

PCAST, PSAPs, and Likely Possibilities

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On May 12th, [Brian Taylor placed a post on this website](#) about Samsung and Apple perhaps influencing the hearing aid field. By now, everyone can probably discuss disruptive innovation. If you don't know about this concept and its application to the "P-stuff" in the title, you have probably been off the grid a little too long. And, if you watched the FDA meeting on April 21st, you may have some interesting conclusions.

There is a concept that concerns "low hanging fruit"—people will deal first with problems, solutions, sales, etc. that involve the least effort. The parallel to the hearing aid industry is observable in that the industry serves at most 10-20% of the hearing impaired it seeks to help. This percentage has been stable for decades. Those not served evidently require more than those who are receiving benefit from our present service model.

No one can predict the future but that doesn't stop anyone from stepping up to the plate. Will PSAPs and the PCAST change the field? How quickly? Ian Windmill had some good opinions in a [recent 20Q](#) on AudiologyOnline. Here are some more opinions—hopeful, and not all that contrary I suspect.

Recall the entry of the "Big Box" stores and the rise of consolidated sales groups in the HA industry. What were the effects on the industry? Even before these two disruptions, there were attempts to introduce PSAP-like devices into the hearing aid economy. The impact of past changes (disruptions) may have been substantial to some small companies and dispensers but hardly catastrophic to the industry.

If the past is any predictor, PSAPs will also have an effect on retail sales. But, this effect is likely to be minimal, at least in the near term. And, it will probably not disrupt manufacturers all that much. Pseudo-Data (in technical terms—reasonable guesses) in support of this position:

1. Of 33-36 million hearing impaired people in the US, about 2-3 million people per year get "typical" hearing aids. About 85% get two instruments.
2. So, the hearing aid industry in the US sells between 2-4 million devices per year (4 million would be about 7% of 60 million potential sales—3-4% of the hearing loss population).
3. If PSAPs take away as much as 15% of the sales, that comes to about 600,000 units—a significant number but not fatal to conventional instrument sales. (Here are two important keys—what "fruit" is first lost and who loses the most?)

Does this mean that the "Big Seven, or Big 8, or Big However Many" will counter by substituting regular, lower-tier hearing aids with PSAP-like products—both likely to have the similar wholesale profit margins? While some manufacturers may venture into the OTC market, it seems likely that most will not disrupt their present profitable methods. Especially when there are non-OTC

products that are close in wholesale price to PSAPs and will support the present delivery system. Of course, this argument then must evolve to treatment aspects—a topic crucial to audiologists.

Make no mistake; technology will go a long way toward solving hearing loss problems. Think of the past 20 years and make a compelling argument to the contrary. Would you expect that PSAPs would fail as often or more often than typical hearing aids? (If not a higher failure rate—Yikes!) When PSAPs evolve by adding adjustability, phone apps, or other modifications, these OTCs will become more like lower-tiered, conventional instruments. Of course, these revisions will also likely increase cost. And, some of these new PSAP users may seek help from a professional—help that will not be included in the PSAP purchase price. And, so on...

Returning to the “low-hanging fruit”, what do manufacturers of PSAPs expect? Do they think that there is a lot of potential for a product that ignores various levels of significant instruction and therapy? What is the real potential market for these DIY things? Surely no one is naïve enough to think that everyone needing but not using hearing aids would be a potential buyer and that they will buy one for each ear. If PSAPs are inexpensive, how many have to be sold to reap the kinds of profits necessary to stay in business? Just because a gigantic company participates doesn't mean they don't look on profit in the same manner as a smaller company.

It would seem likely that our present delivery system, in all its good and not-so-good aspects, will continue for the immediate future because it provides lots of help to lots of people. (Just because the delivery system perseveres does not mean it's as good as it should be.) If Audiology adheres to the best practices in testing and rehabilitation, most dispensing audiologists will probably continue to prosper. It would be reasonable to predict a slow adaptation of the PSAP, but if we are thorough, compassionate, and apply the best of what we know and can do, audiologists will adapt to the change—just like we did with all those past changes. Even though painful, the adapting process might result in things getting done better.