Boston Scientific

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Introduction

The journey of Boston Scientific is one of vision, perseverance, and daring transformation. From its modest beginnings in a rented space in Watertown, Massachusetts, Boston Scientific has grown into a global leader in the development of medical devices and biotechnology. This book chronicles the remarkable story of an American company that has shaped modern medicine while navigating the extraordinary challenges of a rapidly evolving industry.

Founded in 1979 by John Abele and Pete Nicholas, Boston Scientific was established to address a pressing need: to deliver less invasive, more effective medical solutions for patients all over the world. Their ambition was not only technological but also social—to make healthcare more accessible and reduce the trauma associated with traditional procedures. This ethos of patient-centered innovation would drive the company's pioneering efforts in areas like interventional cardiology, endoscopy, and later, neurovascular and pelvic health.

Over the decades, Boston Scientific's ascent has been marked by a series of major milestones and pivotal moments. From its early acquisitions and groundbreaking angioplasty balloons to the critical expansion of its product portfolio through the 1990s, the company seized opportunities and transformed the landscape of medical technology. Its boldness in the face of industry giants, rapid global expansion, and the audacity to keep pursuing advanced innovation set it apart. Yet, this growth was not without setbacks—Boston Scientific faced regulatory battles, product recalls, litigation, and the repercussions of one of the most controversial acquisitions in MedTech history.

Despite these setbacks, Boston Scientific has shown remarkable resilience. Through leadership change, strategic restructuring, and a renewed focus on organic growth and research and development, the company was able to not only salvage but reshape its future. A carefully executed series of acquisitions in recent years has further buttressed its position in high-growth medical markets, while a focus on inclusivity and social responsibility has redefined its corporate culture for a new era.

Today, Boston Scientific employs over 50,000 people in more than 100 countries and is recognized for its innovation, financial strength, and commitment to patients and communities. As the company moves forward, it confronts not only new opportunities in medical science but also the ongoing responsibilities that come with scale and influence—responsibility to its employees, to society, and above all, to the millions of patients whose lives it seeks to improve.

In this book, we will retrace Boston Scientific's footsteps from the dreams of its founders to its modern standing as a healthcare behemoth. Along the way, we will explore its products, people, values, and vision for the future. The story of Boston Scientific is, above all, a story about what it takes to endure, innovate, and lead in one of the world's most vital industries.

CHAPTER ONE: The Roots of Innovation: The Founding of Boston Scientific

In the late 1970s, as disco balls spun and punk rock snarled, a quieter revolution was brewing in the world of medicine. This revolution wasn't about radical treatments or miracle cures, but rather a fundamental shift in how doctors approached patient care: the move towards less invasive procedures. It was within this emerging landscape that Boston Scientific, a company that would eventually transform the medical device industry, took root.

The story truly begins with John Abele, a technically minded individual with a background in medical device sales. Abele had acquired an equity interest in a pioneering company called Medi-Tech, Inc. in 1969. Medi-Tech was already making waves in interventional medicine, having introduced a groundbreaking family of steerable catheters. These innovative devices allowed for less invasive procedures, a concept that was still quite novel at the time.

However, by the late 1970s, Medi-Tech's financial backer, Cooper Laboratories, was looking to sell its interest in the company. This presented an opportunity, and it was around this time that Abele had a fortuitous encounter. He met Pete Nicholas, a man with a sharp business acumen honed during his time in management at the pharmaceutical giant Eli Lilly & Co. Their paths crossed by chance in their Concord, Massachusetts neighborhood, reportedly while watching their children play soccer. This seemingly ordinary meeting would spark a partnership that would change the trajectory of medical technology.

Nicholas, with his focus on building business enterprises, and Abele, with his passion for the potential of noninvasive surgical instruments, recognized a shared vision. Both men were the sons of World War II submarine commanders, a lineage that Abele humorously noted instilled in them a spirit of independent thinking and problem-solving. They saw the immense potential in less invasive medical solutions, envisioning a future where patient care would be more accessible, affordable, and less traumatic.

With this shared ambition, Abele and Nicholas set out to acquire Medi-Tech, Inc., forming Boston Scientific Corporation on June 29, 1979, in Watertown, Massachusetts, as a holding company. This strategic move was designed to position the newly combined entity for significant growth in the burgeoning field of interventional medicine. They secured $500,000 in bank financing and raised an additional $300,000 in partner capital to fund their venture.

From its very first year, Boston Scientific, with its relatively humble beginnings and fewer than 50 employees, reported revenues of approximately $2 million. Their initial product offerings included catheters for gall bladder surgery, a small but significant step towards their overarching goal of offering alternatives to traditional, more invasive surgeries. The company’s mission was clear from the outset: to improve public health by providing less invasive medical devices and procedures that would reduce risk, trauma, cost, procedure time, and the need for extensive aftercare. This patient-centric philosophy would become a cornerstone of Boston Scientific's identity.

One of the company's first major triumphs was the introduction of a peripheral angioplasty balloon in the late 1970s. This innovative device quickly became an industry standard within just two years, a testament to its effectiveness and the growing demand for less invasive treatment options. The early 1980s saw Boston Scientific embark on a period of aggressive marketing, coupled with ongoing new product development and organizational expansion.

Strategic acquisitions became a crucial engine for Boston Scientific's early growth. In 1981, the company acquired Endo-Tech, also known as Microvasive, Inc. This acquisition was a significant coup, as Endo-Tech was a major competitor in endoscope accessories, allowing Boston Scientific to expand its reach into the gastrointestinal and pulmonary fields. This move laid the groundwork for what would become a strong endoscopy division within the company.

The company continued its strategic expansion by acquiring Van-Tec, a stent-maker, in 1988. This acquisition bolstered Boston Scientific's burgeoning urology business, adding important urinary tract devices to its product line. By December 31, 1988, Medi-Tech, Mansfield Scientific (acquired earlier, adding vena cava filters and cardiac output computers), and Microvasive were fully merged into Boston Scientific, consolidating their diverse product lines under a single corporate umbrella.

Despite its innovative spirit, the medical device industry in the late 1980s presented its own set of challenges. Gaining approval from the U.S. Food and Drug Administration (FDA) was a notoriously lengthy process, often taking several years. This regulatory hurdle contributed to Boston Scientific experiencing a loss of $900,000 in 1988, despite nearly $100 million in sales. However, the company swiftly adapted, learning to navigate the FDA approval process more efficiently, and by the following year, it was profitable again, with earnings of $23.5 million on sales of $159 million.

By 1990, John Abele had stepped back from the day-to-day operations, with Pete Nicholas taking the helm of management. That same year, the company celebrated a significant milestone: its first major cardiology product received FDA approval, an achievement recognized as one of the nine most significant regulatory approvals of 1990 by the FDA itself. This early success in cardiology hinted at the profound impact

Boston Scientific would soon have on heart health.

The company's upward trajectory continued into the early 1990s. In 1991, Boston Scientific’s sales reached a substantial $230 million, with earnings of $42 million. This steady growth set the stage for a pivotal moment in the company's history: going public. On May 19, 1992, Boston Scientific launched its initial public offering (IPO), offering 23.5 million shares. This IPO successfully raised $400 million in capital, representing 23% of Boston Scientific's outstanding stock. Following the IPO, co-founders Nicholas and Abele, along with their families, retained ownership of two-thirds of the firm's stock, underscoring their continued commitment to the company's future. The IPO was a significant milestone, marking Boston Scientific as a major player in the medical device industry and attracting investor attention, even in the cautious post-recession market of 1992.