, and 1 converts — approximating a 10% close rate.

2,000 PROSPECTS REACHED → **600 QUALIFIED LEADS** → **200 NEW CUSTOMERS**

Account for Ramp-Up:
Reality vs. Optimism

Ramp-up periods in healthcare are often underestimated. For example:

MedTech — Trust building and clinical adoption delays; typical adoption curve extends over 12–24 months.

Pharma — Market uptake may be slow due to formulary access and payer negotiations; some therapies take years to achieve peak share.

Diagnostics — Lab onboarding and clinical guideline integration slow early revenue.

Biotech — Commercial scale-up often hinges on additional trial data and manufacturing readiness.
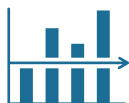
RECOMENDATIONS

Use conservative ramp profiles and validate against comparable market trends.

Understand Revenue Sources

Across sectors, revenue can stem from:

Baseline Revenue:
Pre-existing or legacy customers.

New Customer Acquisition:
New accounts won from campaigns and outreach.

Upsell/Cross-Sell:
Expansion into additional product lines, services, or test panels.

Market Performance

Use these macro trends to inform pricing assumptions and market share projections.

- [ ] The **global MedTech market** is projected to grow at a CAGR of 5.4%, reaching $671 billion by 2027.

- [ ] **Pharma market** revenue exceeded $1.6 trillion in 2023, with specialty drugs accounting for over 55% of new launches.

- [ ] **Diagnostics** market is forecast to surpass $150 billion by 2030, driven by precision medicine and preventive testing trends.

- [ ] **Biotech sector** global market size is expected to reach $3.9 trillion by 2030, fueled by cell & gene therapies and next-gen biologics.

References
- EvaluateMedTech® World Preview 2023, Outlook to 2027
- IQVIA Global Medicine Spending and Usage Trends 2023
- Grand View Research: Diagnostics Market Analysis 2024
- Global Market Insights: Biotechnology Market Forecast 2024

Staffing and Capacity Assumptions

Your capacity to engage and convert depends on:

Sales Coverage Model

- **Rep productivity:** Average calls, demos, or visits per week.
- **Lead coverage:** Sales Development Representatives (SDR) and Medical Science Liaison (MSL) support to cover outreach volume.
- **Post-sale management:** Field support and account management for complex launches (e.g., Pharma patient support programs, MedTech in-hospital training, Diagnostics lab implementation).

Pro Tip: Align hiring plans to revenue ramp. Premature over hiring strains cash flow; under-resourcing limits growth.

KPIs to Track and Refine

A robust forecast must include a feedback loop to improve accuracy. Track:

- Conversion rates at each funnel stage.
- Actual vs. forecasted new customers.
- Customer acquisition cost (CAC).
- Revenue per rep and rep ramp-up time.
- Sales payback period and lifetime value (LTV).

Conclusion

Forecasting is more than numbers. It needs clear thinking, market understanding, and regular updates. This guide gives you a strong foundation. Success depends on adjusting based on real feedback.

LET'S CONNEX

info@connexiohealth.com
607-545-4010

Let Connexio Health help you design a data-backed commercialization strategy that delivers measurable results.

READY TO FORECAST WITH CONFIDENCE?

Contact us at Connexio Health to get started.

CONNEXIO
HEALTH