Interview: Frank Baylis – Chairman, Baylis Medical, Canada



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20.03.2018

Tags: Canada, Baylis Medical, Medtech, Technology Transfer, Manufacturing

Frank Baylis, chairman of the board at Baylis shares his views on his motivations for maintaining a lifelong interest in healthcare, the Baylis approach to problem solving, and sharing knowledge between university institutions and industry.

Can you explain the founding of Baylis Medical?

My mother, the company's founder, commenced operations with a business model of importing and reselling a specialized catheter from France. The catheter was an innovative, never-seen-before product on the North American market in the field of neuro-embolization. This field has since become a recognized sub-specialty and has enjoyed extensive grow. However, at the time of our founding, we were in a groundbreaking field. The company continued with the business model of importing and reselling products in the Canadian market for a number of year. Then, by virtue of the fact that I am an electrical engineer and so is my partner Kris Shah, we decided to develop our own products. Over time, our focus shifted from importing and reselling to manufacturing. Nowadays we are a full developer, manufacturer, and seller of our own products, and only two percent of our business is the importing and reselling.

Frank, you enjoy careers in three distinct areas: biomedical products, politics and producing movies. How do you prioritize your activities?

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Presently I am on the Board of Directors for Baylis Medical, from where and I support partner in making broad-based strategic decisions. As a politician, I have the right to remain involved in my business provided I am not a Minister, or what we call a Parliamentary Secretary. I still enjoy being involved in business as it is a very different world to politics. Consequently, it allows me to keep a foot in both worlds. Added to this, I try to bring the business perspective to government.

Business and promoting Baylis Medical was my priority for a number of years until politics took over. When I was elected and took on my official role as a Member of Parliament, I stepped down as President, and my partner Kris Shah took over. My primary role is now as politician and although I am still involved with Baylis Medical, I am no longer present or involved in the day-to-day running of the company.

As for the movie business, it is a passion of mine, and as such I have managed to find time for it around my busy business and political lives.

Is enough done to ensure the knowledge transfer from academic bodies to business is effective?

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I would agree that it can be challenging to transfer knowledge and discovery from universities and other tertiary education centers to businesses is in an effective manner. At Baylis, we have years of experience in dealing with intellectual property, new technologies, and interfacing with universities. We are well versed in the interactions between industry and university researchers to deliver innovative medical products. We have a game plan that involves learning from universities as a partner: we like to share in the development of new skills rather than to simply take what they have learnt or developed and implement it ourselves.

As part of my role as a Member of Parliament, I sit on the Industry Committee. Our committee recently released a report on the issue surrounding technology transfer from universities to Canadian businesses. The report offered recommendations on how best to grease that wheel to ensure the university-business partnerships become more effective. We released the report six weeks ago and the report underlines the opportunities to improve technology transfer from universities to the private sector.

What would you suggest as recommendations to remedy the situation and improve the knowledge gap?

First, the issue is more complex than a straightforward focus on intellectual property. The transfer of knowledge, know-how, technical ability, and intellectual property requires interacting with the whole ecosystem. One of the suggestions that came out of our committee report was to create a database that lists the technologies, expertise and know-how available in the universities. Then to make this database readily searchable and available to all, in order to promote and encourage interactions between universities and businesses.

The United Kingdom has some novel approaches when it comes to university-business knowledge partnerships. They offer preset template contracts that universities and businesses can call upon to quickly to establish agreements. These toolkits, if you will, provide a framework for universities to work with businesses to transfer new discoveries or technologies. We are looking at this idea and others to facilitate that flow in Canada.

What would you say are the benefits of carrying out R&D and manufacturing operations in Canada?

When your business operates in a rapidly changing environment, the development engineers should be in close proximity to the manufacturing processes. A rapidly changing environment tends to require updating manufacturing processes on an ongoing basis. This allows the product to maintain its competitive advantage. Conversely, if you have a stable device that you manufacture—a device with low complexity that is not being updated – you can ‘off-shore it’, sending it to one of the low-cost manufacturing geographies such as Mexico or China.

The off-shoring approach does not work well when you build very precise, high-tech devices that change frequently or have a low manufacturing volume. In the medical field, a field that is in constant evolution, certain devices tend to follow a rapid evolution cycle, consistently being updated with new improved designs. In order to ensure such products are kept up to date, engineers should be close by, or even on site, of the manufacturing plant. For Baylis, given the nature of our products, it makes more sense for our manufacturing sites to be located both domestically and locally, which is why we recently opened our second plant in Mississauga.

How is the Baylis pipeline developing?

Our company conceives of a number of ideas and products in several fields. Given that our sales force dedicated to the areas of interventional cardiology and cardiac electrophysiology, these are the fields where we concentrate our development efforts. If we have a good idea outside of these fields, we may well develop the product however it will be done with the long-term goal of divesting of that product. Conversely, any developments we do in the fields of targeted cardiology

markets, we plan to sell through our growing domestic and international salesforce. By 2020, we expect to bring to market a series of new products that will greatly expand our cardiology offering.

How do you target unmet medical needs in Canada?

The Canadian market is too small for our business model as it represents roughly two percent of the world market for medical devices. Therefore, we have to think globally. Added to this, our products are high-tech, relatively expensive, and can only be used by a trained specialist. This leads us to concentrate our sales efforts in geographies where we can be successful. The majority of our products require a cardiac interventionalist, or an electrophysiologist to be used. Presently a number of emerging or developing countries do not yet have the medical specialist in place that are required to use our products. As a result, we focus our sales and marketing efforts in advanced countries with a strong GDPs.

Do you see the direction of the Canadian healthcare heading toward a more value-based system in the future?

Canada is a unique market in that we do not have a private arm to our healthcare system. This brings with it advantages and challenges. As we operate in a fully governmental system, often procurement can become focused on the least expensive option. This compares with other jurisdiction that have private medicine where the focus can be more on innovation and good outcomes. These markets that offer private medicine tend to be more open to more expensive and more effective products.

Consequently, the health systems in Canada often struggle with the pricing vs. innovation debate. Our sales efforts in Canada are also made challenging by the provincial nature of the healthcare system. We see at times that the system is not always as open to innovation in the way that it is in other countries. So, there is some work to be done on this front. There is no perfect system in healthcare, and it should be noted that the Canadian system is quite effective in ensuring that all people have access to health care regardless of their means.

Can you highlight some initiatives you have addressed in medical education in Canada?

Because Baylis is a leading-edge company focused on new technologies, we tend to develop new approaches to treating medical issues as opposed to simply updating existing devices. I like to use the metaphor of a car breakdown to explain this. Most people, upon realizing that their car has broken down, simply go to fix their car before carrying on driving. At Baylis, upon seeing a breakdown, we take a step back and look at the bigger picture. We look at new modes of

transportation or reinventing the car to improve on the overall goal.

Constant innovation, however, requires education and careful follow-up. In healthcare this means ongoing dialogue with physicians to ensure that we keep abreast of the latest developments and surgical techniques. The treatment of the patients is always evolving. This constant focus on innovation, along with our positive interaction with leading physicians, is our strength at Baylis. We endeavor to ensure our products are not only technological leading edge, but that they are also well understood by medical professionals use them.

How do you build and develop the Baylis brand?

Historically, our main business was developing devices to treat chronic back pain and Kimberly-Clark health care division was our USA distributor. After a few years, they made an offer to buy out the product line as it was very successful for them. At that time, they also requested rights to continue to sell the products under our brand name for a few more years. They did so because the Baylis brand was so strong in the area of back pain treatment.

We therefore understand the importance of the Baylis brand, and want to ensure our image as a high-tech, leading edge and highly innovator continues to grow. We have seen how successful our reputation has been thus far and we look forward to building the same brand in our areas of interventional cardiology and cardiac electrophysiology.

What keeps you motivated in Life Sciences?

Put simply, it is my desire to help people. This is what I like most and what I am most proud of. It is working in a business that helps people and knowing that if we didn’t do the work we do, important market products might be ignored. This is especially true for smaller markets that are not addressed by the bigger companies. By doing our work, we contribute to improving peoples’ lives and we ensure that our employees know this on a day-to-day basis. In the end, things we do positively impact people.

When working as a politician, people often approach me to say hello, discuss a policy or simply to shake hands. Interestingly, last Canada Day I was approached for entirely different reason. A couple with a young daughter approached me to personally express their gratitude for what our technology had for their daughter years earlier. Their daughter, who was left with little options, underwent a surgery that was made feasible by using our technology. The couple wanted me to know that their daughter is doing fine and has since had her first baby. These new grandparents were extremely grateful. It stories like that one that keep me going. It was a great example of how our technology and advancements in healthcare improve the lives of people around the world.

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