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Growing Medtech Ecosystem In Asia-Pacific Makes Fertile Ground For Disruption

by Tina Tan

The annual Asia-Pacific MedTech Forum will take place this week on Nov 7-9 in Singapore, boasting a line-up of speakers that includes leaders of medtech's big players and heads of their APAC businesses. Innovation is the overarching theme for the third edition of the event, highlighting how far some of the countries in this region have come in terms of developing a strong medtech ecosystem that encourages a disruptive, entrepreneurial culture. On the eve of the meeting, *Medtech Insight* caught up with Fredrik Nyberg, CEO of APACMed, the Asia Pacific medical device industry association and key organizer of the forum, for a quick chat about the region's changing medtech landscape and APACMed's role in facilitating this change.

APACMed, the Asia-Pacific medical device industry organization, is experiencing encouraging membership- growth in its third year of existence, according to Fredrik Nyberg, CEO of the Singapore-headquartered association.

He is particularly pleased about the diversity of the members, with a mix of multinationals and SMEs (small or medium enterprise), Western companies and local enterprises across the APAC region. Speaking to *Medtech Insight* on the eve of APACMed's annual industry event, the Asia-Pacific Medtech Forum, Nyberg said that APACMed not only hit its 50-member target for 2016, it has surpassed its original 75-members target for 2017 and is now looking at having 80 members at the end of this year. Over a quarter of these – 20 to 25 – are SMEs and he believes the number of SME members will increase even more steeply over the next 2-3 years.

Why are SMEs attracted to APACMed? "It is partly to do with the desire to belong to an ecosystem and network with a larger companies," Nyberg told *Medtech Insight*. "Also, the exit strategy for a small company is likely to be a trade sale rather than an IPO so having some of

those early relationships with the multinationals is extremely valuable to the SMEs.

"A week ago, we invited the latest batch of SME members for an informal meet-and-greet with our board members [made up of senior executives from global medtech players like Johnson & Johnson, Medtronic, Stryker, B Braun, among others]. There's no other way those smaller companies would have had access to those types of companies."

All the SMEs that have joined APACMed are local enterprises and represent the growing pool of innovators in Asia-Pacific. Innovation is the theme of APACMed's Asia-Pacific Medtech Forum in Singapore Nov 7-9, and the organization hopes delegates will increasingly associate innovation with the Asia-Pacific region.

"We have not had an innovation-themed medtech conference of this size in this region before so we wanted to create that link between innovation and Asia-Pacific, and we want to make the industry understand that while there is a lot of innovation in the US and Europe, there is a growing ecosystem in this region that supports the generation of local innovation," said Nyberg. "We want to show the changing dynamics of this region, that we are not just growing the traditional medtech markets but that the disruptions you are seeing in US and Europe are happening here as well."

It is timely to have an innovation-focused conference now as we are on the brink of "a fourth industrial revolution," continued Nyberg, and this is starting to have an impact on health care in Asia Pacific. "Whether it's connectivity and health care, or application of cognitive computing and artificial intelligence, nanotechnology, 3D printing, Internet of Things, and so on. There is so much happening in terms of disruptive technologies that may not necessarily be affecting our health care immediately here but in the next 3 to 5 years, it will have a major impact across the region and globally too."

The Asia-Pacific Medtech Forum will have a session showcasing some of the regional innovative SMEs but the meeting will not be just about disruptive technologies. It will also be looking at innovation in terms of new business models and innovative ways to deliver care, for example, there will be a session on "frugal innovation" or resource-constrained innovation.

"We want delegates to know what the implications of those disruptions are and the opportunities with that. That's what makes it exciting."

APAC Challenges Remain. But So Have Opportunities

Nyberg conceded that regulatory challenges and how to clear these hurdles efficiently remain a concern for many companies operating in this region.

"The regulatory complexities are still there. There have been some improvement and indications

of a willingness from organizations like the China FDA, ASEAN med device committees and so on to move toward harmonization and convergence, but these are still a priority for many companies," he said. APACMed's initiatives in capacity building and training aim to relieve some of these difficulties. "So many APAC countries [that previously did not have a medtech regulatory framework] are coming on board with new regulations and we are finding is they don't have enough regulators to process all the dossiers that are being submitted. So they pull regulators in from pharma which is not ideal because they review these dossiers differently," explained Nyberg. "We work with AHWP and other groups to conduct training and provide local regulatory capacity building programs to help relieve the pressure; we've done it in Vietnam, Indonesia, India and other countries to make sure all the regulators are up to speed on reviewing new technologies and innovations."

In the last year, issues like national price controls are also rearing their ugly heads, their negative impact being increasingly evident in countries like India, where the government has tried to put price-caps on certain devices, and in China, which is looking at introducing a national pricing scheme. Other challenges that APACMed helps its members with are more country-specific, such as Malaysia's recent standard on halal-certified devices. "The Halal-certified standard makes perfect sense for something like vaccines which may contain something of porcine origin. But with medical devices where we have global supply chains, it is practically not possible to have a separate Halal production line in Warsaw, Indiana or Tuttlingen, Germany. We have been in dialogue with the Malaysian authorities on this and it looks like they are reducing the scope of how this is going to be applied. But those are the sort of challenges that we run into."

So have any of these ongoing challenges dampened the opportunities in Asia Pacific?

"I wouldn't say that. There will be challenges from time to time, locally in individual markets, but overall there is no change in terms of how the health-care market is growing, how the medical device market is growing. The unmet medical need is still very much there, with demand outstripping supply and that is not going to change in the foreseeable future. We have a very positive outlook of APAC as a medtech opportunity, of how markets are growing and how it will continue to grow."

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