

Medtronic eyeing developing countries

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Singapore: One of the biggest names in the medical technology industry, Medtronic, over \$16 billion company, is integrating new strategies to make inroads into developing countries. In FY 2013, the company registered 38 percent revenue from new products launched in the last three years and 11 percent of the total revenue is generated from the Asia pacific region. Currently working on the strategy to penetrate deeper in developing markets, the company is redefining and repositioning its healthcare solutions on new therapies to provide economic value and Asia is one of its core focus. In an interview with BioSpectrum Asia, Mr George Poole, vice president, managing director, ASEAN, Medtronic International, highlights the initiatives that the company is taking to achieve success.

Medtronic seems to have increased its market share in the APAC region. What is the plan of action to get deeper in the market?

Globalization is the key strategy that Medtronic is looking forward to execute in the coming years. When we talk about globalization, we intend to innovate our product profile to align with the true market realities and different demographics in different disease and behavior. Medtronic is looking at new therapy innovations that provide economic value in the healthcare system to meet the demand of the Asian population. We need to globalize as well as localize and now we are trying to assess the gaps in the market and provide value to patients, physicians and healthcare service providers.

What is your operation model in the Asia Pacific? What are the global activities centered in this part of the world?

Medtronic has its presence in Australia, Korea, ASEAN countries, India, China and Japan. Singapore is our APAC hub for commercial and functional sides and is the center of manufacturing of our largest product profile. We now have minor manufacturing presence in Malaysia and China through acquisitions and investments but Singapore is the major site for us. In FY 2010, the Singapore manufacturing site had the strength to manufacture 10,000 devices and today it makes 500,000 devices and produces 25 percent of all global Cardiac Rhythm Disease Management (CRDM) and 40 percent of total pacemakers. Moreover, the devices manufactured in Singapore are made for the global market.

In terms of research and development, Medtronic has presence in India and we are also looking to expand our base in China.

Singapore is known for its research and development infrastructure base and potential. Why hasn't Medtronic centered its R&D base here?

When we did risk assessment of setting up a manufacture base in Asia, we concluded that Singapore is environmentally best suited to stratify the risk and having a manufacturing site in Singapore made more sense to us than in any other place.

Research and development activities are tough to localize to any particular region because it could be one project or wide space portfolio based R&D. For instance, if we have to develop certain devices for the Indian community or for any other community relevant to that population, we need to both globalize and localize to cover the gaps in the market. So maintaining a manufacturing center in Singapore has worked for us and we are now assessing the R&D challenges and gaps of each market and provide value to physicians, healthcare providers and Medtronic.

How do you keep a reality check on your devices to see whether they actually meet the demand of a particular demography?

Globalization is all about coordination and localization is customization, customizing to the need of market realities. It is wrong to assume that everyone needs the pacemakers developed for western market.

We did the reality check while interacting with various governments and their policies and realized that we have been innovating based on our own beliefs that could be opposed to market realities and needs. For instance, there is a large disparity in Asia itself when we compared Singapore to China to Myanmar and a large population is still further behind the race. Challenge is that everyone is looking at economic value but there is lack of awareness of the actual requirements.

How do you see Asia evolving to be more aware and have access to better healthcare solutions?

One of the interesting trend in the region is the reach and penetration of smartphones and I believe that this could be a massive tool to take healthcare services to the far and wide population and simplify the healthcare situation. ASEAN has 22 percent of the global non communicable disease mortality rate, 46 percent is through cardiovascular and 4 percent through diabetes disease. We are already into this geography but the developments would be relevant only if we are practical enough to be close to the situation.

Challenge of most of the Asian countries is that the value proposition of patient is not as high as government is trying to provide. Patients seek ailment here but the challenging part comes to health practitioners who don't have diagnostic capability.

Medtronic is looking at developing devices through which patients can be monitored remotely using the available resources. We are looking to reduce the incidents of rehospitalization so as to bring down the burden on healthcare centers and this can be achieved through remotely monitored devices. This would make a difference in the affordability and change in the way healthcare is delivered.

To achieve such kind of close to perfect healthcare system you would need active support from different stake holders. How achievable is that?

Yes, the healthcare situation cannot be solved by one or two companies but it need participation of healthcare authorities, government, policy makers, infrastructure providers and many others. Sometimes it becomes difficult to persuade one of the stakeholders to share their resources.

For instance, there is reluctance from the government to share data that need to be integrated with the system. Also, lack of infrastructure poses a big challenge for any device developer to install the products in healthcare centers, for instance, if Medtronic is providing dialysis service to remote part of any country, we atleast need clean water. The problem is not with affordability alone but also accessibility and efficiency. Our big push in the last one and half year is services and solution and because of this drive we have started looking at the whole ecosystem to be enabler of efficient and economic healthcare structure. Cost is just one component of the challenges involved, but the ecosystem has to be equally competent to deliver and execute those services. Even if we provide Medtronic devise at very economic price to developing countries we still need good local physicians. Medtronic cannot solve this problem all alone but it needs a combined effort. We need to partner with other companies who are doing innovation in smart phone application, imaging companies for diagnostics, hospitals and governments to provide health care facility.

There are often local device manufacturers in Asian countries that develop cost effective solutions arising out of the healthcare situation. Are they catalyst for Medtronic to reach out to developing markets?

The last few acquisitions made by Medtronic are emerging companies that have developed good solution like remote patient monitoring device. Start-ups are good support to the ecosystem and they may have the product or solution but not a very exposed platform to provide them wider market reach. Lot of technologies and engineering programs are at budding stage

and they do need guidance on market realities and challenges. Medtronic has partnered with an engineering university in Vietnam to put them in design labs. Partnering with local companies and institutes is one way to bring innovative technologies in developing countries.