

Interview John Soloninka, President & CEO, HTX, Canada

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John Soloninka, President & CEO of HTX, talks about his vast experience in the pharmaceutical and healthcare sector, why he feels there is much room for growth in Canada still, and his strategy for the company's international exposure.

How did you come to lead HTX and what are the parallels you can draw from your previous experiences and your current position?

I was a healthcare system consultant specialized in the Canadian healthcare, multi hospital restructuring and led major projects in health system transformation, biopharma/device development/regulation, health IT, disease management, clinical trials, clinical genomics, and venture capital.

In addition I was the founder, senior executive and leader in start-up companies in oncology, radiology and internet-based EMR and clinical trials which were variously sold to Varian Medical Systems, Merge Technologies and Assistmed.

One of the projects I was involved in as a consultant concerned a 26-organization consortium, the Medical and Assistive Technology Consortium (MATC). The question here was: why is Canada outstanding in its innovation but at the same time poor at commercialization? In 2002 we published a Strength Weaknesses Opportunities Treat (SWOT) analysis on the Medical and Assistive Technology (MAT) sector in Ontario and Western New York. And, one of the conclusions was that there were big barriers between the research, healthcare delivery, innovation, commercialization and procurement sector.

As a result HTX was established to break down these barriers. HTX is called a "non-profit venture capital company"; its mandate is to address knowledge, collaboration and funding deficits. The organization does not simply fund companies but industry led projects that promote partnerships among stakeholders including: small, medium and large enterprises, academic and healthcare institutions, investors and granting agencies. HTX provides in-depth knowledge and expertise to expedite commercialization efforts in the sector. We collaborate with numerous entities within the Ontario Network of Excellence (ONE) to coordinate and maximize support for medical device and assistive technology companies.

Eleven years later, what has been achieved?

The actual first funding was received in 2004. The Ministry of Research and Innovation awarded HTX \$6 million over a four-year period (2004-2008) to fund proposed Strategic Business Plan and

Operating Plan.

Since 2004, HTX has created tremendous infrastructure in Ontario. Moreover, a considerable amount of funding has been made available. Furthermore, the knowledge across the academic and industrial community has increased significantly—groups know to find one and another. Groups understand the commercialization process much better.

If we look now at what we had in 2002, we have made significant improvement. As part of Ontario's Life Sciences Commercialization Strategy, Clinical Trials Ontario has been established. This not-for-profit organization's mandate is to provide the life sciences industry with a streamlined approach to conducting multi-centre clinical trials in Ontario while ensuring the highest ethical standards for patient safety.

Moreover HTX is one of the founding members of Excellence in Clinical Innovation and Technology Evaluation (EXCITE), which is unique in the world. EXCITE lowers healthcare costs and increases patient benefits by improving the quality and relevance of technologies, streamlining their health system adoption and expediting their market penetration. In doing so, EXCITE will accelerate innovation for the benefit of patients, the health system and the economy.

EXCITE brings Ontario's established excellence in technology evaluation to important products earlier in their development lifecycle. Focusing exclusively on high-potential products that align with health system priorities and patient needs, EXCITE's pre-market approach identifies opportunities for improvement while products are still in development, resulting in better technologies for patients and lower system costs, while also streamlining the subsequent adoption process.

The MAT sector employs more than 35,000 Canadians in close to 1,500 corporate facilities. What is the importance of Ontario to the country's commitment to MAT?

There are around 1,100 companies in Ontario, generating CAD 4 billion in revenue. The MAT sector in Ontario represents roughly 60 percent of the Canadian activity.

How do you explain that Canada has so many imports compared to its exports?

When we do the analysis and look at countries such as France, England, Switzerland, Germany and the United States, the domestic medtech production sold in Canada and elsewhere is about the same per capita as Italy and England while being a third the productivity of Germany and one eleventh the productivity of Switzerland.

The issue is that Canada is not selling enough, not that the country is not investing sufficient in its research and development. Normally when people think that there is a problem with Canadian innovation, more money is invested in research. However, this is not the answer.

The challenge for all companies getting their products into the Canadian market means that Canadian companies look outside the country. Frankly, other markets are larger and easier accessible in some cases.

A 2011 report, Innovation Procurement in Health Care: A Compelling Opportunity for Canada, by Gabriele Prada and the Conference Board of Canada said that while procurement offers huge potential to improve health system performance and value, Canadians are still hesitating. It goes on to say that the sustainability of Canada's public health-care system will depend in large part on innovations that can enhance the efficiency, safety, quality, and productivity of health and health-care services. Innovation through procurement offers a compelling opportunity for Canada to generate better value for public health-care spending.

Having said that and to answer your question: it is a combination of factors such as availability of capital, receptivity of the market and the opportunities that other markets provide.

Does the movement from start-up companies from Canada to abroad concern you?

That depends on the company. Epocal, a company located in Ottawa, is implementing an entire blood diagnostic system in FlexCard[®] technology, a card format similar to the smart card used in conventional check and telephone cards. This company built production lines, grew to around 75 people and got acquired by Alere Inc. out of California. However, Alere decided to keep Epocal in Canada because by moving the operations to California it would lose half of its expert people, its production lines and volume. What is relevant in medtech is the on-going ability to innovate.

Another group of start-ups are the "virtual" ones—companies with two or three people. These start-ups often manufacture in low cost countries such as China. The path for this group of companies is different; there will be no costs involved moving to another country.

What is your strategy for international exposure?

In fact the Harmony Project, led by HTX in collaboration with EXCITE, is the first step in developing a process and related content to assist medtech companies in anticipating and simultaneously addressing global regulatory, reimbursement and Health Technology Assessment evidentiary requirements for multiple jurisdictions and payers. The use of Harmony is intended to reduce medtech product time-to-market, reduce investor risk, eliminate redundant evidence generation, and speed product adoption. Harmony will be a "world's first" and aims to provide a revolutionary methodology for global medtech market access.

On a personal note, what would you like to have achieved in three years from now?

It would be lovely if HTX would not have to exist by then. However, this will only happen if we demonstrate over many years that Ontario is the best place to do clinical trials, find talented and organizational people with a commercial mind-set, has a great healthcare system and our regulatory and evidentiary systems are accepted around the world.

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