

# YJ Kim ??? Country Manager, BD Korea

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*YJ Kim, country manager at BD Korea, discusses the integration of Bard into BD at the local level. He also offers his insights into the challenges of approval and pricing for medical devices and reveals BD's future strategy to meet the demands of Korea's ageing population.*

### **What was the impact for the Korean affiliate of the integration of Bard's operations into BD?**

This marks the first year since we have combined BD's operations with those of legacy-Bard in Korea. Integration covers numerous aspects. It is not just about integration in a business sense, but also from a cultural and organizational point of view, too. Successful integration is the top priority of the company. There were many things I had to oversee with my team in HR and Operations as we went through this integration process, which is still ongoing. The goal is to ensure that the culture of BD worldwide is trickled down to every corner of our operations so that we have one coherent corporate culture.

While the integration is an area of focus requiring significant attention, the overall impact of the acquisition on our operations will be minimized to ensure the best service to our customers.

### **Globally BD has experienced significant growth. Revenues are now \$16 billion, and you are positioned for 5 to 6 percent CAGR in the coming years. What has been the source of that success?**

Indeed, BD has outpaced the industry in growth. We attribute this mostly to the synergy generated with the acquisition of Bard. Within the pan-Asian market, we are seeing a growth rate that is on the higher side. The growth rate in the Korean market is around the same level.

One of the main drivers of growth has been the introduction of new products. We continue to innovate and launch new products across a variety of segments, including in diagnostics, pre-analytical systems and diabetes care.

The current government's latest policies have provided us with a further boost, too. The cost of safety devices used in hospitals is now reimbursed through the national health insurance system. This has already had a positive impact on our businesses, and we expect it to continue to serve as a driver for future revenue growth. BD has invested a considerable amount of time and resources into creating a safe environment for both patients and healthcare workers. We believe we are doing the

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right thing for our society by bringing about progress in healthcare technologies and devices.

### **How do you describe the ease of gaining approval and pricing for products?**

I must concede that it can pose a challenge. Registration of new products takes, at a minimum, between six months to one year. Usually, reimbursement negotiations take place after this period, but recently it has been simultaneous to the registration application. The process is somewhat easier to cope with if there are similar products already on the market. However, even in such cases, the process with HIRA still demands anywhere from three months to one year, depending on the product. If the product is new or is associated with a new clinical procedure, it takes even more time because the government requires that a new HTA (health technology assessment) approval be acquired first. If we can provide strong evidence, both clinical and economical that justifies the higher price, recognizing value-based pricing is not entirely impossible. Having said that, securing optimum value-based pricing based on superior efficacy and cost-effectiveness is a difficult feat to achieve in most circumstances. Therefore, BD would like to join the discussion about value-based pricing with all relevant stakeholders in order to advance innovation in medical device technology in Korea.

### **Korea's medical device industry is encountering steady growth, with the number of manufacturers doubling compared with 2007, from 1,662 to 3,283. How competitive is the landscape becoming for medical devices in Korea?**

Korea no doubt boasts a number of medical device companies that have made a mark on the international market. This is positive not only in that it burnishes the image of the country but also for multinational firms like BD as the Korean government is encouraging further market expansion and greater competition. This provides a strong rationale to invest further in the market, and it keeps us on our toes. Many of these local companies are investing in the manufacturing medical devices across a range of business divisions. Their products not only cater to the Korean market, but also to China, South East Asia, and in some cases, Europe and North America. As of now, however, Korean companies have a limited product portfolio, especially compared their competitors originating from the US or Europe.

In a highly competitive market, differentiation is critical. We believe our unique offering lies in customer experiences. We put the customer first and foremost, and seek to truly understand their needs, including of course the types of services explicitly requested. In many cases, this is done by offering clinical education and training to our customers.

Most of our products have captured a significant share of the market in their respective categories. This means we are already well known and respected by our customers.

### **How does the government balance encouraging for investment in companies like BD that want to bring the price to the market, while also nurturing the local industry?**

I think the government is doing both in parallel. They like to drive for investment into the local market, well also encouraging local companies to increase R&D operations locally with a view to exporting in the future. It is much more of a hybrid system.

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The government still leans to the side of safeguarding the local industry through protectionism. However, as Korea has FTAs with the main international markets, the scope for protectionist barriers is restricted. Consequently, when foreign firms enter the market, the government opts to encourage partnerships between with local companies offering certain benefits such as tax incentives. An example of this is Songdo complex near Incheon. This is a complex for medical devices and R&D where multinational corporations such as GE Healthcare and Merck have heavily invested in terms of clinical development.

### **How are medical device companies innovating to address the changing epidemiological needs of the Korean market?**

One of BD's global strategies is to address the issue of an ageing population. The population of Korea is ageing at a pace that is even faster than that of Japan. At present in Korea, 12 percent of the population is over age 65. We expect this to double to 25 percent by year 2030. Both the Korean government and BD are seeking ways to better cope with the needs of a fast ageing society, needs that so far have been unmet. One of the ways that BD is going about is to focus on the management of chronic diseases which include: diabetes, end-stage renal disease (ESRD), cardiovascular diseases, and hypodermic diseases. These are all conditions with an incidence rate proportional to age.

Moreover, BD would like to focus on the business of home care. As the number of hospital beds is limited, there is unmet demand in this area. A well-developed business of care-taking at home will reduce the number of cases of extended hospital stays. This also ties into our business model of providing assistance in hospital management, especially in terms of increasing the efficiency of their systems while providing the greatest convenience to patients. We have adopted a number of products from Bard which are related to home care, and we will leverage these to expand our presence in the home care market. Our offering for the home care market will likely include an increasing element of digitalization and AI, too. BD is a bit of a late-comer to this field, but it is quickly catching up as we've recently started to place greater focus on this area in global markets.

### **In September, you signed an agreement with Korean vaccine to introduce the KOVAX safety syringe to Korea. How well does BD develop strategic partnerships with players in the local market?**

Korea Vaccine also manufactures syringes, in addition to vaccines. They required BD's safety feature technology to manufacture a safety syringe. This is another good example of our collaboration projects with local companies.

We endeavour to increase our collaboration projects with local Korean companies in the future. BD has a strong B2B business with major pharmaceutical companies. Many pharma firms also require highly specialized test data of drug and packaging, and we are the only operator who has the capability to provide such data. We can also provide extensive total solutions on cost reduction while providing the highest quality of products. BD has very strong ties with companies that are moving into the biosimilar market and is working with many pharmaceutical firms, among which Celltrion and Samsung Bioepis are but a few examples.

### **What are the next major milestones that you would like to achieve?**

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BD would really like to contribute to our society based on shared values, by striking the right balance between seeking corporate profit and making the world a better place through optimal patient and health care systems, such as by working on antimicrobial resistance. Over the years, we have also been keen to improve the safety of healthcare workers and patients and will continue to be so. I will personally see to it myself to continue implementing a global strategy to the local Korean market and build BD Korea as a great place to work for our associates.

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