Harjit Gill – CEO, APACMed

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In an exclusive and wide-ranging interview, Harjit Gill outlines the work of pan-Asia-Pacific medtech association APACMed, how COVID-19 represents a chance to change the global narrative on medtech in healthcare, and the key trends shaping the region's dynamic market.

To what extent does the COVID-19 pandemic represent an opportunity to change the global narrative around the role of medical technology in healthcare?

Firstly, on behalf of APACMed, we send our condolences to those suffering and we recognize that the fight is far from over. Working in the healthcare field has given our members tremendous pride to be able to make an impact, and we are here to continue to support. Whether it be for testing, diagnostics, consumables, ventilators, syringes, cold storage equipment, among various other consortia-led efforts (including digital health, mentioned down below) and supply security, the medtech industry has been central to the recovery process.

Along that vein, I think the pandemic has been a great opportunity for the medtech industry to (re)gain trust with health systems across the region. I will expand more later, but the road to progress in Asia-Pacific is heavily reliant on public-private partnerships; indeed, Asia-Pacific has fared relatively well in crisis management as a result of the various ecosystem players coming together to share best practices. In fact, we documented the value stories of the medtech industry during COVID-19: https://apacmed.org/medtech-in-apac-improving-health-transforming-lives-

deloitte/

Many governments are using the pandemic to revisit outdated regulatory and capacity building models too. Our efforts with the “regulatory reliance” program, for example, are driving greater harmonization for medtech across the ASEAN region, thereby reducing timelines, complexities, costs and improving access. As a result, and in assessing the supply impacts of COVID-19, we built capability matrices with the regulators and are initiating collaborative training curriculum. Such training and task-shifting is key in a region like ASEAN, where we are short nearly five million of the requisite healthcare workers.

We furthermore see tremendous innovations being born out of the crisis. In Singapore, the government has pledged an additional $20 billion for scientific R&D and to create 7,500 new jobs in the healthcare sector by the end of the year. The applications and adoption of digital health for example, especially of the medical-grade variety that we cover under the APACMed umbrella, has seen rapid industrialization in the utility as well as the coverage schemes becoming available as the era of “contactless care” has landed. We recently published papers about the interoperability, regulation, and reimbursement pathways for digital health in the Asia-Pacific, which may be of interest to readers to learn more: https://apacmed.org/our-work/digital-health/

Ultimately, we see a pivot toward real “health creation” activities across the ecosystem – medtech but also many sectors coming together to re-centre ourselves around the collective well-being of the populations. As average health literacies and appropriate level of focus on the industry improve with the pandemic, we expect medtech to continue to play a leadership role in bringing the best healthcare innovations to those in need.

At the same time, there is a continued surge in protectionism, at least in Europe. Has the same rung true in APAC?

The short answer is yes, though this was already a rising trend pre-COVID. Many countries, in Asia-Pacific, and beyond, became heightened to their local resiliency capabilities, or lack thereof, during a time when borders became closed and supply availability shortened.

However, what is impressive for APACMed and its members during the pandemic has been the rapid usefulness of the public-private partnerships. Whether it be in the formation of micro supply chains or even preparations for the arrival of the COVID-19 vaccine, the collective effort, harnessing rather than reeling from strong government models, is truly impressive. It is for this

reason that Asia-Pacific has fared well in its pandemic response efforts. At APACMed, we take great pride in being at the center of and fostering discussion for the role of medtech in achieving these objectives.

APACMed is a relatively new trade association and serving an entire region (rather than just a single country). What is the stage of the association's development and what are the objectives, strategy in store?

APACMed was founded in 2014 by leading medtech companies in order to provide a unifying voice for the industry to promote innovation and to impact policies that advance healthcare access for patients. At that point, the trade associations were mostly at the national level, and hence we saw great value in better harmonizing across the region.

Currently we have more than 200 members not only in the core medtech space but also in areas such as start-ups, digital health, knowledge partners, and other trade associations. We facilitate regular public-private dialogue so as to progress the mutual healthcare ecosystem objectives, and produce frequent content (papers, webinars, etc.) to improve active engagement across the region.

Activities throughout the year will include regulatory harmonization and capacity building, advocacy on key topics like pricing, market access in terms of reimbursement and Health Technology Assessment (HTA), and increasingly driving greater consistency for frameworks around digital health. These activities are equally for the multinational companies seeking to operate in the Asia-Pacific, as for those small to midsize players looking to grow as well.

Trade associations for medtech are much more globalized now too. AdvaMed, with which we collaborate, has a keen interest in the Asia-Pacific given that many of the larger medtech companies are coming from the US or the local start-ups here are seeking to expand westward. Similarly, MedTech Europe, which also operates across regional borders, has been a great partner for our collective medtech efforts. It's wonderful to see APACMed serving as a leading voice, especially in such an important and dynamic region as the Asia-Pacific. Readers can learn more from our annual report: https://apacmed.org/about-us/annual-report/

How do you harmonize the efforts across APAC, given the wide variations in country development and regulatory status in the region?

For starters, this is a key observation that is sometimes challenging for those outside looking in on the Asia-Pacific region. In fact, the region is comprised of some 50 countries, administrative territories, and other island chains. The cultures, and therefore government archetype model philosophies, vary quite widely.

From a healthcare perspective, the main focus is on the implementation (or optimization of existing) UHC systems. Average Gross Domestic Product (GDP) allocation toward healthcare in the Asia-Pacific is five percent and out-of-pocket expenditures exceed 40 percent, far outside of the global targets. Therefore, despite the differences, there is great effort in the Asia-Pacific to collaborate together on progressive strategies.

Medtech typically represents <one percent of GDP allocation in the region, a figure that hasn't moved much in 20 years, and with imports beyond 70 percent of total supplies. We are working hand-in-hand with the governments to streamline their health system protocols, including from a regulatory perspective, so as to allow greater access to medtech and to build sustainable industry ecosystems. Such efforts involve joint capacity building so as to see tools like HTA become a more common practice.

Truly, there is something to teach and something to learn from the respective countries. We often use the term "learning and leapfrogging" in Asia-Pacific, meaning that necessity has become a mother to innovation. For example, the rapid adoption of digital health tools that overcome geographic and demographic barriers is perhaps a lesson for the West on how to do more with less.

At APACMed and with our members, we tend to cluster efforts into three main buckets. Firstly, those markets lacking local trade association infrastructure where we can take the lead directly, such as in ASEAN. Secondly, markets with established infrastructures for joint collaborations such as in Japan, Korea, and Australia. And thirdly, big markets like China and India with advanced industry consortia where we can support with strategic direction on topics like regulatory capacity building and digital health, aligned to the core pillars of APACMed itself. Of course, we don't restrict ourselves to these silos and seek to continually share best practices across all clusters. And these days anyway, such efforts are done virtually (versus the usual in-country workshops), allowing us to have even more seamless and cross-border harmonization impact.

How does APACMed collaborate with pharma, hospitals, and other ecosystem stakeholders? Are there equivalent associations?

Certainly, the healthcare ecosystem is quite wide, and fortunately getting even wider as a result of the pandemic with many new players looking at the sector. Transport companies, telcos, banks, multilateral funds, tech firms, manufacturers, among others are making a role to play. At APACMed, we seek to foster multi-stakeholder engagements; this is where fantastic collaborations and creativity are born, to progress the SDG mission.

On the pharma side, there is no regional counterpart to APACMed as of yet, though certainly strong in-country associations. Several of our members have dual portfolios of drugs and devices too, such as Johnson & Johnson, Abbott, Fresenius, and Roche. So we strive to take an inclusive view toward our advocacy efforts. And then the tech-enabled solution-oriented topics, especially in the digital health space like Companion Diagnostics (CDx) and Digital Therapeutics (DTx), are pushing us to look more holistically across patient pathways and to get closer to the vision of truly patient-centred care models. Such an ambition requires collaboration across medtech and pharma, among others.

Healthcare Practitioners (HCPs) are as well key to our mandate. Not only the Key Opinion Leader (KOL) community by therapeutic area, but also the hospital chains, clinics, pharmacies, and other place-based care settings across the public and private sector. Nearly all of our committees, activities, content heavily rely on close collaborations with the HCP voice. At our annual conference, Medtech Forum, in 2019, we actually re-imagined patient pathways by constructing physical care scenarios in collaboration with the HCP community. In addition, we partner with groups like Healthcare Asia and HIMSS, and call several such organizations as members of APACMed too like National Health Innovation Center (NHIC) and Singapore Biodesign. The motto of UHC is to “leave no one behind”, which requires a real village mindset toward access, innovation, and harmonization activities.

The Asia-Pacific is on the verge of becoming the second-largest medtech market in the world, behind only the US, and is perhaps the most economically dynamic region. Can you describe the environment and factors therein?

By some estimates, we achieved the #2 ranking in 2020, and other analyses put the region a year or so away from such a result. Frankly, it’s not surprising and overdue given that Asia-Pacific is home to over 60 percent of the world’s population! The legacy issue has been the chronic underfunding of health systems, which led to the Asia-Pacific only representing one-quarter of medtech industry value. As explained earlier though over, such a position is rapidly changing

through the implementation of UHC as well as strong public-private collaboration, including in the medtech space.

Interestingly, the Asia-Pacific is one of the fastest-ageing parts of the world though. With nearly 25 percent of populations in the region expected to be aged 65+ by 2050, the great achievement of extended life expectancy in the 20th century has become a healthcare challenge in the 21st century with the rise of costlier livelihoods to maintain. A hot topic of discussion at the moment is the demographic dividend – the ratio of the working class to those who are dependent (young, elderly, vulnerable). When invested properly, the demographic dividend can be a boom; this is why Korea's economy grew by 2000 percent over prior decades. However, many Asia-Pacific countries will expire their dividend period over the coming 10-20 years and still lag behind in socioeconomic terms. Now we shift emphasis toward the "longevity dividend", which seeks to raise the statutory retirement age and to keep people fit for longer, so as to prolong the contributions to population productivity. Clearly, innovative medical technologies, and access, are an integral part of such a vision.

The medtech industry in the Asia-Pacific is worth north of $150 billion, with a 9 percent CAGR. The largest segment is diagnostics, while cardiovascular, diabetes, and orthopaedics are the fastest growing. Japan is the largest market at $27 billion, with China (+21 percent) and India (+15 percent) being the fastest growing. There are many very stable markets in the middle to high income category, as well as a number on the verge of real economic explosion forward, particularly those with ongoing UHC implementations (i.e. funding allocations).

That being said, the name of the game is slightly different in the Asia-Pacific than the rest of the world – volume over value, and doing more with less to improve resource efficiency. Governments remain key to engage given the high unmet need, and the trillions of dollars being allocated toward UHC programs must be carefully and strategically planned so as to cover very large population sizes. Fortunately, under the "health is wealth" mantra, we are seeing the emergence of stronger middle classes and greater influence by consumers in their demands of healthcare products and services. For APACMed and our members, we seek to be a contributing solution provider to healthcare progress in the region, as outlined by our impact efforts and metrics through other aspects of this article.

How does the split between public and private sector financing in APAC relate to the growth of the medtech industry there?

This topic has been fairly extensively covered in other parts of the article. By classical UHC standards such as those found in Europe, health systems in the Asia-Pacific still remain fairly privatized, despite low private insurance penetration rates, given the heavy reliance on out-of-pocket expenditures. But as part of the SDG #3 UHC ambition by 2030 and the wider “triple aim” discussions, heavy government investment into healthcare will see a “levelling up” that puts the public sector in greater control of model design and administration. The vision of UHC has perhaps been even more reinforced during COVID-19, where we see the strong political models as having a key role in the crisis management and recovery process.

One on hand, it’s quite positive that topics like UHC have become a top five agenda items for most governments in the Asia-Pacific. Yet at the same time, sub-themes like privatization and medical tourism can be sensitive economic empowerment strategies to touch. Hence, in reality, most health systems in the region are and will remain more privatized than may be obvious through simple statistics like the percent split of expenditures. For example, lab systems, backbone technology platforms, and increasingly the services offered by medtech, such as IoT, maintenance, and capacity building, have become essential to healthcare operations.

For the growth of the industry, of course APACMed member companies deploy regional strategies for supporting health system design while also maximizing the various channels within. Evolving concepts like the role of health insurance and even impact bonds, are in a sense driven by private sector financing yet still achieving population health progress. Novel contracting schemes such as those which are risk-reward or outcomes-based, rely on a variety of public-private stakeholders to be involved and to share data across the chasms. Ultimately, and especially for a region as diverse as the Asia-Pacific, there is no one-size-fits-all model but rather highly bespoke approaches depending on local market philosophies and socioeconomic statuses.

Healthcare provision can be an ideological topic, with Europeans expecting the state to pay and Americans employing a very different model. Where does the Asia-Pacific sit between these two poles?

I’ve spoken previously in this article about the heterogeneity of the Asia-Pacific region, and the varying health, social, and political design philosophies. As it pertains to the two “poles” concept, the more interesting recent discussion here is, especially in light of depressed economies as a result of the pandemic – are the prevailing UHC models truly built to last, even beyond the 2030 SDG? The reality is that these UHC models were designed in the west nearly a century ago, and

may no longer be fit-for-purpose.

Too much emphasis on state-driven healthcare programs, lacking a sufficient tax or social insurance supply base, are under insurmountable budgetary pressures. Equally, overreliance on out-of-pocket expenditures, and related sub-concepts like co-pay, can be slippery slopes for populations already seeking to evolve out of the poverty-driven middle-income trap. Hence, I think it's important we support initiatives that work with governments to achieve a "triple win" (rather than the classical "triple aim" of healthcare), that foster public-private industry creation around the medtech field. R&D investments, job creation, and localized manufacturing are all examples of positive GDP contributions that can be driven by this industry. It is for these reasons that the signs are optimistic for Asia-Pacific – healthcare resource allocation is growing by 11 percent, 25,000 medtech companies operating here (85 percent of which are SMEs), and more than 350,000 people employed in the sector. Not surprisingly, we've observed an increase in average life expectancy in the Asia-Pacific of six years, which is huge for a region that is about a decade behind the global status and for which every year increase in average life expectancy contributes an additional 4 percent toward GDP.

Is there a willingness between governments in APAC to work collaboratively and to share best practices? How can organizations like APACMed help to nurture these efforts?

I have already covered much of the efforts happening for harmonization in the region, of which APACMed is heavily involved. Readers can review our numerous frameworks and proposals on the APACMed website as it pertains to region-wide topics such as access, regulation, and industry creation.

Perhaps though, in order to manage readers' expectations, we should emphasize that the Asia-Pacific still does remain a challenging place to do business, due in large part to the inconsistencies in health system models across the region. The ASEAN Secretariat, for example, has been driving a bloc integration plan for over a decade that is still fraught with gaps, especially from a healthcare and medtech perspective. We see progressive designs in places like Singapore and Australia, which are then slow to scale across the region. Markets like China and Japan tend to operate relatively autonomously due to their size. And even India, undergoing one of the greatest UHC transformations with its Ayushman Bharat program, can be difficult to navigate across such a diverse population.

Hence a focus on shared capacity building, which is a gateway to capability building, is the near-term focus of regional cohesion. Public-private collaboration to achieve the “triple win” status, driven by ecosystem players like APACMed, will make a difference. For example, in a region with surgical procedures per capita being half of the global target, the medtech industry trains more than 400,000 HCPs each year. In addition and with APACMed’s help, the Asia-Pacific now has one standard Code of Conduct.

APACMed’s annual Medtech Forum, held virtually in 2020, brought together 130 industry leaders from over 34 countries along a theme of “Redefining Healthcare Agility”. How can the Forum continue to grow and expand?

The MedTech Forum has been Asia-Pacific’s flagship gathering over the years to really foster a sense of community and sharing amongst industry leaders. Traditionally, it was the usual trade association event with distinguished speakers and exhibitors. Over time, we evolved to include elements such as a start-up competition (through the global MedTech Innovator program) and by involving wider ecosystem constituents such as government representatives and HCPs.

In 2019, we had over 1,300 attendees through the patient pathways showcase, which was a real experiential setup and brought together medtech + digital health into a “connected” concept. In 2020, like many events, we needed to pivot into a virtualized model. The Forum was held on an immersive platform with digital exhibition booths, plenary halls, and networking breakouts. We had over 60 sessions with 130 speakers across targeted curriculum tracks. We even held committee-specific workshops, such as for regulatory affairs, in order to progress on key issues while we had everyone in the same “room” together. Perhaps most impressive is the seamless ability to have global executives join in – in 2020, five CEOs from leading multinationals gave a talk, as opposed to the usual one or two who are able to physically fly over.

Going forward, we will likely continue a hybrid model while also seeking to drive even greater collaboration across borders in the Asia-Pacific, as well as among our European and American colleagues. In fact, the Forum has become such a core part of our value proposition that in 2021 we will be holding two events! The first in the April-May timeframe on the practical activation of digital health, and the second multidisciplinary sessions in September. Stay tuned for more, and in the meantime, readers can debrief on prior year Forum content on our website: https://apacmed.org/medtech-forum/

How important is the Asia-Pacific from the APACMed members' perspectives?

I've touched previously on the great transformation opportunities happening in the region, as well as the challenges that remain. Safe to say that just about every major medtech company has significant operations in the Asia-Pacific, home to 60 percent of the world's population and the #2 medtech industry by size. Having led Philips' business in the region, I can personally attest to the dynamism and excitement that the region brings. For most companies the Asia-Pacific already represents one-third or more of total revenues, especially when factoring in large markets like China.

While we drive access and regulatory harmonization efforts at APACMed, a great challenge for members remains product-market fit. Most portfolios are not entirely tailored to the needs of the region and, with average time-to-market in the industry being up to seven years versus 18-24 month lifecycles, typically the Asia-Pacific is receiving medtech innovations only after they have run their course in the west. Such mentalities are rapidly changing though, with many medtech company innovation centres being placed in the Asia-Pacific to coincide with local government investments in R&D. Medtech deal values and volumes are up two-fold in the region, which has seen $55 billion worth of M&A over the recent period.

It is for this reason that, with our members, we brought the MedTech Innovator program over from the US. A formalized platform to encourage the scalability of start-ups, and the matchmaking with the incumbent corporates. Rather the being competitive, these collaborations are moving progress at a much faster pace and making a real impact on the region's health systems, especially in light of the UHC and other such reform transformations. So rather than a question of "if" for the Asia-Pacific, most medtech companies are thinking about "how" they can allocate even greater resource to the region in order to scale alongside the growth trajectory here of the industry itself. Case in point – APACMed membership was risen by more than 100 percent over the recent period!

To what extent does APACMed collaborate with similar associations in Europe and the US?

Please see prior comments about the role of these peer associations, our collaborative efforts, and the increasing level of globalization among industry groups in this virtualized world. We stay in regular contact on cross-cutting topics like digital health, in order to take a more harmonized approach, and also regularly contribute to each other's content such as position papers and conferences. The majority of our members are global operators that are involved in all of the

associations and geographies; in addition, the outbound start-up scene relies on global support from consortia in order to effectively enter new markets.

What are your expectations related to the Regional Comprehensive Economic Partnership (RCEP) Free Trade Agreement (FTA), touted as one of the largest trade deals in history?

I hope that the spirit of this interview has conveyed the great optimism and collaboration of the Asia-Pacific region, in the healthcare industry but also generally speaking. Initiatives such as RCEP, therefore, follow a similar line of thinking and are quite exciting.

FTAs are very difficult to execute, often taking years to align, especially when involving such a large number of countries. At APACMed, we applaud public and private sector representatives involved in seeing RCEP through to fruition, including the support of many of our member medtech companies. In addition to RCEP, a variety of bi- and multi-lateral FTAs have been signed over the recent years in order to make the Asia-Pacific a friendlier place to do business and to drive greater access to products and services, which is critical for such a high unmet need industry like medtech.

That being said, we are still in early days with RCEP and with some lingering discussions such as India’s involvement. We now need to get down to a more practical level on sector terms, understanding exactly the implications and activities required for an industry like medtech. Fortunately, groups like APACMed exist to continue to foster productive multi-stakeholder dialogue on the topic such that we can aspire to achieve the desired collective progress.

See more interviews