



**MedTech
Australia**

GLOBAL OPPORTUNITIES

AusBiotech
AusMedtech
MEDICAL DEVICES & DIAGNOSTICS

 **Australian Government**
Austrade

Global Opportunities

Developing international partnerships and joint venture strategies to assist in the commercialisation and export of Australian medical device technology

Presented by: John Kelly

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- Last 12 Years focused exclusively in the MedTech industry
 - 5+ Years at ResMed
 - Responsible for the set up and running of ResMed's New Product Introduction Group
 - Program Manager responsible for the development and launch of Activa & Swift devices into global markets



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- 3+ Years at Unilife Medical Solutions
 - Responsible as Chief Operating Officer for global operations
 - Delivered development agreement with Sanofi Aventis





Why develop a strategy for export

- To maximise the opportunity for your technology or product
- Example of a successful export strategy
 - 85% of CSL's revenues come from international markets
 - 94% of ResMed's production was for export markets* (2001)

The three strategies

- The whole kit and caboodle
 - Australian research, product development, manufacturing and global distribution
 - Examples – ResMed, Cochlear and CSL
- Research and run
 - Australian research licensed to larger overseas entities
 - Examples – University Spin off's and Entrepreneurs
- Outsourced Operations / Joint venture strategies
 - Australian research, product development & control of business
 - Examples – bulk of ASX listed MedTech organisations



The whole kit and caboodle

- Generally requires a first to market or market leader position
- Requires a high margin business
 - Australian labour, international logistics and technical support issues result in a high cost of goods product
- Will not support bulky, commodity or easy to mass produce products
- This model will struggle to stay competitive in the future



Research and Run

- Early loss of strategic and commercial control
- Only a small portion of profit stays in Australia
- Commercialisation skills & experience stays overseas
- Insufficient funding and commercialisation opportunities in Australia make this strategy all too common



Joint venture strategies

- More than the outsourcing of manufacturing operations
- Limitations of outsourcing operations
 - Overseas OEM partners offer cheap manufacturing but limited strategic benefits to the Australian company
 - Usually offer little capital investment in the venture
 - Seldom have direct access to US and European markets
 - Seldom have expertise in clinical and regulatory requirements



Joint venture strategies

- Joint venture with an overseas partner with the strengths to complement the Australian business
 - Expertise in the industry and resources to commercialise
 - Access to investment capital
 - Operations in key markets
 - Existing channels to market or existing consumer demand



Partnerships and joint venture strategies

Key Benefits

- Allows control of the business to remain in Australia
- Allows Australian technology to compete overseas on a level playing field
- Allows Australian commercialisation to proceed unhindered by local market deficiencies
- Allows the focus and critical resources to be directed to sustainable Australian core competences

Case Study

Unilife Medical Solutions & sanofi aventis



- In late 2006, Unilife entered into an exclusive agreement with sanofi aventis to develop its core product functionality into a system compatible with pre filled drug delivery applications
- Access to expertise in aseptic drug filling and packaging
- Access to significant international resources
- Direct access to the largest customer of prefilled syringes
- \$47 million in development funding from sanofi

Results

- Pre partnership
 - Unilife's share price was flat-lining at 25 cents
 - Unilife's market capitalisation was approx \$50 million
- Post partnership
 - Unilife's share price is now over \$1
 - Unilife's current market capitalisation is \$260 million



How to implement this type of strategy

- Focus resources and investment on the core requirements needed to support the Agreement
 - Quality Research and Development
 - Verify technology / product feasibility
 - Develop a robust go to market strategy
 - Invest in a robust IP platform
 - Utilise available support such as the GO program



Direct benefits from participation in the GO cluster

- Networking & contacts
- Access to experts and resources in overseas markets
- Sharing of ideas and assistance with problem solving
- Matching of funds in some areas
- Subsidised attendance at key events - AdvaMed



Resources to help implement an export strategy

AusBiotech

- Organising conferences and networking opportunities
- Industry body working for us
- Lobbying government for increased support and funding for programs such as GO Export Cluster



Resources available to implement an export strategy

Austrade

- Facilitation of GO cluster program
- Export Grants
- International assistance and support
- Opening doors and networking

Resources available to implement an export strategy

Austrade

- Unilife Medical
 - Assisted with due diligence in selecting distributors in Europe
 - Assisted with due diligence in selecting US based manufacturing partner
 - Helped plan corporate relocation to the US
- Polartechnics
 - Assisted with due diligence in selecting overseas distributors
 - Inclusion in the GO cluster