

Rupert Mok - President, Metos, Hong Kong



“For these start-up companies, the first thing is to sustain your company while developing your technology. If you are good enough - and with a bit of luck - you will find investment.”

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Rupert Mok, a veteran of the Hong Kong medtech industry, discusses regulatory alignment between Hong Kong and mainland China, opportunities for collaboration, the consumer ‘wearable’ space, and the state of the territory’s start-up ecosystem.

Having worked in the Hong Kong medical device and equipment industry for three decades now, as an industry veteran, what have been the major developments within the Hong Kong medical device landscape in that time?

30 years ago, when I started in Hong Kong, most medical device companies are distributors, using Hong Kong to sell into China. In the 1980s and 1990s, there was high demand of medical equipment and devices into China, from large equipment to consumables. China was not as open at that time, so Hong Kong was really a bridge to import into that market - up to 80 percent of the market. At that time, language was still a barrier. Hong Kong industry experts would facilitate communication between foreign and Chinese companies as we have both technical know-how and commercial expertise. We would go to the tradeshow every year and sign contracts after contracts! That was a boom period for Hong Kong medical devices companies.

Over the past few decades however, China has obviously opened up. As a result, there are fewer Hong Kong-based distributors. Also, foreign multinationals have established affiliates within mainland China itself. This is a highly significant change within the Hong Kong landscape.

Back then, many Hong Kong manufacturers also did a lot of OEM/ODM for foreign companies. Most are still doing this and performing well, but they have expanded into developing their own brands based on the accumulated knowledge and experience over the past ten to 15 years, hoping to tap into the vast market of mainland China. Looking at companies in Hong Kong, these are the two major trends.

From a multinational company perspective, quite a few multinationals still use Hong Kong as regional headquarters, usually covering North Asia. In addition, due to cultural and geographic proximity to mainland China, Hong Kong can act as headquarters or a supporting affiliate for mainland China. In this respect, Hong Kong still has the advantages of its technical and commercial knowledge and expertise, and also the convenience of travelling within Asia.

With Hong Kong still playing this important bridging role between the international community and mainland China, how do you assess the regulatory alignment between Hong Kong and mainland China?

This is a very critical aspect. For many start-ups, especially, this is a concern, because if they would like to develop a medical product (as opposed to a healthcare product), they have to go through the regulatory approval process, which is time-consuming and costly. The Chinese FDA has relatively looser regulations for locally manufactured products, but Hong Kong products are treated as foreign products. This is a significant disadvantage for the Hong Kong medtech industry. Resolving this is of utmost importance for the future growth and development of the Hong Kong medtech industry.

How much opportunity for collaboration exists between Hong Kong companies and mainland Chinese companies, or is it more a question of competition?

I think Chinese companies appreciate the quality of our products, as well as our international linkages. Hong Kong companies can introduce them to foreign technology much more easily and quickly. Even today, many local Chinese companies lack access to foreign technology and products.

That said, there are still challenges when it comes to working together. There are still cultural differences, as well as aspects like regulatory, compliance, commercial practices, and so on. More work still needs to be done to facilitate closer collaboration. However, success stories like Hong Kong-based Vincent Medical – who has a manufacturing facility in Dongguan city within the Greater Bay Area – prove that it is possible. But they have been in China for over two decades, so a longer-term perspective and investment is definitely needed.

On your side, what motivated you to leave your corporate management career to pursue more entrepreneurial activities?

I had previously been with St Jude Medical and other entities in regional roles that entailed a lot of travelling. After ten years, I decided I needed to be a bit more settled and took early retirement. Initially the idea was to play golf and do some volunteer work to fill the time! Then I was invited to join the Hong Kong Medical and Healthcare Device Industry Association (HKMHDIA), which I appreciated, as it allowed me to stay up-to-date with industry developments.

Then an Australian associate involved me as a consultant in his company, which was looking to expand into the Chinese market. Subsequently, I was also introduced to Heartisans, a Hong Kong start-up company. I have always wanted to start a R&D-driven medtech company but as you know, that would require a lot of time and financial investment. Meeting Heartisans was therefore very serendipitous because the team is very young, energetic and entrepreneurial, and I also liked their technology and product. Therefore I decided to invest in the company and support their venture, now as a board member and adviser, to help them on the sales and marketing, product positioning, and commercial side.

Personally, I also have an interest in mentoring the next generation of industry leaders, because they have the passion and energy to drive the industry forward.

On that note, could you share a little about the start-up company you are advising, Heartisans?

Heartisans is a Hong Kong-based start-up that has developed a consumer wearable watch that measures your blood pressure cufflessly, anywhere, anytime, and a first on the market. We decided to launch a consumer healthcare product first because the clinical and regulatory requirements on medical device would be very heavy and lengthy. I am glad that in the past three years, we have progressed from the drawing board to being able to release a saleable product to the market! It reflects the great work done by the whole team in that time.

I think this is a common challenge for healthcare start-up companies: to first decide whether they want to go straight to developing a medical product or to develop a consumer healthcare product first. Going the medical route means clinical studies and regulatory approval, which entails more financial investment. But the advantage is that within the clinical space, once a physician sees the value, the uptake by patients would be significant.

Going the healthcare, consumer route, the upside is faster access to market. Especially with the healthcare concerns of an aging population and the shift towards community care or primary care,

there is a growing demand for products related to preventative healthcare and early screening – which is what this cuffless blood pressure watch does. The Heartisans BP Watch provides consumers with simple and quick health indicators and their trends on blood pressure, heart rate, and steps for daily health management, as well as a provision on electrocardiogram (ECG) for clinical use in the future.

The consumer ‘wearable’ healthcare space is quite saturated at the moment, with both large medtech companies and technology companies offering different product options. How easily can start-ups like Heartisans define their competitive advantage?

As any start-up, of course you must first identify your niche. Heartisans, for instance, is on measuring blood pressure, and we are the first in the market. There may be other fitness bands that claim to measure blood pressure but in fact do not. Within the consumer space, there is insufficient regulation to assess such healthcare claims.

Future steps are to develop a sustainable business model, such as a B2B and service model instead of device sales only, and obtain resources to expand into the clinical space. This will increase the opportunities for venture capital investment or large corporation acquisition.

What are some of the challenges that start-ups in Hong Kong still face?

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To support them, I think the Hong Kong government can introduce new policies and initiatives. At the moment, they are investing a lot of money into the innovation and technology sectors, that is true, but they need to make it easier for start-ups to access such financial resources, especially for larger investment sums.

In addition, they should also offer more professional business development and commercial support services, like sales and marketing, business management, accounting and finance, and so on. Start-up companies typically are very passionate about their technology but they are still very young and may lack experience when it comes to business operations and managements. They usually need help here. At the moment, I do not see much government support in this respect – just individuals like myself! There should be a platform to help start-up companies implement business plans and deliverables, and even collaborate with other start-up companies.

In addition, I do think that many start-up companies or even smaller companies do not have a commercial mentality, mainly due to a lack of resources. Most of them have not done the market research needed to identify what the market need for their products is, who their consumers would

be, what competition is there, and so on. Many entrepreneurs are truly passionate about their technology and so they focus wholeheartedly on product development, but they fail to consider that the product itself may not fully meet market needs.

Do you have any advice for young entrepreneurs then?

As an entrepreneur and in business, we will face all manners of challenges. Persistence and passion are crucial to success. We need to persevere in the face of challenges. Many of the younger generation are very focused on their knowledge or technical expertise, but lack commercial acumen or the willingness to find a solution to commercial challenges. If they face a technical problem, they have no problem trying and trying until they find a solution, but often, when it comes to a non-technical challenge, they tend to give up more easily. I would like to say, do not be afraid. People are just people, after all. You might fail a few times but just keep trying, and eventually you will succeed!

What role will your own company, Metos, play within the local medtech sector?

Metos Health is a sort of investment and consultancy firm, having invested in Heartisans, as mentioned earlier, and in my Australian partner's electrocardiography (ECG) product company, which is expanding into mainland China. Originally I intended to get into R&D and manufacturing, but then I decided that it was more effective to work with partners instead. I have acquired a few products as well but the focus is more on building partnerships and collaboration with other companies and entrepreneurs. For instance, many local Chinese companies are looking for distributors based in Hong Kong, and there are also foreign companies looking for distributors in Hong Kong and mainland China, so I contribute a lot in terms of building a network and connecting interested entities with potential partners. In this way, I hope to contribute to the growth and development of the Hong Kong medtech sector.

What are the opportunities you see within the Greater Bay Area?

The Greater Bay Area, just from a population perspective, is a great opportunity for any Hong Kong company. With new transport linkages like the Hong Kong-Zhuhai-Macau bridge, access is even easier than before.

In terms of expanding into the Greater Bay Area, there are still challenges, even from an administrative and regulatory perspective. A lower cost base is an advantage but companies still need to factor in the travel time and logistic complexities. What is positive is that the Chinese FDA has expressed an interest to HKMHDIA in establishing a pilot regulatory regime within the Greater Bay Area, which will definitely facilitate regulatory alignment within the region and support the expansion of Hong Kong companies into south China.

To begin wrapping up, what are your strategic priorities for the future?

My focus is on portable or wearable medical technology. I would like to see more breakthrough on the R&D side and also greater uptake of this technology into our daily healthcare regimens and activities.

In addition, I would like to leverage my industry knowledge, network and expertise to help interested companies expand into the Chinese and Asian markets.

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