

France plans to invest \$28M to bolster med-tech industry

By Bernard Banga, Staff Writer

PARIS – The General Council for the Economy (CGE) for Industry, Energy and Technology submitted its report on the strategic focus for industrial policy in the field of medical devices. The report recommends a program of structural action due to be supported by \$28 million of public investment spread over five years.

“This action will create 20,000 jobs and generate several billion dollars in sales,” Robert Picard, health care advisor to the council, told *BioWorld MedTech*.

The four structural measures

The report makes 17 recommendations, four of which are defined as structural. The first applies the concept of “Maturity Level” to the French med-tech industry. This concept, already used in the space and defense sectors, will help identify innovative processes. An agency for startups will be created, as will an advisory body for good innovative practice.

The second structural action, a network of collaborative platforms for open innovation in health care for the management of innovative medical devices, will be created. Specific information technology resources will streamline and secure collaboration and mobilize funding.

The third structural action focuses on collecting medical device data to facilitate distribution, design and use. Finally, forward-looking platforms will identify generic needs for industrialization projects for innovative medical devices. Clusters in the Grenoble and Alsace region, each grouping together 34 companies, already are candidates to form the first two forward-looking platforms and to pool their resources and skills to support innovative med techs.

A number of entities already have embarked on CGE’s five-year plan. The government body forecasts annual public funding of \$5.7 million a year over five years to finance its program of action. “The expected return on investment should amount to several billion dollars a year,” said Picard, who has submitted a budget framework to the Ministry of the Economy and Finance.



Robert Picard,
health care advisor
to the council

Time is of the essence

“We must act now,” said Armelle Graciet and Eric Le Roy, director of industrial affairs and chief executive respectively, at Syndicat National de l’Industrie des Technologies Médicales, the national association of medical technology industries. Indeed, some have noted that France is pursuing two contradictory objectives. “On the one hand, industrial policy wants to support and encourage the med-tech sector. On the other, the Ministry of Health and Health Insurance is reducing the budget allocated for purchasing medical devices,” said Claude Le Pen, a health care economist.

Still, this all comes at a time of great promise for the industry, which Picard labeled “dynamic.” According to the report, med techs operating in France posted sales revenues of \$32 billion, up 4% year-over-year.

“This sector is also characterized by a substantial dynamic for creating startups,” said Picard. For example, in the last seven years, 214 startups have opened shop and 411 new companies entered the med-tech market in France vs. 361 liquidations, takeovers and realignments. While these numbers are promising, continuing this growth is far from certain.

Trade issues

One issue, according to the CGE report, is that France has a deficit trade balance, with the rate for exports barely above 20% vs. an import rate of 55%. France mainly imports low-margin, single-use equipment from the U.S., U.K. and Germany. The challenge for the nation to gain visibility and competitiveness at the international level lies in the emergence of large companies.

Less than 5% of the industrial fabric of the medical devices sector currently consists of medium-sized enterprises, those with a workforce between 150 and 249 employees. Of these, 15 companies are of French origin, focusing areas such as ophthalmic and optical equipment, disposable equipment, in-vitro diagnostics and electromechanical medical devices.

Transition to industrialization, other challenges

Another issue is that the transition to industrialization represents a real problem for many startups, which have trouble identifying suppliers and networking. “Projects

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reaching maturity need to be accelerated, and the duration of support during the research phase reduced. This would mean annual savings of between \$57 million and \$114 million,” said Picard.

A separate – and looming – problem is the new, more restrictive regulatory framework for CE mark coming into force in less than a year. While CE mark recertification was \$2,850 five years ago, med techs face a steeper price tag of more than \$17,000. Notified body processing times for CE marking have gone from a few months to two years. Implementing this more stringent regulation will prove problematic for French small- to medium-sized enterprises in this sector, a significant number of which are thus gambling on their survival “with several tens of millions of dollars turnover at threat in the short term,” said Picard.

Companies operating in France also face challenges in accessing the domestic market, as well as lower reimbursement rates. The path to approval in France is long

and complex, given the time needed for registration onto the list of reimbursed products and services.

Moving into the age of system integrators

Against this backdrop, CGE is looking to emulate Altran Technologies SA or Stmicroelectronics NV, combining medical devices, molecular medicine, diagnostics and artificial intelligence. “We drew inspiration from major system-based sectors such as aeronautics, space and automotive to define best practice for designing complex solutions, that could be transposed to the medical technology industry sector in France,” said Picard.

The five-year plan put forward by CGE will aim to coordinate and structure public and private stakeholders more effectively – right from the earliest stages of R&D. “Whereas the French business environment does offer a wide range of initiatives supporting innovation, the multitude of support agencies available in the districts and regions makes this environment difficult to decipher,” said Picard. ♦