



Life Sciences Opportunity: Preparations for Doing Business in Japan & Overview including Healthcare ICT

October 2017

Agenda

- Preparations for Doing Business in Japan (10mins)
- Overview including Healthcare ICT (15 mins)
- Q&A Session (10 mins)

Consider the following

- Using translators cuts the time in half
- Do you have enough business cards?
- Paper still widely used (as opposed to digital copies)
- Use simple language / do not over complicate statements
- Break the ice (weather is a safe topic)
- Introduce yourself properly
- A little effort goes a long way (1-2 words in Japanese will impress)
- What are the unique selling points of your product / service?
- Give concrete examples
- If you have a demo is it working properly?
- Do not do all the talking
- If you put people on the spot they will clam up
- Follow up is key - even if there are no actions send a thank you note

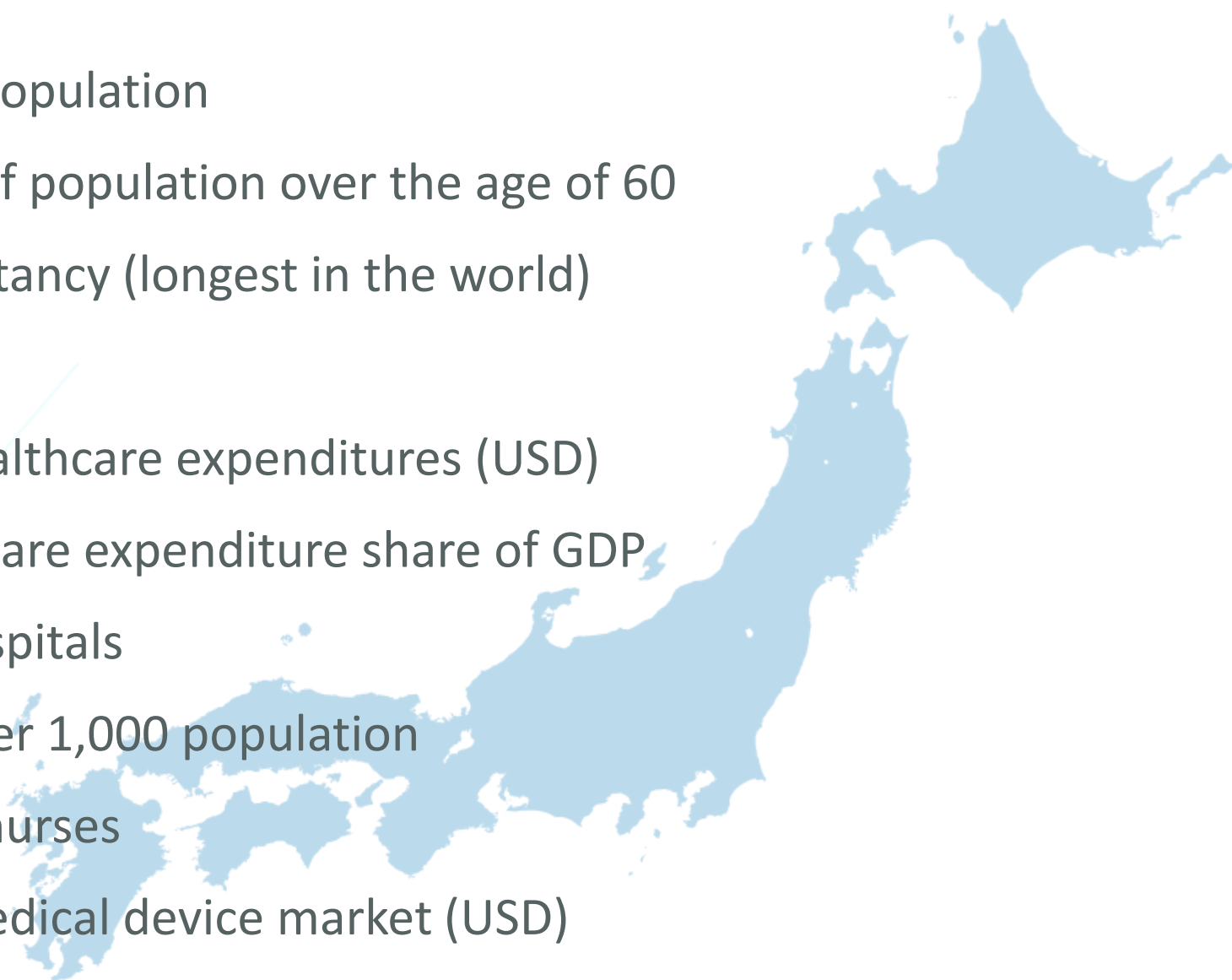
Common issues in doing business with Japan

- **Contact:** may be speculative – challenges in vetting the opportunity
- **Meetings:** be clear on the agenda – set expectations
- **Credibility:** first impressions are important – they will test you
- **Relationships:** extremely important – Japan is all about face-to-face
- **Process:** who are the stakeholders involved – consensus
- **Deadlines:** extremely important – give notice if they will be missed
- **Documentation:** different views on NDAs, MOUs etc
- **Pushback:** NIH & people staking their reputations on you
- **Budget cycles:** Japan FY April through March
- **Patience:** everything decided before – be ready when the deal is signed
- **Layers:** group companies, trading houses, distributors etc
- **Local standards and regulations:** how much needs to be done to localize
- **Visibility:** often very opaque

Overview of the Japanese Healthcare Market

Paul Mori

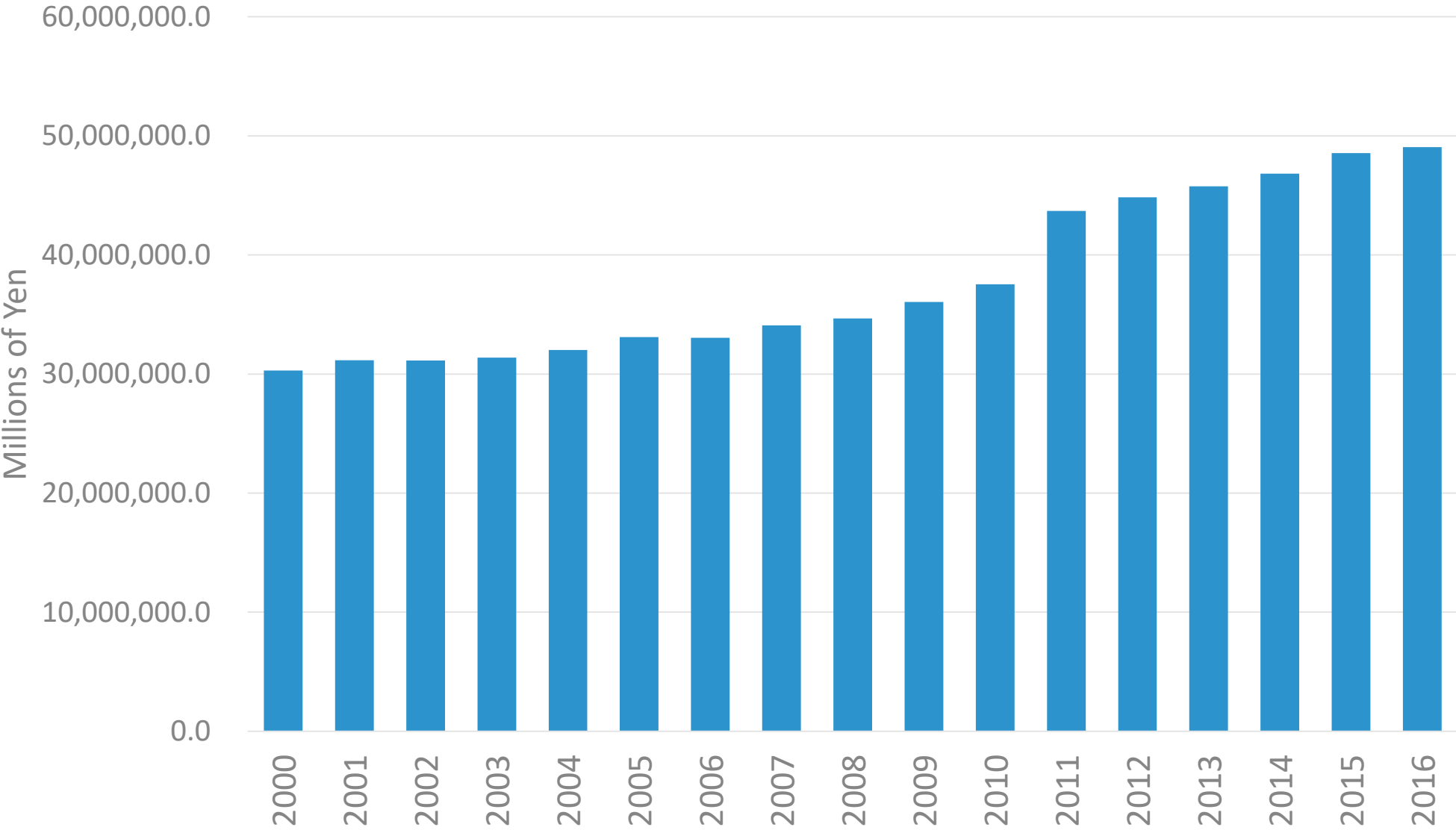
Japan in Numbers

- **126.7 million** = total population
 - **33 percent** = portion of population over the age of 60
 - **83.7 years** = life expectancy (longest in the world)
 - **1.44** = birth rate
 - **\$469 billion** = total healthcare expenditures (USD)
 - **11.4 percent** = healthcare expenditure share of GDP
 - **8,480** = number of hospitals
 - **13.2** = hospital beds per 1,000 population
 - **1.6 million** = number nurses
 - **\$26 billion** = size of medical device market (USD)
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Market Drivers

- **Aging population**
 - 1.69 million people live in welfare facilities for the elderly
 - Percentage of people over the age of 65 is expected to increase from 26.7% to 38.4% by 2065
 - 40.7% of all private households are elderly households (5.93m one-person elderly households)
- **Shortage of healthcare workers**
 - Steadily shrinking population
 - Aging of healthcare workers – 36% of doctors will be over the age of 60 by 2035
 - Increased reliance on foreign workers
- **Ballooning healthcare expenditures**
 - Expenditures have increased for 14 fiscal years in a row with no signs of slowing down
 - Government putting stronger pressure on healthcare sector to lower cost of drugs and devices

Healthcare Expenditure



Source: OECD

Other trends

- Focus on self-treatment
 - New incentives for self-medication
- Consolidations in the industry
 - Hospitals
 - Distribution companies
 - Manufacturers



Healthcare IT Market

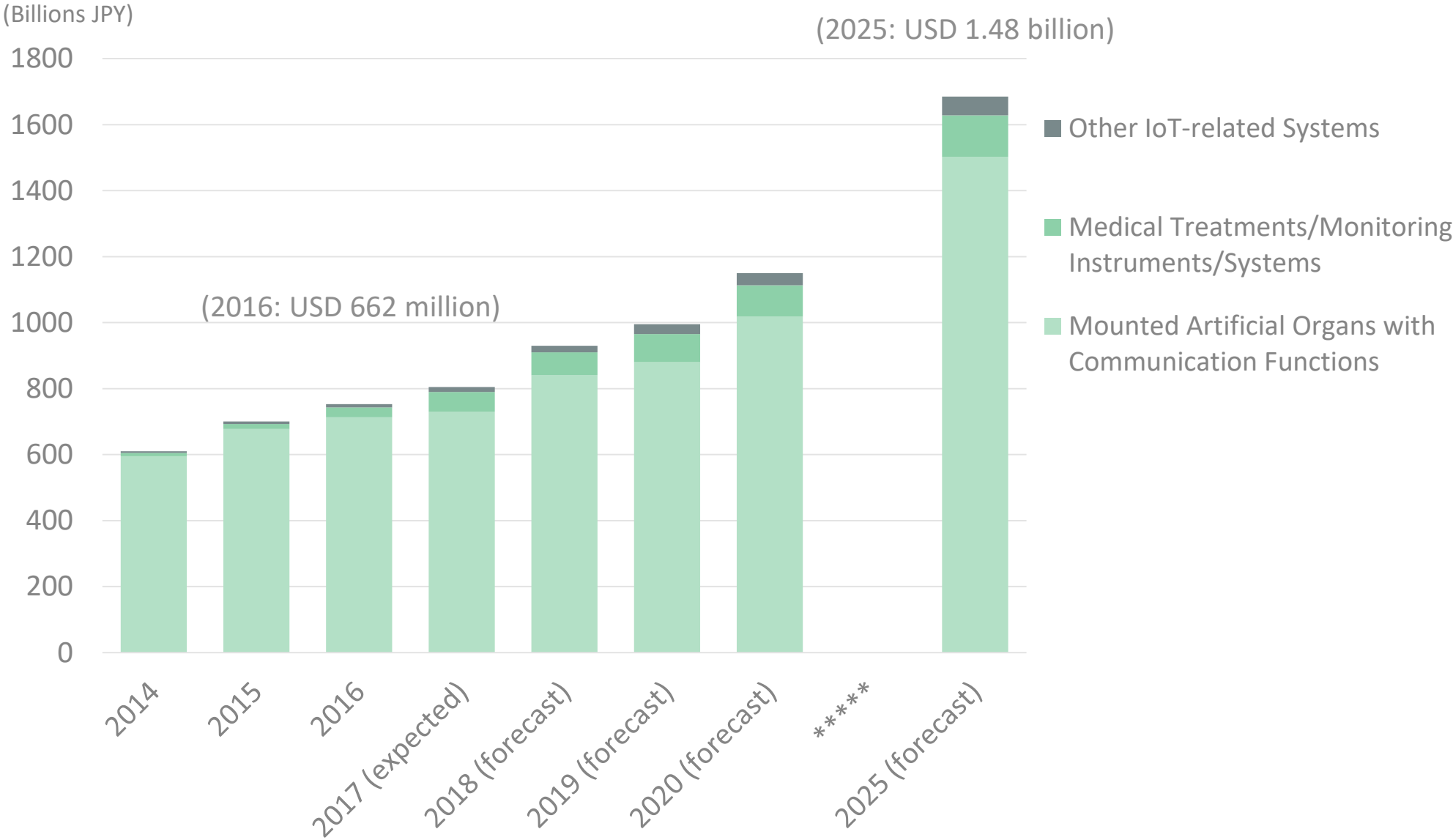
- Total medical solutions market in 2016: USD 11.9 billion (includes surgery equipment, diagnostic equipment, measuring instruments and IT systems)
- IT systems for healthcare institutions accounted for **USD 3.97 billion**



Market Trends

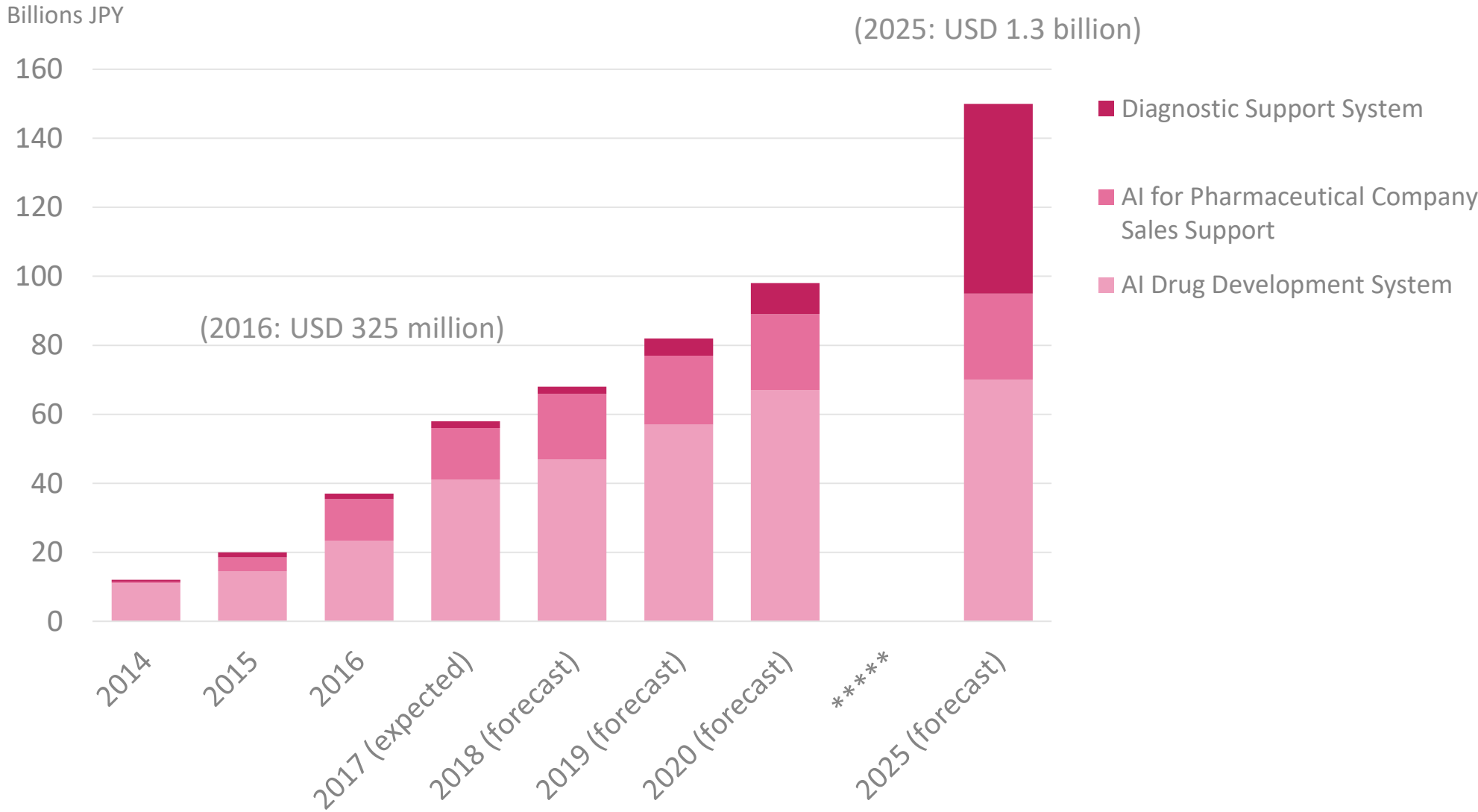
- Digitization of patient records
- Shift towards the use of cloud
- Rapid rise of telemedicine
- Increased use of robotics
- Strong focus on IoT and AI

Domestic IoT-related Devices and Systems Market



Source: Fuji Keizai

Domestic AI in Healthcare Market

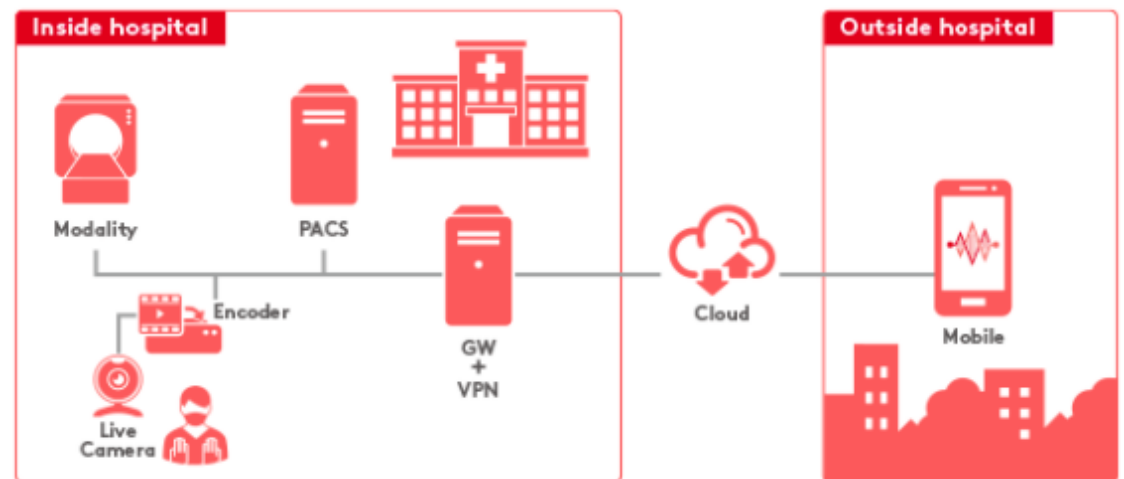


Source: Fuji Keizai

Examples of ICT in Healthcare: Allm Inc.

Offers a smartphone app called "Join" that allows healthcare professionals to share clinical information with each other

- Integrated with PACS and also allows in-app sharing of DICOM files
- Designed to improve diagnostic precision and solve the problem of limited access to specialists
- First smartphone app to be reimbursed under the Japanese NHI system



Credit: Allm Inc.

Examples of ICT in Healthcare: KDDI

KDDI (the 2nd largest mobile network operator in Japan) offers blood test services using blood collection kits coupled with a smart phone app

- Customers receive a blood test kit in the mail, and 1-2 weeks after the blood samples are mailed back, the results are posted on the app
- Allows users to conduct blood tests from home
- The service tests for 14 different indicators (e.g. cholesterol, HbA1c, etc)



Credit: KDDI

Important Considerations in Entering the Market

- Localization
- High standards for quality assurance
- Demands for technical support at local level
- Concerns about security of data
- Ambiguity in regulation

Q & A

Key Operational Sectors

Experience Across Multiple Technology and Biotech Fields



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