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We have had a very significant impact on medical innovation throughout our history

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Japanese medtech player Terumo's APAC lead Probir Das outlines the company's 100-year commitment to innovation, its aggressive globalisation strategy over the last 15 years, the importance of the APAC region to the group, and how it has adapted in the wake of the COVID-19 pandemic.

Can you begin by introducing yourself and your career path up to this point?

My career path is fairly conventional. 30 years ago, I started as a sales rep and I have been very fortunate to work for renowned global companies like Johnson & Johnson (J&J), Boston Scientific, Becton Dickinson (BD), and now Terumo.

Over the last 19 years, I have worked for just two companies: BD for over a decade in India and on global projects, before coming to Terumo in the middle of 2012.

Is this your first regional-level management position?

With BD I held country-level roles as well as regional level roles within APAC. When I began at Terumo, my focus was solely on India because, frankly speaking, at that point in time we did not

have a very well-recognised business there. My mandate was really to scale it up and over my six years at the helm we grew by three times the rate of the overall market growth.

Very quickly, Terumo became a well-known, well-respected medtech destination company. Then, two years back I was asked to manage APAC. We had a headquarter function which in the past was very different from our peers, and therefore I was asked to rapidly globalise it. My scope is Southeast Asia, the Indian subcontinent, Australia, New Zealand, and Korea. China and Japan are outside of my remit.

What is the focus of Terumo and what are its particularities?

Although Terumo has been a leading innovation contributor to the industry for a long time, perhaps from the global visibility standpoint we can be better known.

The company is in its 99th year, so will celebrate its 100th anniversary in 2021. We were founded in Japan in 1921 by a very unusual group of people for a very unusual purpose. Typically, when a company is set up, not just in medtech but any industry, the founding objective is commercial. However, Terumo's founders were a group of scientists and doctors and the company's purpose was established as scientific innovation and making Japan self-sufficient in medical technology. Looking at Japan today, it is difficult to believe that 100 years ago they had no domestically produced medical devices and were very dependent on overseas supplies.

The fact that it was a group of scientists and doctors, led by the renowned Dr Shibasaburo Kitasato, that started the firm was also unusual in that Japanese companies tend to be started by families. To give you an idea of Dr Kitasato's significance within Japan, from 2024 his face will be on the 1000-yen bill, the most commonly-used currency in Japan.

A third point of interest is that Terumo is one of the few medtech companies not named after a person or location, but a medical device – the thermometer.

How has the company developed and shifted its focus over these 100 years of history?

The company was begun as a fundamental medical supplies company. We started manufacturing high-quality glass thermometers in Japan before moving to disposable syringes as the world moved from glass to disposable syringes. Terumo played a very large role in this shift within Japan.

Additionally, we were pioneers in Japan in developing and manufacturing blood bags, an evolution from the glass bottles that had previously been used to collect blood. Given that we were founded by a microbiologist, Terumo has always had a very strong infection control bias.

In the first 50-60 years of the company's history, Terumo was predominantly a hospital supplies company, but today it is very diversified with three distinct portfolios. The biggest part of the business comes from cardiac and vascular products, then hospital supplies, followed by blood and cell therapy.

The company started globalizing about 40 years back but our globalisation drive was not very aggressive.

However, in the last 15 years Terumo has begun to globalise extremely aggressively. For example, 15 years back, 70 percent of our workforce and 70 percent of our revenues were in Japan, but today,

70 percent of our revenues and 75 percent of our workforce come from outside of Japan.

This has been a combination of both organic and inorganic growth. Today four of our businesses are headquartered outside of Japan: blood management in Denver, Colorado, cardiac surgery in Ann Arbor, Michigan, neurovascular in California, and surgical and endovascular grafts in Glasgow, UK.

Instead of acquiring companies and making them Japanese, we have done exactly the reverse, which I think is very unusual and sound globalization strategy.

What role has Terumo played in the history of innovation within the medical technology sphere?

We have had a very significant impact on medical innovation throughout our history. For example, Terumo invented hollow-fibre, without which there would be no modern dialysers or oxygenators. Therefore, that kind of fundamental, ground-up innovation is very strong at Terumo.

Another example is in angiography and angioplasty, where the predominant entry route used to be the femoral artery in the groin area, which is a relatively large bore artery. This led to a huge amount of risk in terms of bleeding and infection. Moreover, the patient needed to be kept in the hospital for a long time. Terumo pioneered intervention through the wrist, allowing patients to be discharged on the same day post-angioplasty.

A third example is the 34-gauge fine needles that Terumo developed for diabetes patients, especially small children, that need self-injection. This allows a much less painful mode of application and is a complete change from what needle making has looked like for over 100 years.

How compelling is this story of innovation when you talk to doctors and surgeons?

I did not know a lot about Terumo before I joined its products were not widely available in India. But every hospital that I went to still had some Terumo products. When I asked the doctors why they were not using a lot of Terumo products they flagged up issues of market presence and availability. Then when I asked why they still kept the Terumo products they had and did not discard them completely, they told me that if another product fails, the Terumo one will work. We are globally renowned for our quality and our unique features. Perhaps in the past, we had limited market access, but we are a different company today.

How relevant is Asia Pacific for Terumo and what are the main market access and commercial characteristics of what is a diverse region?

Asia Pacific is one of the most diverse regions in the world. On one side are the highly developed markets of Australia, Korea, and Singapore, while on the other are the likes of India, Bangladesh, the Philippines, and Indonesia. In APAC, there is a country sitting at every point of the life cycle.

Europe or Latin America are also very diverse, but perhaps not as complicated and diverse as APAC. Within APAC, there are countries with completely different cultural orientations and political complexities, sometimes bordering each other.

Terumo's Asia Pacific story is unique. We had not very aggressively driven our Cardiac and Vascular portfolio in India and in many APAC countries. Our major focus may have been in Japan, North America, Western Europe and China. There definitely was focus on China, but I suppose it can no longer be characterised as an emerging market due to the size, maturity and practice going on there. China is way ahead of the rest of the world on digital, for example.

Around 2010-2012 the aspiration to really scale up in India and Asia Pacific was set. We had very successful general hospital supplies operations and strong distributor presence in many countries, such as Thailand, Singapore, Malaysia, Vietnam, the Philippines, and strengthening cardiac and vascular businesses in Australia and Korea, through the past 20-30 years, but never a regional headquarter. We set up Asia Pacific Headquarters in Singapore in 2012. And in the last two-three years, we have driven some sizeable changes.

Can you explain what some of these changes for Terumo in APAC have been?

Firstly, we have solidified our leadership team and focus in Asia Pacific regional headquarters to drive better synergy and strategy cogency between our various country operations. The second is that, for APAC growth and development, we brought the centre of gravity to our APAC headquarters and created and enabled an organization that is more self-sufficient than in past in supporting all entities and streamlining operations. In the past, sometimes we tended to have different strategic directions in our different entities. We are working to align all entities to our global BU led strategies. We are building a standardized portfolio and investment strategy that now flows back and connects to the global corporate and BU strategy.

To what extent is this more coherent regional strategy bearing fruit and leading to growth in the APAC region?

In the past five or six years while we have seen overall growth, we became far too reliant on our legacy products. These products have higher competitive risks from more local players. We have started the process of portfolio transformation in favour of our future-fluent products. We have started to see successful launch and share gain with many of these products. Our endeavour is to continue to drive this transformation and create an Asia Pacific portfolio that closely represents our global portfolio. This is making us work on better product launches, stronger customer partnerships and upskilling our workforce.

Is this cardiac focus really a good fit for APAC, or just what is being done everywhere else?

It is not better or worse, but more differentiated.

Also, we are not only focusing this differentiation strategy on our Cardiac & Vascular portfolio, but also on our Hospital Products and Blood and Cell Technology products portfolio.

When dealing with critical products like drug eluting stents, oxygenators, blood cell separation devices or germ zapping robots, it is much easier to discern the superior / Japanese technology than when dealing with high volume low differentiation products.

We also have powerful local manufacturing, such as our blood bag plants in India and Vietnam, as well as our cardiology plant in Vietnam, and our syringe & needle plant in the Philippines. This is a big competitive advantage and there is a need to integrate these plants to the revitalized Asia strategy.

What are Terumo's key markets within APAC and what role does Singapore headquarters play in supporting regional operations?

Terumo is well established as one of the most successful medtech companies in our Southeast Asia, South Korea, Australia & New Zealand and India markets. We have been in these markets for a long time, understand the cultural nuances, and have very strong local teams. Terumo has invested ahead of the curve and built best practice hospital by hospital.

Singapore is where Terumo's holding company for APAC is located and oversees commercial subsidiaries in Singapore, Malaysia, the Philippines, Indonesia, Thailand, Vietnam, Korea, and Australia. All regional business unit headquarters, and functional decision centres of human resources, finance, supply chain, legal, IT and regulatory functions etc are located here in Singapore. This headquarter therefore plays two roles: compliance and governance on one hand and strategy synthesis, and operational standardisation on the other. As a part of our regional transformation, we are making this second role increasingly important.

Singapore has been a hub for a long time. Is that a position that needs to be challenged or does it still offer the best infrastructure for companies like Terumo to oversee such a broad portfolio of countries?

An easy answer is difficult since the business situation changes according to geopolitical and economic shifts, but the reasons why Singapore became a hub in the first place remain strong still. They are the Singaporean government being one of the most business-friendly in the world, the country's favourable tariff structures, and its fantastic innovation ecosystem.

I sit on the Board of Asia Pacific Medical Technology Association (APACMed), where we work with government agencies, industry stakeholders and the start-up community to strengthen the ecosystem here. Many start-up companies operating in the region, base their core company in Singapore because it is so progressive.

Additionally, Singapore has a fantastic diverse talent infrastructure, meaning that top talent is available locally. Also in case of specialised or unique talent requirement, it is relatively favourable to attract global top talent to Singapore.

COVID-19 has seen a surge in demand for certain basic medical devices like syringes, but perhaps a slump for more premium products. Given the fact that Terumo's portfolio is still transforming in APAC, what effect has the pandemic had on your business?

Our business has been impacted by COVID-19, like those of most of our peers, but Terumo's diversified portfolio provided some mitigation.

Our portfolio is a balanced diversity of syringes, infusion pumps and other hospital supplies, cardiac and vascular products and cell technology devices.

Most of the cardiac and vascular business is dependent on elective procedures, so this is where we were impacted the hardest, although we are seeing a slow gradual rebound.

On the hospital products side, we continue to see demand for syringes and needles as also we have seen high demand for our infusion and syringe pumps. We have also been able to launch germ zapping disinfection robots from a partner company in some select markets.

In our cardiovascular business, Terumo is a key manufacturer of emergency extracorporeal bypass technology, which can externally maintain a patient's circulation system in case of organ failure. In countries like Korea and Vietnam, we have seen an uptake of that technology.

Moreover, we have seen an uptake of our blood and cell technology equipment to support plasma therapy programs in countries like India and Indonesia.

Essentially, while some part of our portfolio has been impacted, with others we have been able to support the health systems' fight against COVID-19. For a century, the Terumo Mission is 'Contributing to Society through Healthcare'. This century-old Terumo mission is ever important in this massive worldwide pandemic, and we are very proud that we have been able to fulfil it during this pandemic.

What learnings are there for the medtech industry to take away from this pandemic?

There are many things we can learn from the pandemic. For example, complex medical technology businesses have a heavy dependence on hands-on training. If you are in the business of selling ECMO machines, or Blood and Cell Technology equipment, you have to train someone on how to use them best. If you are supplying an endovascular graft then often you need to be in the operation room with the surgeon. Traditionally we have always done these face to face. Given the pandemic restrictions, we have been forced to try VR and other remote mechanisms. We are learning to make remote case support work. We are also getting better at training our own people remotely. This could have a far-reaching longer-term impact on creating better access to medical technology.

Another learning was around collaborative and agile quick ramping up of production to ensure that supply met the sudden increased demand for some of our technologies. In just a few weeks we had to ramp up production of our pumps, ECMO machines, and equipment to support plasma therapy, just like many peer companies had to do with their ventilators and diagnostic kits. This has been a complex process as these are sophisticated medical devices, which require an entire, and quite often a distributed, ecosystem of different components. Therefore, we are grateful to have been able to support our customers, their patients, and we are satisfied with what we have achieved.

What are your priorities for 2021?

Personally, I have three: the first is to keep all my associates safe. We hope that vaccines will come timely, but I realise that getting large-scale vaccination, especially in high population and far-flung emerging markets is going to be extremely difficult for the authorities. Also, many borders have closed in the last seven or eight months, but there may be higher risk as they begin to open again and there is more international travel. In that context, keeping our almost 450-strong commercial

team and a much larger base of manufacturing plant workers safe, is very important, not only for them and their families, but also for supplying to our customers.

My second priority is to try, as best as possible, to achieve a certain level of business recovery.

The third priority is to ensure that we do not lose what we have gained with regard to digitalisation and that we scale it up further. This could be the remote case support, training, or workshopping we are doing today. We really need to take it to an even higher level because then, sitting in Japan or in other advanced medical practice locations, we can serve markets in Myanmar and Bangladesh. Sitting in Delhi or Mumbai, we can support rural India. We are now realising the power of remote tools and treat them as the future force multiplier of training and development.

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