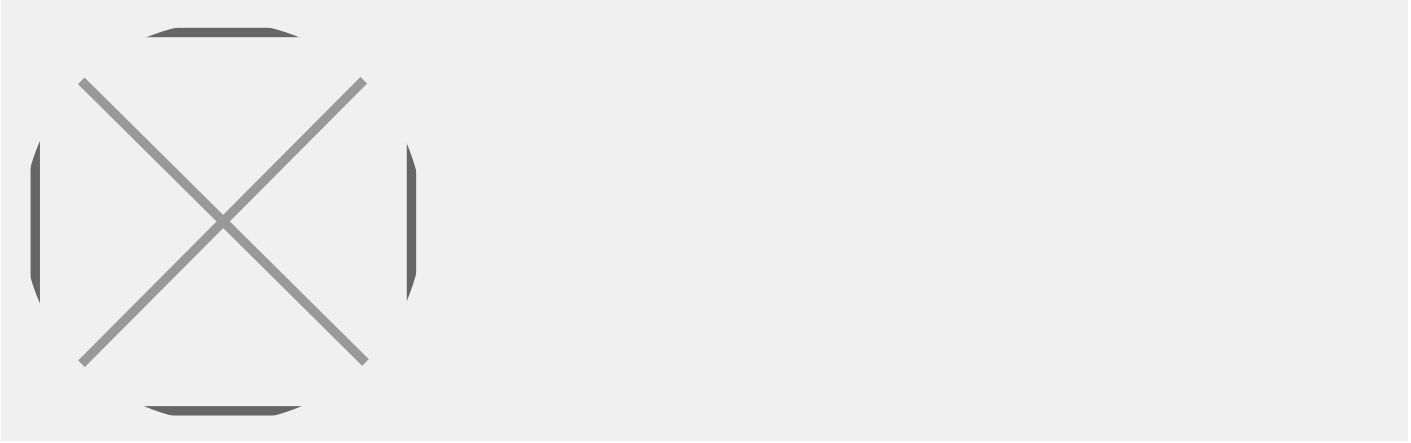
Interview: James Wilson, President, Brancorth Medical Inc., Canada



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The president of Brancorth Medical talks about the challenges of the start-up med tech scene in Canada, turning innovation into corporate success, and the role of the government in creating the right environment for medical devices companies to flourish in Canada.

You started Brancorth Medical in 2011, having spent an extensive career at Biomet. What inspired you to move away from the world of multinationals and start from scratch?

In fact, I set up the consulting firm Brancorth Medical many years ago while I was still working as an orthopaedic agent. However when I joined Biomet, one of the world's leading medical device manufacturers, I stopped Brancorth activities in such a way that I could start again at some point in the future. Over the years Biomet went through some transitions before being bought out by a private equity consortium. After the inevitable corporate realignment I took this opportunity to strike out on my own, consequently reactivating Brancorth in 2011.

In addition I served (twice) as Chairman for MEDEC, the national association representing the medical device industry in Canada and was one of the founders of the Canadian Orthopaedic Care Strategy Group. In this context I built an extensive network in the industry.

Brancorth provides complete consulting services for the orthopaedic/medical device industry, including expertise in the entire medical device product lifecycle. I have been engaging with

companies in terms of interim (management) projects. Additionally I specialize in market identification, strategic positioning, distribution and commercialization of innovative orthopaedic products and other medical device markets and technologies

It has been a great journey so far. I have established many business relationships with companies, some of which previously were my competitors. By doing so I have acquired a broader understanding of how companies approach multiple markets globally.

For what type of services do you see most demand coming from the industry?

The average selling price (ASPs) in many of the Canadian market segments are not high compared to other markets around the world. For that reason companies have to manage their finances and in particular, head count carefully. As a result there is a reasonable demand for project management. Instead of adding additional infrastructure or bouncing people around there seems to be a propensity to consider individuals with a strong, focused, point strategy of deliverables to action their initiatives.

Looking at my portfolio of clients, I receive project opportunities from Canadian as well as international companies and have done developmental work for international markets.

What were the priorities you set when you reactivated Brancorth Medical in 2011?

First and foremost, was to establish a network and make sure they understood what services I was offering. Due to the network of individuals I worked with over the years I saw an immediate return.

While innovation in Canada is generally considered to be very good, making commercial success out of that innovation appears to be an issue. What other ways can Canada serve to create a better business development environment for science and technology in Canada?

The challenge here indeed is commercializing. Being able to leverage opportunities around the development of evidence-based value propositions is something Canada has a real opportunity to continue to evolve.

Initiatives around health technology assessment that are federal, provincial and regional continue to evolve. Looking at the MaRS initiative, the official commercialization agent for intellectual property in Ontario, this is a real opportunity to look at how products and technology impact access to health care and improve patient care models with new efficiencies.

A recent report by the Canadian Institute of Actuaries showed that the Canadian healthcare model in its current state is not sustainable. Thus we have to ask ourselves: what are the disruptive technologies of the future that are going to change our care delivery models. The Canadian health care model today still deals with a very bureaucratic and socialized system. For that reason we need initiatives that create new funding models in order to get money that will follow the patient focusing disease management and overall procedure models that foster efficiency and patient through put.

My favorite analogy for the Medical Device Industry is: “Canada being an ice-hockey country has the ability and opportunity of leaving all its competitiveness on the ice; then we come sit together and collaborate on new innovative ways to improve the healthcare system.” We have a comparatively small and fragile market place. We work together to create initiatives to support the industry because most of us understand how delicate it is. Moreover Canada is a great place to live and at the end of the day we all want to create better access to care through technology and innovation.

80 percent of local startup med tech companies in Canada sell their technology outside of Canada. What incentives could be put in place to create a bigger market to sell medical technology within Canadian borders?

The reality is that Canada is a small market. The other aspect is that it appears to be difficult to get the attention of local markets. It is often easier in some ways to essentially launch products in the largest markets with billable reimbursements.

Canada certainly has barriers in terms of introduction of technology because of the way the federal regulatory and provincial procurement systems are set up. Within a global business environment companies will choose markets with the least resistance and the greatest return on their investments.

What role do you see the government playing in fostering a solid marketplace for medical device companies?

What we would like to see more is an increased focus on strategic procurement where there is real opportunity to impart the value proposition of technologies across the system.

This is a complex move, particularly when dealing with technologies that are incremental. Often there is an incremental change in technologies that makes significant differences but gets looped into a bucket of standardized technology, which is unfortunate.

Naturally, on the long-term the government aims to retain companies in Canada. However the problem is that when corporations start to expand globally, the first question asked is: what have you done in your home market? Companies lose credibility if they have not established a track record locally.

I believe that there is huge potential for growth but for the time being, from a medical technology standpoint, we are underrepresented as an industry in Canada.

The industry is lobbying to get the government to understand that focusing on vendors through RFP formats yields a small reduction in cost relative to the overall cost of care continuum. Those devices represent probably less than 7% of the overall care cost on average. Understanding the potentials of reducing the administrative burden, and the way that new technologies can be delivered is paramount. Transforming how we deliver healthcare is key for our government to maintain sustainability of a universal access model. They will not achieve their goals by continuing to leverage vendors on price. Because by doing so, the market will be reduced in size to such an extent that it is no longer attractive and we will lose our competitive matrix. Moreover access to new healthcare technologies will be significantly impaired for Canadians.

In the mid-term, how do you see the medical devices industry change?

I like to think that we will see a much broader understanding of the opportunities of innovation. Additionally, I hope to see an infrastructure that allows an efficient consideration of technologies in terms of their value and the economic opportunities medical device technologies will bring to the Canadian economy and the healthcare system of the future

As far as Canada is concerned, I believe there is tremendous opportunity. We have got a unique health care model in terms of socialized care. The research, clinical and academic infrastructure can be strong collaborative institutions for industry to develop evidence based medicine with significant economic return. Canada is indeed a challenging market, however if you can succeed in Canada your ability to commercialize in other markets will improve significantly.

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