Telling the Story: MedTech Industry Footprint

An APACMed / KPMG Project

Monday 27 May 2019

Mapping the MedTech Industry Footprint

Objectives:
- Quantify the MedTech industry footprint across the region
- Provide an evidence base for APACMed and Members' advocacy efforts
- Enrich the APACMed narrative and value proposition for prospective Members

Methodology: Peer comparison > Data attributes prioritization > Desktop analysis > Modelling

250+ data points across 20 attributes and 5 overarching themes

Understanding the Market	Contribution to Society	Fostering Innovation	Challenges Faced	Business Ethics and Compliance
				

- Output data for members to use
- Cited sources from all Associate Members
- Ongoing refresh effort

How can APACMed members leverage the study

Phase 1: Building Blocks

- Currently an existing snapshot of available metrics
- Will enable APACMed and its members to engage in more meaningful conversations with stakeholders
- APACMed collateral made available to members: Slide deck, fact sheet and full brochure (Q2)
- Relevant statistics can be used in members' position papers, letters and other collateral
- APACMed can pull deeper data excerpts from the repository upon request

Phase 2: Building a data repository

- Survey to better understand APACMed members 'needs
- Updating data points and creating a more comprehensive data repository
- Possible future "value of innovation" story

Asia Pacific: a bullish market for MedTech

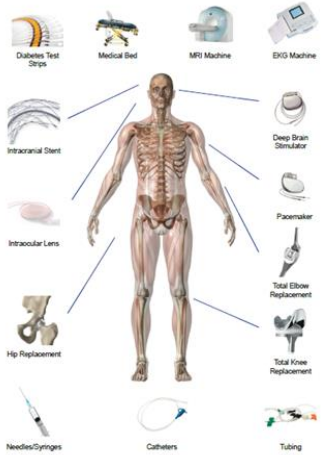
Understanding the Market

The MedTech market is **US$450bn industry growing at 4.5% globally**

- Largest segment: **Diagnostics**
- Fastest-growing segments: **CVD, Diabetes, and Orthopedics**
- **6 of top 10** companies come from US, though 85%+ of companies are SMEs

From Global to APAC

- Set to surpass the EU by 2020, making it the world's #2 market
- Worth ~US$108bn at 8% CAGR
- Japan is the largest APAC market at US$27bn;
  China (+21%) and India (+15%) are the fastest-growing
- Not uncommon that 70%+ of products are imported
- An estimated 25K + companies across the region
- US$55bn worth of ecosystem M&A in the region, growing at 80%
- 48% of private equity is going to China,
  followed by Australia (28%) and then India (14%)



APACMed

Is MedTech being fully utilized to address population health needs?

Contribution to Society

Despite representing 51% of the global population and 32% of GDP, the MedTech industry in **APAC is only 24% of total value and 10% of total patents.**

What's the view from the ground?

- Healthcare investment is growing by 11% with $2T in UHC funding coming to APAC by 2030
- Yet most governments spend 5% or less of GDP on healthcare (OECD average = 12%)

- 234 million surgeries performed each year, only 41% in LMICs despite representing 85% of the population
- Target ratio = 4.7K surgeries per 100K ppl (China is 2.8K)
- Minimally-invasive surgery remains underutilized by 25%
- 4000 diagnostic technologies are now available
- APAC life expectancy growth by 6 years since 2000, yet issues with maternal mortality, stunting, aged care, obesity

What role can the MedTech industry play in addressing the regions' challenges?

- Industry focus leads to 1-2% GDP boost
- Estimated 350K employees, 2% roles unfilled
- Estimated 400K HCPs trained annually
- 7% global reinvestment ratio into R&D
- 85%+ of companies are SMEs

- ✓ New therapies estimated to account for 73% increase in life expectancy and 22% decline in cancer deaths
- ✓ Mortality rates due to heart attacks have been cut in half since 1980
- ✓ MedTech is estimated to reduce by 59% the length of hospital stays

APACMed

A growing ecosystem of MNCs and SMEs

Fostering Innovation

Deal values and volumes in APAC are up 2x across the MedTech landscape.

- 85%+ of companies in the industry are SMEs
- US$55bn worth of M&A, growing at 80%
- 48% of private equity is going to China, followed by Australia (28%) and then India (14%)
- More than 100K MedTech patents are filed globally each year, which is 4.4% of total growing at 4.7%
- MedTech is #1 industry in Europe for patent filing
- **APAC represents about 10% of MedTech patents filed, despite representing 24% of industry sales**

APACMed

Complex reimbursement systems & lack of regulatory convergence for MedTech

Challenges Faced

Health & Care	• Healthcare expenditure as % of GDP in APAC is ~5%, well below the OECD target of 12% • MedTech usually represents 5% or less of healthcare expenditure, or <1% of GDP • This figure has been flat for 20 years, despite increasing health inflation and pharma spend
Timelines	• Average time to market is 3-7 years, with a lifecycle of 18-24 months • Costs can range from $31 million up to $90 million for high-complex products • US FDA set record for approvals in 2018 (106), with 112 breakthrough designations since ‘15 • APAC approvals range from 1 month to 2 years and are perceived as slower, more complex
Licensing	• As of 2018, only 30% of APEC countries had a developed framework in place • There are an estimated 15K annual submissions in APAC; China workload is 2x higher than US • Several new regulations (risk classes, notified bodies, inspections, UDI, application fees) • Registrations can increase by 20% or more when new requirements are instituted

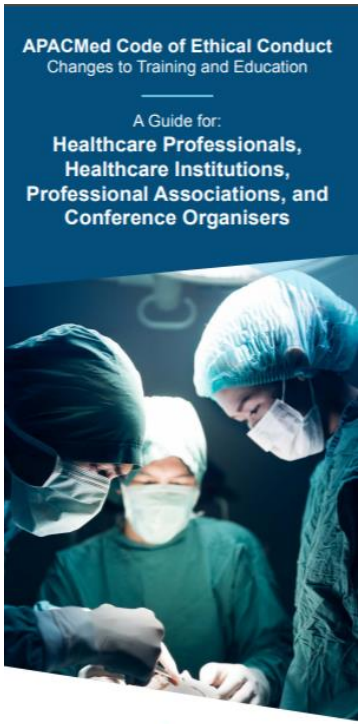
Doing things the right way – demonstrating our leadership

In 2012, 13 MedTech associations had a Code of Conduct.
By 2018, the number had increased to 29. At a company level, that represents 10K SMEs and 2.7K MNCs. **95%** of companies have now assigned a designated role to look after this topic.

Business Ethics and Compliance

1 overarching regional code for the industry:

APACMed
Code of Ethical Conduct for Interactions with Health Care Professionals



AdvaMed · MedTech Europe from diagnosis to cure · APACMed · Mecomed

Joint Statement on Phase-Out of Direct Sponsorships

The Global MedTech Industry Moving Together to Enhance Compliance Practices Across Europe, China, Middle East, North Africa & Asia-Pacific

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Thank you

The voice of MedTech

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