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IN VIVO

THE BUSINESS & MEDICINE REPORT

Elsevier Business Intelligence
www.ElsevierBI.com

JUNE 2013
Vol. 31, No. 6

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EXPANDING IN CHINA'S MEDTECH MARKET: Where To Go From Here

Already the fourth largest medtech market in the world, China's $17 billion medical device industry is expected to more than double in size in the next five years, paving the way for incredible opportunities for growth. But entering or expanding within this market is not without its challenges. Identifying where the opportunities lie, navigating the tendering process, and determining the right sales and distribution models are all essential for achieving profitable gain in the Middle Kingdom.

- For device companies, expansion in the Chinese market can occur through either premium segment optimization or by strategically entering the value segment.
- Growth is complicated by the fact that tendering is now compulsory and more complex than ever, thus requiring additional resources to handle the process correctly.
- While Chinese cities can be classified into a tiered system, the socioeconomic diversity and demographic makeup within these tiers can vary massively, often challenging companies to redesign their sales and distribution models accordingly.
- The challenges for medtech companies looking to enter China remain great, but the market is poised for substantial growth, which means significant opportunities also continue to exist for those who can succeed in this market.

BY HELEN CHEN, JUSTIN WANG, AND JEFF STEVENS

One of the hottest health care markets in the world, China currently claims the number four spot in the global market with a $17 billion medtech industry, a market that is expected to more than double in size within the next five years. This remarkable growth is largely attributable to the country's increasing government health care spending, underpinned by robust economic growth, which has led to improved health care access and infrastructure, as well as the ongoing expansion of public insurance coverage and infrastructure for less developed parts of the country. Beyond the growth in government spending, patients' ability to afford better medical care has increased. The Economist Intelligence Unit Ltd. estimates that, by 2015, there will be more than 100 million households in China earning more than $15,000 per year, up from fewer than 35 million today, with growth expected to accelerate to over 40% per year.

As the Chinese health care industry grows and improves, the market potential for international medtech companies looms large. But for these players, expansion within this dynamic market is not without its challenges. Although the emphasis on insurance coverage, improved health care access, and market innovation paves the way for a widening customer base and great opportunity, understanding the products and customers, navigating tendering and listing, and managing sales and distribution channels will all be crucial to redesigning a successful go-to-market strategy.

ASSERTING AN INTERNATIONAL PRESENCE

International companies already have a strong presence in China's high-end medical device segment, capturing nearly three-quarters of the market share. Of the top 10 global medical device manufacturers, all maintain a sales presence and six are currently manufacturing in China.

As China's health care industry evolves, the improved medical infrastructure is leading to a flourishing of health services across a larger part of the country. To meet this expansion, many international medical device manufacturers are now moving fast to redesign their go-to-market models to address this growing need. For some companies, this may mean continuing to optimize their place within the premium segment of the market as the economy expands; for others, it may mean a strategic entry into the value segment. (*See sidebar, "Emphasizing Innovation."*)

LOWER TIERS, LARGER MARKETS

Improving China's health care system – particularly for the rural population – is an important goal of the country's 12th Five-Year Plan for National Economic and Social Development (FYP), through measures such as expanding insurance schemes, increasing reimbursement for critical illness, and even pilot programs for single disease payments – all of which further contribute to increasing affordability for patients. As the government increases its emphasis on access and standards of care, facility upgrades are taking place and better reimbursement and insurance schemes are allowing a greater segment of the population to access top-quality care. Thus, mid- and lower-tier cities are now becoming viable markets for international companies. (*See Exhibit 1.*)

While national standards and benchmarks are opening the door for MNCs to compete in the wider marketplace where they often bring a significantly higher level of quality, price and affordability still remain critical determinants in most lower-tier markets. Current Chinese hospital payment mechanisms, unlike the health care technology assessment (HTA) process in Germany or France, often do not have a good scheme for allowing advanced technology, which is inevitably accompanied by a higher price tag. Thus, companies are still often competing simply on the basis of price with little room to introduce improved technologies that can deliver a better patient outcome. Or, they need to delay the commercialization process to apply and wait for a new charge code that enables higher pricing. Among other factors, this has led many companies to consider the option of introducing a value line to their product offerings.

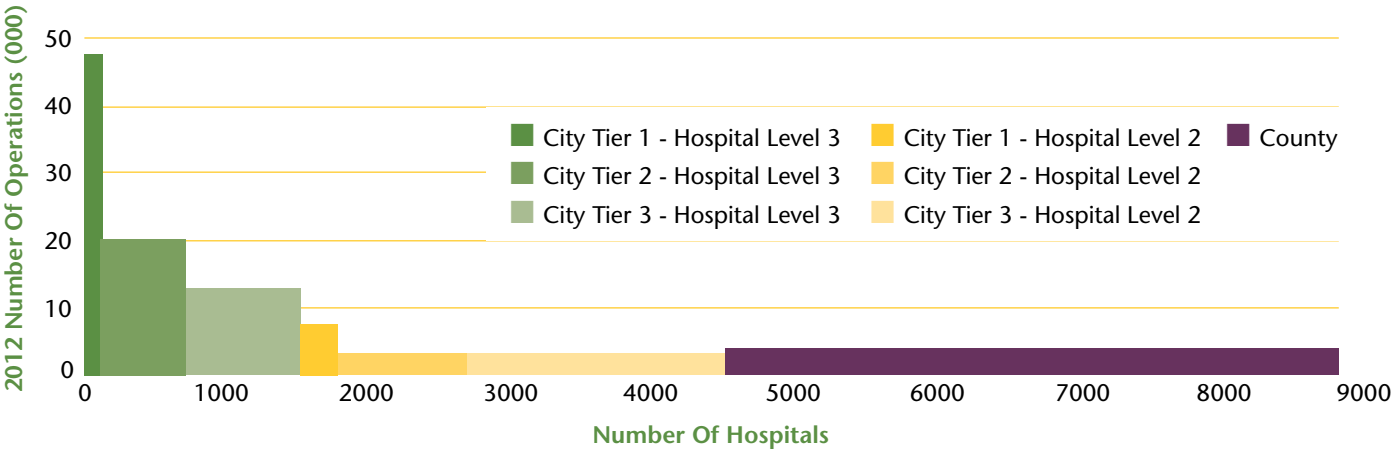
FINDING VALUE IN THE VALUE SEGMENT

As companies consider moving beyond the high-value segment, they must first consider which of their products to take into the wider, more price-sensitive marketplace where sales volumes could be much smaller per account, but the total market is much larger.

No single route to delivering "value" products is ideal for every situation, especially where an established device business already exists, and each route invariably presents its own set of pros and cons. These trade-offs must be carefully weighed as companies decide how quickly they need to penetrate the market or how much of an investment would be required to introduce a value line of products. (*See Exhibit 2.*)

Exhibit 1

Average Annual Number Of Inpatient Operations Per Hospital



SOURCE: L.E.K. Consulting

Exhibit 2

Options To Obtain Value Segment Products For The Chinese Market

	International Products with Lower Price	Value Version of International Products	Local R&D for Local Products	JV or M&A to Access Local Products
Pros	Quicker to introduce	Faster than full R&D	Local product with local feature	Quicker than R&D
	Trusted brand	Lower margin risk	Lower cannibalization risk	Already established sales
Cons	Will erode current margins	May tarnish the brand if something goes wrong	Longer time to market	JV and M&A risks
	Risk of parallel imports	Cannibalization risk	May need separate brand to avoid confusion	Some cannibalization risk

SOURCE: L.E.K. Consulting

EMPHASIZING INNOVATION

Under the 12th Five-Year Plan (FYP 2011–15), the Chinese government is emphasizing investment in domestic R&D to strengthen the local medtech industry and has set a target of developing 40 to 50 innovative high-technology medical device companies.

This initiative emphasizes innovation and quality care, designed to benefit Chinese society as a whole. However, for multinational companies (MNCs), the emphasis on upgrading domestic industry can pose a challenge and threaten their current market share, given the inroads already being made by domestic players into the high-value segment.

The classic example of this trend is China's experience with drug-eluting stents (DES). Ten years ago, the Chinese DES market was dominated by MNCs, but in less than a decade, domestic competitors have managed to take over this product area. **MicroPort Scientific Corp.** launched China's first DES in 2004 with **Lepu Medical Technology (Beijing) Co. Ltd.** following a year later. These two companies alone now account for over half of the sales volume in this market. The MNCs have not given up, however, as **Abbott Laboratories Inc.**'s **Abbott Vascular Devices**, **Boston Scientific Corp.**, and **Medtronic Inc.** continue to launch innovative devices in China, demonstrating their clinical leadership.

It is also worth noting that Chinese companies have increased their focus on developing proprietary products. For example, Microport has become the top player in the DES market segment partially through its R&D-oriented focus, having applied for or obtained over 300 patents. In 2012, Microport's R&D costs amounted to more than 15% of its sales.

Several Chinese medtech companies are making an effort to build R&D capability by leveraging support from multiple parties. For instance, **Kehua Bio-engineering Co. Ltd.**, a Chinese in vitro diagnostics equipment and reagent company, has conducted a series of government-involved/sponsored research programs as part of China's 863 Plan (a national high-technology research and development plan). Kehua also taps into additional R&D resources through joint programs with academic institutions such as **Fudan University** and **Shanghai Jiaotong University School of Medicine**.

Multinational companies can also take advantage of these government programs designed to boost domestic R&D by complementing their current market strategies with domestic manufacturing and local product development. Medtronic's 19% investment in **Lifetech Scientific (Shenzhen) Co. Ltd.**, for example, allows it to have the right of first negotiation for LifeTech's future products.

BECOMING DOMESTIC

Some companies are turning to domestic manufacturing to harness the value segment's potential. **Welch Allyn Inc.**, for example, began to set up a facility in 2012 to fully qualify for the Community Health Center tenders program. One advantage of local production is that locally (designed and) manufactured products can be much more suited to the broad-based value market in China and may also be marketable for export. Additionally, for the non- and less-invasive Class I and II products, domestically produced products only need to go through the provincial FDA regulatory process instead of the national China Food and Drug Administration route, thereby minimizing registration time, which allows companies to introduce their products more quickly to the market.

For Class III invasive products, if imported, MNCs can leverage clinical results from other markets and shorten the clinical trial process or even waive clinical trials in China. However, if domestically produced, MNCs' products may be subject to full clinical trial requirements in China, making the registration process more complex.

Weighing the costs and benefits of each scenario is important for companies as they consider whether or not to manufacture in China. Additional considerations around local manufacturing also include IP-related issues, conflict management with local partners, and obtaining quality components and raw material supplies.

Multinationals clearly recognize the value of domestically produced products in China. Over the past three years, there have been five major acquisitions of Chinese medtech companies by MNCs with deal values of $40 million or more. Most recently, **Medtronic Inc.** and **Stryker Corp.** stepped up and announced major investments in orthopedics companies **China Kanghui Holdings** ($816 million) and **Trauson Holdings Co. Ltd.** ($761 million), respectively. For the multinationals, these Chinese acquisitions provide local R&D expertise, low-cost manufacturing capabilities, well-established domestic distribution networks, and a potential platform for developing products for China's value market segment. Both Medtronic and Stryker have chosen to keep their acquisitions as separate business units, independent from the rest of their organizations. This strategy can help capitalize on the domestic brands' local expertise and carefully manage any potential cannibalization of the parent brands, while still pursuing the broader value market in China.

Other acquisitions of Chinese companies by multinationals have allowed MNCs to enter a new product market or access local innovation. Currently, orthopedics accounts for the largest portion of the medical device M&A deals between MNCs and Chinese companies. (L.E.K. research indicates that orthopedics account for 20% of surgical consumables in the value segment of the Chinese market, the largest specialty after general surgery supplies.) As domestic orthopedic device companies mostly focus on mid- to low-end products in lower-level hospitals of lower-tier cities, these acquisitions are often viewed as a great complement to MNCs' existing product portfolios. Likewise, domestic cardiovascular equipment companies have also been under the spotlight for many MNCs, given the high value of the Chinese companies' products in this sector; general surgery (consumables and instruments) may also emerge as another viable clinical specialty where domestic companies demonstrate value. Singapore's **Biosensors International Ltd.**'s acquisition of JW Medical Systems Ltd. is one such example. According to Jack Wang, Co-CEO of Biosensors, "We now have a unique opportunity for Biosensors to become a major player in China's substantial and rapidly growing DES market…We can use their established distribution network and domestic manufacturing capability to introduce Biosensors'

product lines in China."

It bears saying that neither local manufacturing or mergers and acquisitions are necessary to maintain a presence in China, but as companies find gaps between their product offerings and market demands, both options present opportunities for expanding their footprint in the Chinese market.

THE ROAD TO MARKET ACCESS: TENDERING

Although different options exist for entering the Chinese market, once there, there is no way to avoid the tendering process where required. An increasingly complex topic, tendering in China is full of diverging methods and varying scoring systems, vexing company strategists to no end. But troublesome as it may seem, a December 2012 regulation issued by the Ministry of Health mandates that all public hospitals participate in the provincial centralized procurement process for high-value consumables, replacing a more localized system that gave greater discretion to cities and hospitals to select the devices that met their needs. As of February 2013, seven tenders are currently underway with another 13 to follow as part of the current two-year cycle.

And because tendering is the only route to market in provinces where it has been adopted, success in these provincial tenders is critical to market access and financial performance. In other words, understanding the tendering system and its implications for the operation of medical device businesses in China is not just helpful; it has now become imperative.

HOW THE SYSTEM WORKS

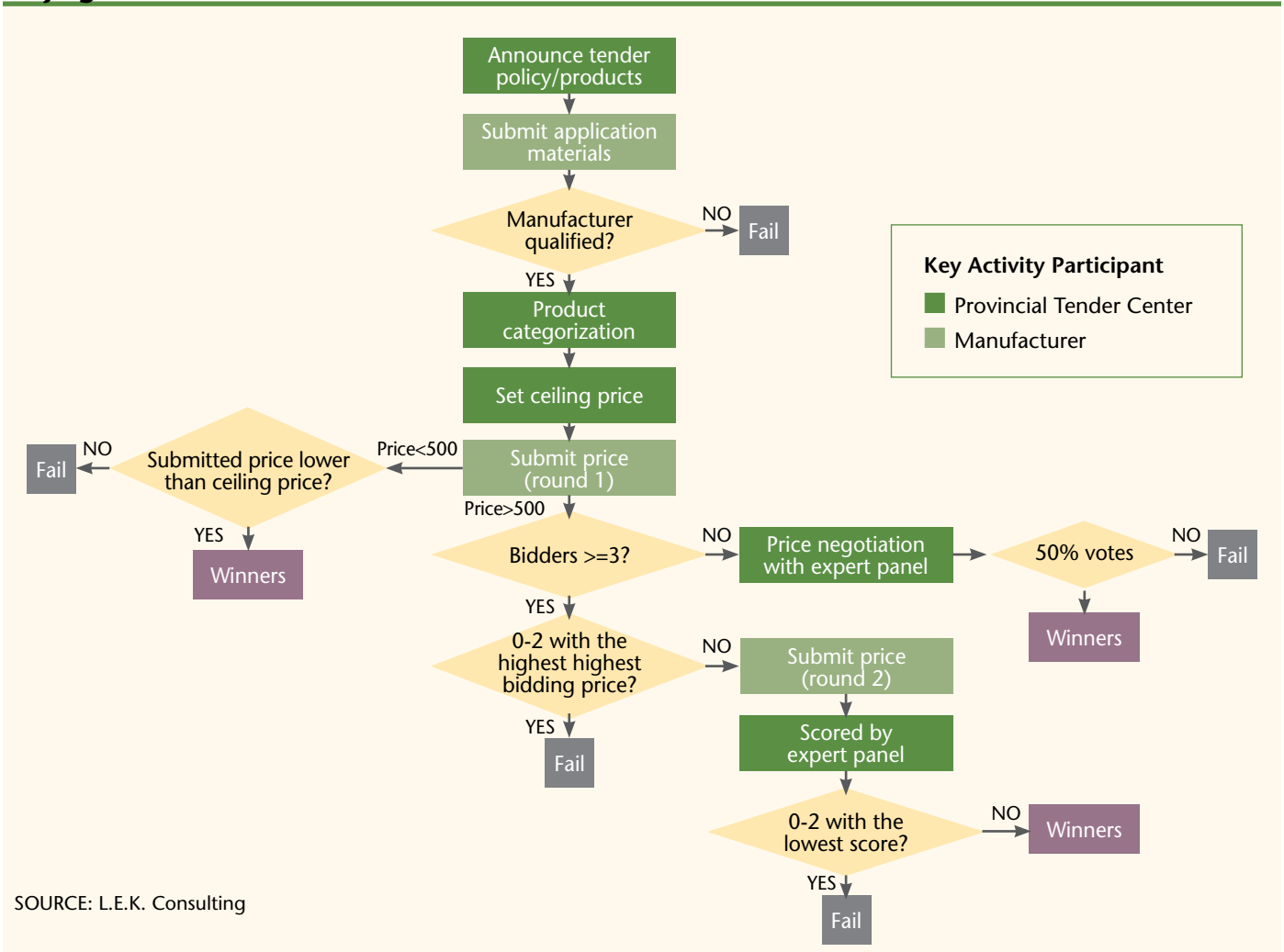
The process itself is generally quite similar conceptually from province to province. It goes something like this: a policy/tender list is announced, manufacturers enroll, a qualification review takes place, a ceiling price is set, and then manufacturers submit bids based on the set ceiling price. Most provinces employ a two-round qualification system before settling on the results and awarding the winning bidders.

The tendering process confers the right to sell, but does not come with guaranteed volume. While the tendering process does serve the purpose of filtering the number of manufacturers that a hospital can choose from for specific products, there will always be multiple winners. For example, in the Gansu tender, in the category of DES, 10 brands with a selection of 14 products all made the list. As shown in the diagram below, there are filters in place that may lead to disqualification from a tender, but the purpose of understanding the tendering process, as described below, is not necessarily to learn how to get in, but to prevent from being left out. (*See Exhibit 3.*)

The bid process itself starts with the setting of a ceiling price; this can hap-

Exhibit 3

Beijing Medical Device Tender Process



SOURCE: L.E.K. Consulting

TUG-OF-WAR: QUALITY VERSUS PRICE

Tendering evaluation criteria can vary greatly from province to province, thus creating more than a few headaches for strategists. For instance, while "quality" is an important consideration across the board, its measurement, the weight it is given, and the accompanying criteria can differ a fair amount.

By way of example, Beijing has a well-rounded scoring system, giving "quality" a weight of 70 and "price" a weight of 30, out of a 100-point total. In this case, overall quality is measured by a number of factors including clinical efficacy, quality, brand, package quality, and practical level of the product, as well as the scale of the manufacturer. To round out the total score, "credibility/after sales service" offers an additional seven points to the total score, whereas "innovation" provides another six.

But there is significant scope for subjective scoring (e.g., for clinical efficacy) – even apparently in an objective scoring criterion such as company scale – making "quality" a complicated metric. "Innovation," on the other hand, is measured by whether a product is CE- or FDA-approved or if the manufacturer is registered as a Chinese Innovation Demonstration Enterprise. This last note is of importance as foreign certification – used as an indicator of quality – often serves as a key differentiator for medtech MNCs in China.

QUALITY: MAINTAINING DIFFERENTIATION

Product categorization is the first opportunity for MNCs to differentiate their products into a separate category to avoid intensive competition. For example, in Beijing, product categorization is based on quality, features, components, clinical efficacy, and after sales service.

When it comes to distinguishing quality, there are two primary evaluation methods used in provincial tenders: one that separates products into groups strictly based on their certification status (as an indicator of their product quality) and one that integrates quality and price into an overall score. Currently, the former approach is more prevalent across provinces and allows MNCs to sustain a differentiated position – through their foreign certification – and as such, allows room for premium pricing based on objective quality standards.

In the second method, quality and price offset one another within the tendering process, as both are integrated into an overall score that essentially levels the playing field for those that can compete at lower quality and lower price. Thus, the range of scores for quality, as well as its given weight comparative to the overall score, are critical factors for MNCs to maintain a price premium while remaining competitive in the market.

PRICE-WISE

The scoring complexities don't end with quality. Pricing evaluation also requires some decoding as price can be judged either relative to other bids or can be settled in direct negotiation. For instance, in Guangxi there is a rigid and transparent scoring system regarding price for qualified bidders. In this case, bid prices are binding and evaluated on an integrated basis with quality and other factors.

In contrast, many provinces do not have a specific scoring system for bid price and choose to adopt a somewhat different process. In Henan and Shaanxi, for example, bidders with prices below the price ceiling pass the price selection process and then progress on to quality selection. Products that receive a score ≥60 pass the quality selection process, then the tendering committee negotiates the final price directly with bidders.

Understanding the different methods used in price and quality scoring and how they drive different competitive dynamics is crucial to manufacturers in deciding on their value maximizing bid strategy, as well as in informing which tenders to prioritize and what level of resources should be deployed.

PROLONGED VALIDITY

As tendering continues to increase in prevalence across the provinces, validity periods also appear to be getting longer and therefore the value at stake in the tendering process is getting higher. Although the Ministry of Health has recommended a two-year procurement cycle/tender validity period, less than 25% (two of nine provinces have finished tendering and announced the duration of validity) of the tenders currently in effect are valid for more than one year. But over 70% (five of seven) of ongoing tenders are set for more than one-year validity periods.

There is also evidence of individual provinces taking action to extend tender validity upon re-tendering. For example, the validity period of the Beijing tender in 2008 was to be one year (from October 1, 2008 to September 30, 2009) but the actual tender validity period was in fact approximately 3 years, with the next tender beginning in September 28, 2011. In 2011, Beijing re-tendered for a two-year validity period (i.e., 2011–2013), extending from the one-year validity period specified in the original 2008 tender.

pen a number of ways. Take, for instance, Guangdong and Inner Mongolia: in Guangdong, the ceiling price is decided by an expert tendering team and is based on both the historical and current market price of a product. In Inner Mongolia, on the other hand, the ceiling price is set based on the lowest stable purchase price of Inner Mongolia's medical and health institutes from the previous year.

After the ceiling price is set and the bidding process is completed, an expert panel will score all submissions based on detailed tender evaluation criteria. This is where things get a bit more complicated. For medical device companies, the key to tendering is to avoid being the worst, so to speak, with either the highest bidding price or the lowest overall score.

As the tendering system evolves, there could be nuances and improvements in some provinces. For example, in the drug and medical consumable tendering that Beijing plans to roll out in 2013, the medical insurance administration may take over the lead in tendering, and there could be a second-round price negotiation with hospitals to further lower the prices. A similar process has been used with hospitals on-and-off for prescription drugs to drive the prices down, and now may be applied to the more complex medtech devices. (*See sidebar, "Tug-Of-War: Quality Versus Price."*)

ENGAGEMENT IS KEY

As most companies that have gone through the process know, tendering and listing in China are becoming increasingly challenging, and will almost certainly require more dedicated resources to coordinate and execute going forward.

Since the tender evaluation criteria are decided at the provincial level, increased participation from international manufacturers provides multiple opportunities to help shift the conversation from price to quality, as well as ensure greater fairness throughout the scoring process. Furthermore, in most provinces, a number of the criteria tend to be subjective (e.g., brand reputation, and even company scale), therefore being in good repute with the tender evaluation panel is key to maximizing the odds of success and obtaining an achievable price point during the process.

Whether tendering in multiple provinces or limiting participation to a select few, the best way for a multinational to maximize its chances of a good outcome is by staying engaged throughout the entire process at the national and local levels. This approach will ultimately lead to better outcomes for the tendering system as a whole, as well as optimal results for the manufacturer.

MAKING THE LIST

It is important to note that although the tendering process might grant a company the right to sell a product, it does not guarantee sales volume. Successfully tendering at the provincial level only allows a device manufacturer to compete for a place on a hospital's list of approved devices. But once approved, the manufacturer, or its distributor/sales rep, must still persuade individual physicians of the relative benefits of the product over any competing devices that have also been approved for that hospital. Surgeons will then discuss these various product options with their patients, but as such, there's no guarantee that they will use a particular device or product.

Hospital listings could have partial variations in the future. For example, in the upcoming medical consumable purchasing in Beijing in 2013, medical device companies could face groups of hospitals in negotiations, instead of individual hospitals as before. Such changes will give hospital groups stronger bargaining power to push for lower prices. There are also other experimental schemes mixed in, such as DRG pilots, which can further cloud the pricing alternatives and hospital selection criteria.

NEARING THE DESTINATION: SALES AND DISTRIBUTION

Once a manufacturer "makes the list," the next step in the journey is deciphering market segments and the optimal way to reach them.

In China, as elsewhere, delineating the most appropriate customer segmentation is a critical driver of market insight and success. China is a geographically vast country with a correspondingly wide range of economic and health care infrastructures, with patient income variations to match.

While, for simplicity, cities can be classified into a tiered system based on administrative status, the socioeconomic diversity and demographic makeup within these tiers can vary massively. Take, for instance, Hangzhou and Guiyang, both provincial capitals classified as Tier 2 cities. Whereas Hangzhou has a GDP per capita of over $10,000, the equivalent figure in Guiyang falls just under $4,000. Clearly, Hangzhou commands a degree of disposable wealth that can support a much higher level of medical care than Guiyang.

As a consequence, in cities such as Hangzhou, doctors typically have a higher share of in-city patients and often, a more defined set of preferences toward equipment and products. Guiyang, on the other hand, is more of a magnet for the surrounding towns and villages, which creates very different demand dynamics. Here, the patients are often referrals and levels of insurance (and hence affordability for the patient) can vary significantly. Therefore the types of products and sales will also vary greatly between these two Tier 2 cities.

But defining customer segmentation isn't just a matter of re-classifying cities in a more sophisticated fashion. A stratified system of hospitals also exists within these cities, making a complex system even more so. Thus, even within the same city, different segments will co-exist and multiple sales models and approaches in each territory may be required to deliver the optimal quality and quantity of market presence.

Needless to say, executing a one-size-fits-all strategy is likely to yield disappointing results. Understanding, in detail, the variety in the China health care landscape and the subsequent needs and priorities of stakeholders throughout the value chain is crucial to the design of a more targeted and successful approach to these less familiar segments. For example, as witnessed in the aortic intervention field, Level 3A hospital surgeons in provincial hubs, such as Chengdu in the west, have advanced skills but often lack a referral system to gain transfer patients from primary medical institutions and rural regions. On the contrary, surgeons in wealthy non-hub cities are eager to develop additional skills to accommodate the increasing needs of local patients whose affordability is rising; here the surgeons need more training and experience in advanced institutions in order to care for their growing client base.

If only classification based on city tiers and hospital levels was always this simple. Finding and enforcing the appropriate demarcation to avoid internal conflicts, ensure consistency of brand/product message, and yet maximize cost-effectiveness is complex, yet critical, in China's challenging operating environment. As noted

earlier, Medtronic and Stryker chose to keep their acquisitions independent from their parent organizations to capitalize on the domestic brands' local expertise and prevent cannibalization of the parent brands.

Clearly, factors beyond product price point also need to be taken into account, as they will affect both product appeal as well as perceived market positioning. Companies seeking sustainably profitable growth will need to go well beyond competitive pricing to find ways to differentiate themselves in the marketplace. Although international companies may, at times, have faced relatively limited competition within the premium end of the medical device market, the wider market brings more contenders, compelling companies to set themselves apart in other ways that enhance options for the patient and value for the hospital and surgeon. Examples include supporting dealers in their efforts to grow or offering them credit terms. Additionally, providing support services for hospitals, such as Cardinal Health's pilot program to assist hospitals in better managing their inventory, are also ways in which manufacturers can set themselves apart.

THE ROLE OF THE DISTRIBUTOR

One area in which there has been unanimity among multinationals in China has been sales organizations. While several international device companies may be looking into direct sales models – a common practice in the US and Europe – thus far, international medtech companies have not seen much success with this model in China, relying to a greater or lesser extent on networks of distributors/dealers. At present, most international companies rely more heavily on distributors/dealers to address harder-to-reach segments of the market, while focusing internal efforts on supporting key accounts and a few brand-critical market-related activities, such as academic sponsorship and clinical support. (*See Exhibit 4.*)

The division of functional responsibility between manufacturer and distributor/dealer has led to a range of interesting mixed-model strategies. Medtronic, for example, relies on a number of dealers to manage sales relationships as well as product inventory and delivery. They task their own sales force with academic and clinical support: providing sponsorships for continuing education, inviting national KOLs to hospitals for demo surgeries, and offering technical training opportunities for physicians from less developed regions.

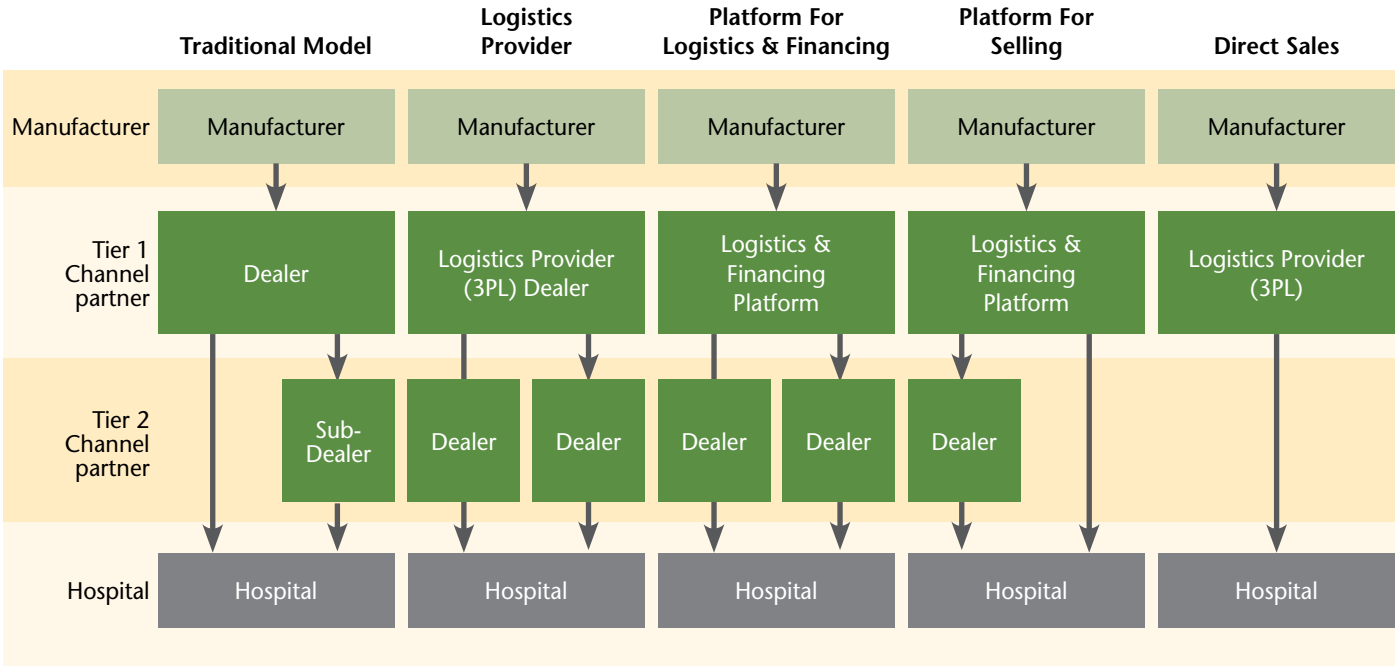
Similarly, **Cook Inc.** sells and delivers its products through one primary distributor, **Microtech Inc.**, and several sub-distributors. But it also maintains a small sales team, which mainly focuses on relationships with key physicians in Tier 1 and major Tier 2 cities. Like Medtronic, Cook's sales representatives assist in clinical support, physician education, and other key account services.

Although there are a variety of different models to be explored, a few challenges arise as well: sales tracking to hospitals, excessive working capital burden for dealers, and significant field investment. There is often little transparency when it comes to sales (with a few exceptions), which clearly hinders a company's ability to plan sales and supply. Additionally, dealers are burdened by both growing inventory and account receivables, as supply chain partners only provide limited financing and hospitals often drag out payment periods; and finally, there has been significant investment in inventory to support growth given the current fragmentation of the market.

As companies devise strategies and build partnerships with distributors, work-

Exhibit 4

Distribution Models And Channel Partners



SOURCE: L.E.K. Consulting

ing through the complexities of sales and services needs increases the likelihood of a successful partnership in bringing a product to market. A more active management of the channel also allows the manufacturer to capture a larger part of the margins.

A WORTHY OBJECTIVE

With China's stratified cities and health care network, increasing market share there is not necessarily as straightforward a task for MNCs as it may at first appear. Indeed, the business climate in China is still far from business as usual. The strategies that successfully address the attractive, and relatively Westernized, Big-City-Big-Hospital market will not deliver the goods in less developed segments of the country.

Achieving profitable share gain may require re-considering market segmentation, extending or redefining the product range, re-organizing sales and distribution operations, or all of the above. Having a clear picture of the entire market topography, and understanding how to pull the value drivers in each segment (each of which may include thousands of hospitals and physicians), alongside the economics of doing so, will provide a better understanding of how to successfully navigate this complex health care system.

On a per capita basis, China's spending on devices is still small, indicating both a key challenge today and the potential of tomorrow as the country moves toward patterns of spending on health care more common in Western countries. Growth in device use will be underpinned by improving household economics and government policy, in the form of improving health care access, consistency in standards of care and levels of public insurance cover.

Accordingly, China's health care industry is poised for great expansion of both coverage and caliber. With an emphasis on quality that is reflected in the government's benchmarks, standards, and reform, international companies are facing unprecedented opportunities to supply the country's medical industry and provide the population with access to quality, innovative medical technology. While the challenges loom large, the prize for success is grand. With judicious planning for expansion into new market segments, device companies can aggressively engage in the world's fastest growing, large health care market.

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