



# STOP THE TRAIN – I WANT TO GET ON (OFF?)!!

Medical Design's Medical Silicone Conference

Don Gerhardt – March 22, 2011

# Outcomes:

- Conversational overview of what is happening from one person's point of view.

## Hope to:

- Provide Information
- Incite a discussion
- Action

# My Background

- Healthcare provider management
- Payor Management (7 HMO's)
- Academic Healthcare
- Healthcare IT
- LifeScience Alley
- Start-ups



1966



2010

# Areas of Focus Today

- General Landscape of the Med-tech environment
- Health Care Reform
- Money
- Regulation
- People
- Innovation & The Future

\*Using relatively recent clippings

# Video -- “Fast Change”!!

**Is Social Media a Fad?**  
**Or the biggest shift since the Industrial Revolution?**

# Landscape

- Pw C – “Nations such as China, India & Brazil are expected to make big gains in developing products.” – 17Jan11
- Scorecard Developed For: US, China, India, Brazil, France, Germany, Israel, Japan & UK



# Five Judgment Points Supporting Med-Tech Innovation:

- Availability of Financial Incentives
- Haven's for Innovation (incl. UofM's innovative research)
- A Supportive Regulatory System
- Pool of Patients Demanding the Best Rx
- Supportive Investment Community

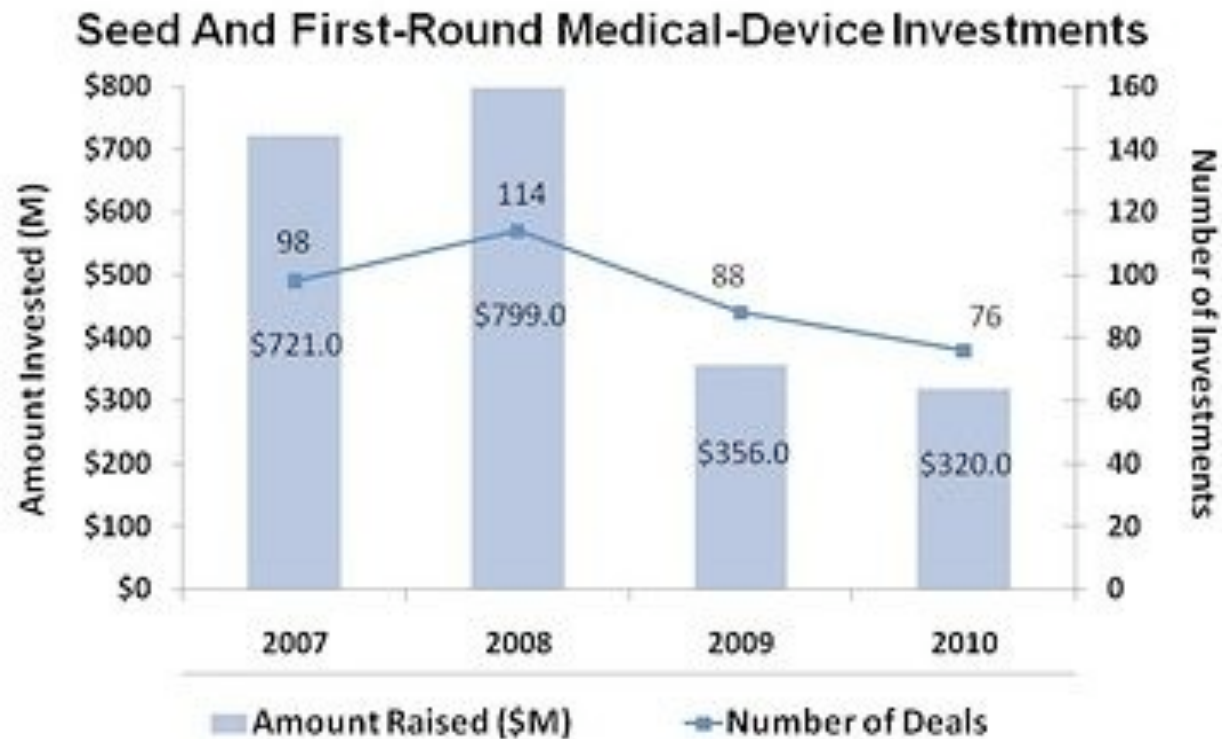


# United States

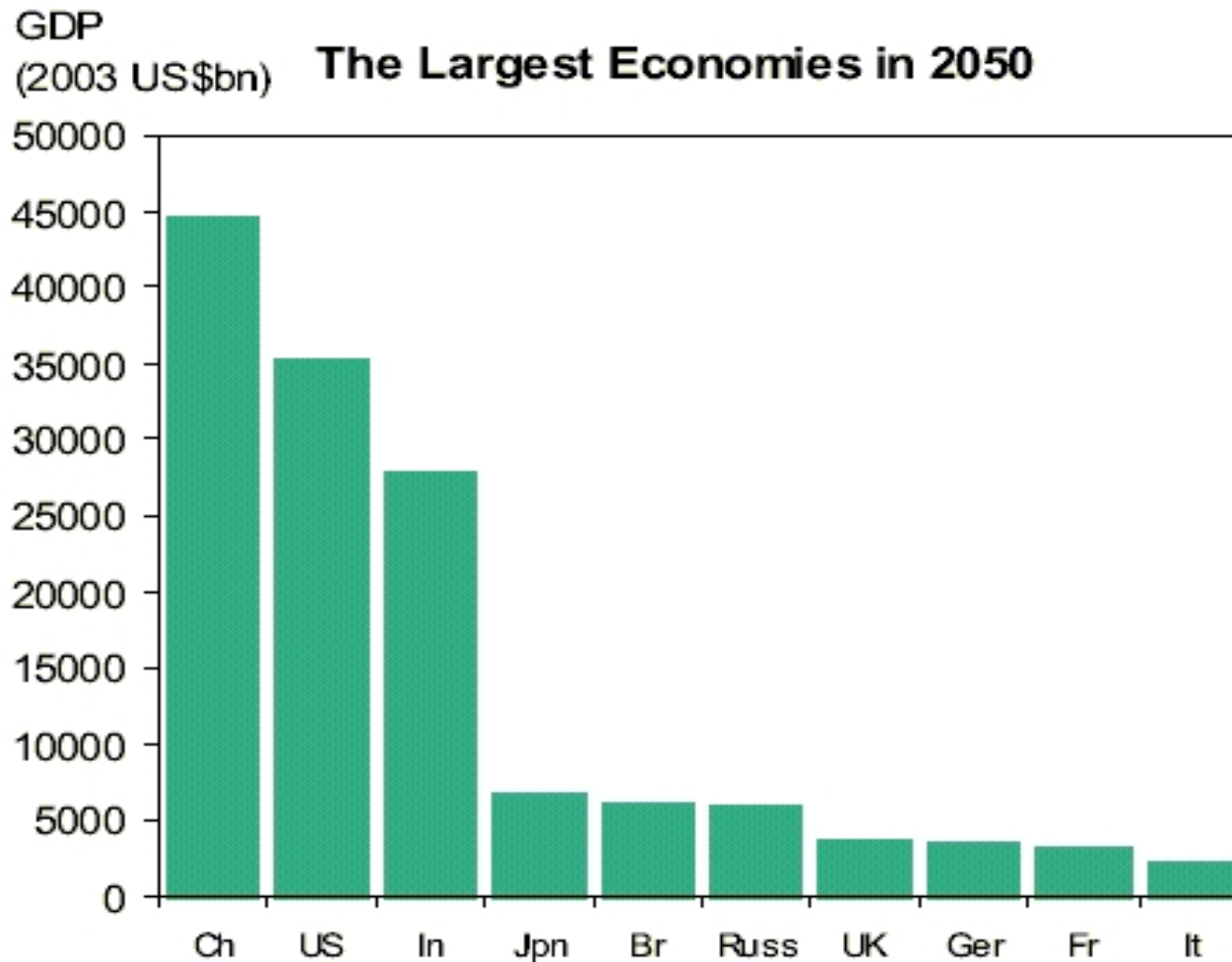
- Erosion in all 5 areas
- Fast growing med-tech needs (especially if BRIC moves focus to there)
- Increase in quantity of foreign Universities
- Increasing regulatory demands
- Reimbursement difficulties



# Early Stage U.S. Investment



# What It is Going to Look Like



# "The Rise of the Rest"

## The Post-American World

- *The growth of countries like China, India, Brazil, Russia, and many others —is the great story of our time, and one that will reshape the world. The tallest buildings, biggest dams, largest-selling movies, and most advanced cell phones are all being built outside the United States. - Fareed Zakaria -"The Post-American World."*



# Takeaway:

- US still leading, but it will be difficult to maintain the edge.

**Did You Know?** – The two remaining net export major businesses in US are commercial aircraft and medical technology

# Health Care Reform

- 2000+ pages
- Follow the money
- Technology expense a major target
- The system is very disorganized
- Financing will shape the coming change(s)
- No TORT reform



**Did You Know?** – 200,000-300,000 Jobs in DC - constructing office parks.

# Money

- Will shape everything...and maybe that's okay
- Recession, Reform, Entitlement, World Wide Market
- Comparative Effectiveness
- GPO's
- Venture Capital Investment
- CMS-FDA-Harmonization
- Downward Pressure



**Did You Know?** – A high end med-tech executive once told me his company thought the US could/would accept an 18-20% GDP for health care.

# Regulation & Government

- Major increase(s) in both
  - FDA – 510(k)
  - Public's expectations(s)
    - Maybe more attached to doc's, media, etc.
  - Industry's attitude, stock market
  - International

**Did You Know?** – Med-tech accounts for 6 to 7 %  
of the health care dollar

# People

- Patients
- Providers
- Staffing
- Entrepreneurs
- Public's Viewpoint



**Did You Know?** – Today's graduate will  
"experience" 8 jobs by their 38<sup>th</sup> birthday

# Innovation & The Future

- Commonly med-tech called the most innovative industry in the world
- Regulate harder, tax heavily and then drive for more innovation??
- Innovation as a goal for kids
- “Conversion” to produce a challenge
- Much, much more complicated – but, I still think it’s the best industry going

# Thank You



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