

# Service agreements – good for the health



**Company:** MUJO

**REBM type:** Service Model

**Sector:** Manufacturing (Medical Technology)

**Company size:** SME

**Product or service:** Equipment sales

## Key Facts

- MUJO manufactures specialised equipment to help the rehabilitation of people with musculoskeletal disorders.
- Manufacture of the technology is cost intensive.
- MUJO was keen to offer the equipment with a low initial fee to help introduce the service to customers and provide a tailored on-going service, rather than force customers to work out how to use the equipment optimally themselves.
- MUJO wanted to reduce the volume of goods required to be manufactured to serve a meaningful proportion of the market.
- REBus developed financial modeling and devised a pilot to test the efficiency of a new leasing service.
- The introduction of PAYG allowed customers to subscribe to an initial low-level service to trial the offering over an initial short time period before committing to a full service level and/or use when required.
- It helped MUJO to access new markets while reducing dependence on time and capital intensive manufacturing.

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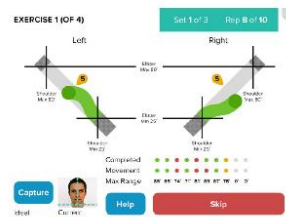
Case Study



## Introduction

MUJO manufactures and supplies unique rehabilitation and training equipment for patients with a wide range of orthopaedic, occupational health and neurological conditions, including sports injuries, spinal cord injuries, hip, knee, or shoulder replacements, or stroke, cerebral palsy and Parkinson's Disease.

The MUJO system is the world's first to use unique moving axis cam technology to deliver multi-axial exercises through all ranges of motion. It is delivered to healthcare providers, corporations, and through private clinics, where it places patients in control of their treatment, making the delivery of musculoskeletal disorders (MSK) more efficient, saving employers and the NHS money.



Mujo Multiple Joint Fitness Systems Physio Portal

Physio	Client	Exercise	Time	Status
John Smith	John Smith	Exercise 1	00:01	Completed
John Smith	John Smith	Exercise 2	00:02	Completed
John Smith	John Smith	Exercise 3	00:03	Completed
John Smith	John Smith	Exercise 4	00:04	Completed
John Smith	John Smith	Exercise 5	00:05	Completed
John Smith	John Smith	Exercise 6	00:06	Completed
John Smith	John Smith	Exercise 7	00:07	Completed
John Smith	John Smith	Exercise 8	00:08	Completed
John Smith	John Smith	Exercise 9	00:09	Completed
John Smith	John Smith	Exercise 10	00:10	Completed

Exercise 10: Completed (1 laps)

## REBus for service models

MUJO recently completed an Innovate UK co-funded project where sensors, electronics and software were added to the equipment and cloud databases and electronic patient records established to network the devices and gather collective insights on the delivery of care.

The MUJO system is highly technical and, therefore, expensive to produce. This would need to be reflected in the sales price.

MUJO was keen to offer customers various cost effective options, and a means to access the equipment and its highly skilled operatives, even for a relatively short period.

This led to the idea of moving from a sales model to a service model, such as Pay As You Go. However, MUJO wanted to access expert help to develop a robust business case, plan capital costs, and research the management idea.

As time progressed, it became clear that the service model could offer a real benefit to both customers and to MUJO. Moving to a service would reduce capital costs by reducing the need to manufacture so many machines. Equally, the system was more suited to the sale of a full treatment package, including the technology as well as the expert technicians who use it.

“REBus was a good fit to our company at a time when we wanted to move away from CAPEX to a resource efficient service model.”

*Douglas Higgins, Founding Director, MUJO*

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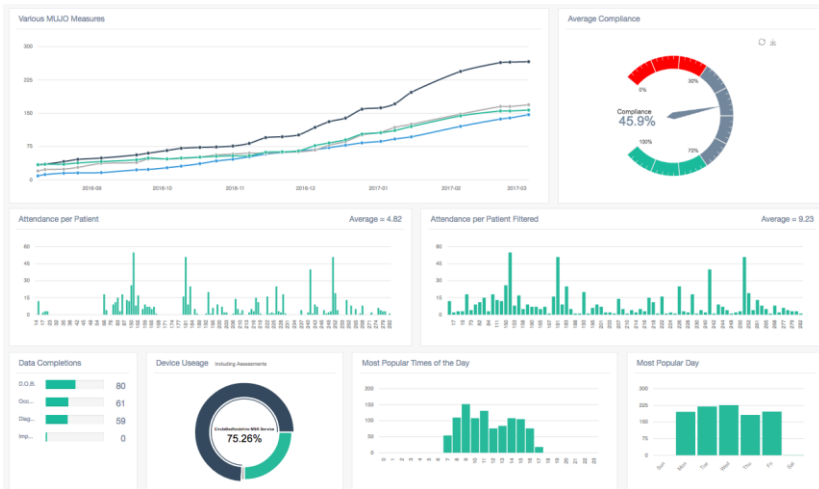


## Why REBus?

The process introduced by REBus was instrumental in driving the shift in business model forward. Aside from its financial expertise, the REBus team brought new ideas and a collaborative approach to market research and financial modelling.

“It would have been difficult to time and cost effectively, and to buy-in the level of experience that REBus brought to the project, particularly when you are working to tight timelines.”

*Douglas Higgins, Founding Director, MUJO*



*(Above) A mock-up of the 'Clinical Dashboard' which is delivered as part of the service alongside the equipment. It monitors device usage and provides decision support to customers who are using the equipment.*



## The pilot

MUJO ran pilots in three identified core service lines to test the process, price points, and costs.

Different options were offered to suit the three client sectors. For example, a healthcare provider might pay a minimum service charge to have access to the equipment and the supporting analytics software by their own staff, while paying an additional fee each time the devices are used. A corporate client might want an entire employee health screening and on-going treatment package, charged based on the number of staff involved. Or a private patient attending a MUJO clinic might pay for an individual session, course of treatments or membership plan to access the equipment with the support of a trained operator. In addition to testing the price points, it was important to explore whether sufficient throughput was possible.

## Challenges

Insurance implications became much more crucial to the business model. Instead of insurance to cover product and manufacturing issues, MUJO had to source medical indemnity insurance, and cover for supplying the service.

Various service packages must all be tested in each market sector to confirm pricing and offering. Initial commercial pilots can be useful to help establish an ROI case for subsequent adoption of the full service.

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## Results

MUJO has now won new, service-based contracts in each of its target markets:

- Private self-pay patients at a MUJO clinic.
- A leading healthcare provider treating NHS patients.
- A pilot staff wellbeing program with an employer of over 1,000 staff.
- A tenfold reduction in manufactured material volume.

The previous business model was dictated by the margin placed on the product; it was also manufacturing intensive, placing a great deal of pressure on manufacturing costs.

The new model allows for a much more efficient usage of capital equipment, with a lower volume of manufacture. This means MUJO can invest more in cost operations, bringing manufacturing closer to home and, potentially, managing the final assembly in the UK.

Since the model has been put to work, assumed costs have become better known. MUJO has successfully used the financial model developed by REBus to model costs and gain a better financial understanding of the business.

## Benefits to customers

Customers no longer have to buy capital equipment. The service agreement appeals to them, and companies are also keen to pay for a complete solution that is tailored to solve their specific problems.

## Next steps

MUJO is working to expand its services to additional customers across each identified area, introducing a mobile clinic solution to enhance delivery of service in previously restrictive situations and adopt the leasing business model developed through REBus across all product lines.

The financial modelling will continue to help the company to assess and plan as increasing numbers of actual costs and revenues are added to the model.

With less pressure on costs accrued by the manufacturing side of the business, MUJO is hoping to move product fabrication from offshore, to create more jobs in the UK.

"If businesses aren't moving to more circular models, you have to start asking why not? The markets and demand are there. Customers want this."

*Douglas Higgins, Founding Director, MUJO*



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KTN  
the Knowledge Transfer Network



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Case studies were generated as a result of pilots carried out for REBus by WRAP or RWS and the named organisations from 2013 to 2016.

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