Medical Ventures as a Driving Force for the Success in Innovation

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I. **Importance and necessity of promotion of medical ventures**

◆ There is a very high growth potential in healthcare.
  - Healthcare is a huge growing market across the world.
  - There is a need to respond to issues, such as, the extension of healthy life expectancy and building of a sustainable healthcare system, within the country.

◆ **Venture companies play a central part in the innovation of drugs and medical devices in the future.**
  - While specialization proceeds in mega pharma in the US & EU, many new drugs are being developed by venture companies.
  - Cutting-edge technologies used in different fields are increasingly put to use for the development of medical devices, etc.
  - While our basic research and manufacturing technology are advanced, medical ventures play limited roles in Japan.

◆ **Promotion of medical ventures is an urgent issue for Japan.**
  - In view of trends in drug development, widespread use of generic drugs, and others, promotion of medical ventures is a pressing matter.

◆ **Three types of Medical ventures**

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<tr>
<th>Grow by itself</th>
<th>Acquired by large company</th>
<th>Enter from different industry</th>
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If strengths can be utilized and weaknesses can be overcome, the importance of promoting medical ventures and the potential of their growth are great.

### Characteristics of medical ventures

**The following characteristics of Medical ventures present a host of challenges**

1. Medical innovation requires a high level of science and technology and accompanies high risks for development.

2. Development and approval take an extremely long time and require an enormous amount of money.

3. Regulations on medicines, pharmaceuticals and public insurance may become barriers to entry. It is important to have a good understanding on them.

4. Training new entrepreneurs requires a long time and costs.

### Japan’s strengths & weaknesses

For Japanese medical ventures to improve their capital efficiency, they should look into the possibility of expanding into foreign markets.

#### Advantages

- There are many world-class seeds in universities and research institutions.
- Clinical research is widely practiced in hospitals.
- Many small & medium-sized companies have advanced manufacturing technologies.
- Approval process of drugs & medical devices is accelerated (e.g. regenerative medical products).

#### Disadvantages

- There are few entrepreneurs, and it is difficult to secure human resources for ventures.
- Venture capital investment is scarce, and funding support is weak.
- Human & capital networks with foreign countries are weak.
- Venture companies are not considered in the medical system and others.
- Successful cases of medical ventures are very few.
### III. Promotion measures for medical ventures

#### “The Goal”
- Medical ventures lead innovation
- Enhancement of healthcare standards in Japan & the world
- Contribution to economic growth in Japan

#### “The Vision”
- **To be the center of innovation**
  - Japan will become a country with the best business environment in the world.
- **To produce a virtuous cycle of innovation**
  - Japan will accelerate a virtuous cycle of innovation (R&D ↔ Business).

◆ “Three principles” & “Three pillars” of promotion measures

**<Three principles (paradigm shift)>**

- **From Regulation To Development**
  - Proper regulation from the venture business point of view
  - Support from MHLW

- **From Cautious To Speedy**
  - Promotion measures with a sense of urgency

- **From Macro To Micro**
  - Provision of support according to the characteristics of each company

**<Three pillars>**

- To establish systems that foster “ecosystems” of medical ventures
- To develop human resources for “ecosystems” and provide places for interaction
- To build a support system of “All-MHLW” for ventures