THE GERMAN HEALTH CARE & LIFE SCIENCE INDUSTRY

- Representing Europe’s most populous country, Germany offers the largest market for health care and Life Sciences products. With 300 BEUR spent yearly, Germany is the 3rd largest market for health care in the world and there is high density of medtech companies and innovative clusters. Germany has a universal health care system and contains a mix of public law-enforced health care insurance and private health care insurances. The health care budget reaches 11% of GDP, which makes Germany one of the most expensive public health care systems in the world. One reason for the high costs is the high density of hospitals and practices.

BUSINESS SWEDEN

- Business Sweden has worked with a broad range of Swedish companies within health care sector including various medical technology companies and care providers. Business Sweden successfully conducted market analyses, partner searches, acquisition target support, local company establishments as well as marketing and sales support. Business Sweden has also organized seminars on selected themes within health care to create platforms for exchange between Sweden and Germany and initiate business dialogues between Swedish and German companies and care providers, e.g. on elderly care and ICT in health care.
NEW CHALLENGES IN GERMAN HEALTH CARE CREATE OPPORTUNITIES FOR SWEDISH COMPANIES

Industry characteristics

- The German health care industry listed a turnover of 307 BEUR in 2013 and 11.6% of GDP, making Germany to one of the most expensive systems in the world
- Health care directly and indirectly employs 5.2 million people in Germany
- The number of beds and doctor consultations are 3 times higher than in Sweden

Industry Structure

- German medical technology industry is highly export-intensive with a export ratio of 65%
- There are about 1200 active medtech companies and the market is growing at a 5% rate
- There are several globally leading medtech and pharma companies in Germany and international industry clusters

Opportunities and trends

- Increasing quality of care and level of specialisation are prioritised areas in health care
- A demographic transition toward older population opening up for business opportunities in elderly care and solutions for age-related illnesses
- Opportunities in improving efficiency and availability through IT solutions, big data and process management and telemedicine
**GROWING TRENDS IN GERMAN HEALTH CARE INCREASE DEMAND FOR NEW SOLUTIONS IN THE MARKET**

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<tr>
<th>DEMOGRAPHIC TRANSITION &amp; AGING POPULATION</th>
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<td>▶ Ergonomics for health care staff as well as for an aging population</td>
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<td>▶ Preventative screenings, improved work environment and increased sport</td>
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<td>▶ Rehabilitation sector increasing in size and importance</td>
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<th>AVAILABILITY INNOVATION</th>
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<td>▶ Investment backlog in IT-solutions and IT-infrastructure, E-health solutions</td>
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<td>▶ Investments in telemedicine in rural areas – currently undergoing many pilots. Financing and implementation of telemedicine is still a challenge</td>
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<th>IMPROVING EFFICIENCY</th>
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<td>▶ Hospital process management software and new usage areas of big data</td>
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<td>▶ Innovations enabling a competitive edge</td>
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<td>▶ Private entities generally more fast moving than non-profit or public in innovation and adaption</td>
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<th>INCREASED PATIENT ORIENTATION</th>
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<td>▶ Shift towards integrated care between different care providers</td>
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<td>▶ Innovations enabling increased quality in outcome at maintained costs</td>
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<td>▶ More specialized care and personalized care</td>
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SOURCE: BUSINESS SWEDEN INTERVIEWS AND ANALYSIS
GERMANY IS A BIG DREAM AND A GREAT CHALLENGE
CONCLUSIONS TO TAKE AWAY WHEN ESTABLISHING IN GERMANY

OPPORTUNITIES
- Largest customer base in Europe with high number of care providers
- Highly innovative market
- Business opportunities related to an aging population, increased efficiency, availability, patient orientation
- Good perception of Swedish products and quality
- Sweden is in general fast on picking up new trends

CHALLENGES
- Competition from globally leading medtech companies
- Producer driven market implies few active distributors
- Market entry is timely and often requires large investment and focus
- Need to build industry network of key opinion leaders
- Knowledge about regulation and processes required
- Active sales in the German language is often needed

PREPARATION AND LONG TERM STRATEGY IS OF UTMOST IMPORTANCE WHEN ENTERING GERMANY

SOURCE: BUSINESS SWEDEN ANALYSIS
THERE ARE SEVERAL WAYS TO ENTER THE MARKET
4 COMMON WAYS OF ESTABLISHMENT IN THE INDUSTRY

**Strategic partnership**
- Access to partners network and distribution
- Low initial risk
- Maintaining flexibility
- Little control over sales process
- Without a long term strategy may hinder growth
- You remain far away from the market

**Hire external sales staff**
- Sales can start directly and be done by trained sales staff from the industry
- Low initial risk
- Could be costly as it require the search of and hiring of local sales staff
- Sales processes and market knowledge remain outside the company

**Greenfield**
- Control of all aspects of the business, staff, sales and finances
- Chance to implement the best long-term strategy
- High initial costs
- Competition may be difficult to overcome
- The entry process may take years and barriers to entry can be costly
- Little flexibility
- You remain far away from the market
- Little control over sales process
- Sales process and market knowledge remain outside the company

**Agent**
- Low initial risk
- Low to middle initial costs
SCIENTIFIC STUDIES AND SUPPORT FROM KEY OPINION LEADERS IS RECOMMENDED

IMPORTANT STAKEHOLDERS IN GERMAN MEDTECH INDUSTRY

- **Scientific studies**
  - Scientific studies supporting your technology is key in the industry in the sales process, both internationally recognized and German reports matters
  - Academia and independent research centres are important stakeholders

- **Key opinion leaders**
  - Know the German researchers in your field of technology, doctors supporting your products and University Hospitals
  - Recommended to follow the political discussions on medtech and health care

- **Pilots & references**
  - Pilots with references from recognized customers is recommended
  - For highly innovative products strong support from academia together with successful pilot cases is often necessary

- **Conferences & fairs**
  - The industry meet in conferences and medtech fairs
  - Offers a good opportunity to get to know your potential customers and competitors

A NETWORK OF EXPERTS AND HAVING SUPPORT FROM ACADEMIA MAY IMPROVE THE SELL-IN PROCESS OF NEW PRODUCTS

SOURCE: BUSINESS SWEDEN INTERVIEWS AND ANALYSIS
PREPARATION AND A THOROUGH EXPORT STRATEGY IS RECOMMENDED

PHASES OF INTERNATIONALISATION

- Prepare for internationalization and grow your business
- Prioritizing between markets
- Understanding specific markets

- Setting the market entry strategy
- Finding a business partner or strategic alliance
- Establishing contact with opinion leaders and stakeholders

EXPAND

- Establishing a legal entity and requirement for entry
- Recruiting the right personnel
- Administrative services

ENTER

- Hands-on support with operations, sales and marketing
- Growing your business through joint Swedish initiatives

EVALUATE

BUSINESS SWEDEN OFFERS TAILOR-MADE SOLUTIONS TO FIT THE NEEDS OF YOUR BUSINESS WHEN GOING ABROAD
BUSINESS SWEDEN MAKES IT EASIER FOR SWEDISH COMPANIES TO GROW INTERNATIONALLY

BUSINESS SWEDEN INTERNATIONALISATION SERVICES

**Examine opportunities and choose market**
- Export Information
- Steps to Export
- Trade Facilitation
- Market Selection Analysis

**Understand market and define entry strategy**
- Market Analysis
- Visiting Program
- Market Entry Strategy
- Partner Search
- Bus. Opportunity Project

**Establish presence in foreign markets**
- Incorporation
- Business Support Office
- Acquisition Support
- Recruitment Services
- Sourcing Services

**Develop and grow your international business**
- Sales and Marketing Support
- Operational Support
- Business Development
- BSO Connect

**PROMOTIONAL ACTIVITIES**

Swedish companies can use the official brand of Sweden to open doors and acquire new contacts. Business Sweden arranges seminars, site visits, trade fairs, delegations, conferences and many other activities to strengthen brands and to increase the visibility for Swedish companies.