

Eucomed response to:

Public consultation on Community innovation policy

All interested stakeholders are invited to submit comments by **Monday 16 November 2009** to entr-innovation-policy-development@ec.europa.eu.

Submitted via e-mail, 16 November 2009.

The results will be made publicly available on http://ec.europa.eu/enterprise/policies/innovation/policy/future-policy/consultation_en.htm.

Please indicate if you do not agree to make your comments publicly available on the internet.

We **AGREE** that our comments are publically available on the internet.

Eucomed is the Voice of the medical technology industry in Europe. Eucomed represents directly and indirectly 4500 designers, manufacturers and suppliers of medical technology used in the diagnosis, prevention, treatment and amelioration of disease and disability. Small and medium sized companies make up more than 80% of this sector. The European medical technology industry invests some €3.8 billion in R&D and employs near to 435.000 highly skilled workers. The mission of Eucomed is to improve patient and clinician access to modern, innovative and reliable medical technology.

Questions:

- (1) Do you agree with the Commission's assessment of the main achievements and shortcomings of Community policies in support of innovation?

The achievements are well captured and characterised, however one comment would be that many of the achievements are relatively recent (e.g. 2006 state aid rules modernisation) and it remains to see if these improvements give the necessary traction in terms of increasing innovation.

As to the shortcomings, to the Commission's assessment we would add the particular problem of 'Monopsony' in the Healthcare sector. Many great innovations happen in healthcare but given the current practices in purchasing policy within Europe, many national or regional health authorities inadvertently act as a monopsony and, in economic terms, create imperfect competition.

This imperfect competition can act to stifle innovation in a major innovative and socially important sector for Europe.

- (2) Should EU innovation policies have a stronger orientation towards addressing major societal challenges? If so, which ones should be prioritised?

The sustainability of our EU Healthcare systems is a major socio-economic challenges facing Europe in the next 20 years and should be a priority. If we do not act now and innovate they are in danger of collapse.

In 2025 we will have over 240m over 65 year olds in OECD countries (vs. 98m in 1980). Tax increases required to protect current health benefit levels in 2030 will equate to 140% in Italy and 90% in Germany. This is unsustainable.

We have to change and to innovate if we are to face this challenge and keep our European health and values.

- (3) Should innovation policy have any specific sector approach? If so, which sectors should be supported and which specific policy measures should be developed?

As stated, Health and our Healthcare systems and the technologies they use should be prioritised. Policy measures are needed in areas such as:

Innovation

- Investment in underpinning sciences
- Intellectual Property Environment
- Technology Transfer Offices within hospitals? (current found in Universities)
- Clinicians – time and incentives for innovation
- Ethics Committees – fewer and parallel processing – simplify the process
- Favourable financial incentives (tax reduction) for investments and donations
- Public procurement of innovations
- Promote sustainable economic growth by financing needs-driven R&D and developing innovation systems

But this needs to be married with initiatives in other policy areas such as:

Skills (e.g. education of industry, researchers, clinicians and medical professionals)

And

Infrastructures (e.g. biobanks, supercomputers, Next Generation Networks, etc.)

- (4) Do existing instruments to support innovation need to be adjusted to reflect the changing nature of innovation and integrate new innovation patterns (services innovation, open innovation, user-driven innovation etc...)?

EU R&D programmes are extensive, but complicated. Co-ordination with country and commercial programmes is fragmented – too many bodies. Industry not always involved in shaping priorities. We agree with the need to look to changing business models such as fully networked models and open innovation.

- (5) What are the most important remaining obstacles for the EU to unleash its full creative and innovative potential, in particular through innovative SMEs?

In our sector it is important to think sales when you think SMEs and innovation. Access to sales is access to success and inward flow of investment (and running the day-to-day business). So it's about:

- Start-ups: Enabling purchase of products in small volumes
- SME: Helping them go global, understand the regulatory environment and the different systems of re-imburement of the different countries

(6) What are the implications for research policy of the changes needed to policies in support of innovation (e.g. the goal of addressing major societal changes, etc ...)?

We need to understand are we researching in the right areas – are the needs and challenges of society being efficiently transferred to the policies and plans of the researchers.

Furthermore, and speaking of our industry, there is a need to broaden the traditional group of stakeholders to a wider, new, set of stakeholders. From Universities, Clinicians and Manufacturers (SMEs) to include government, health system payers and the patient. This will be challenging.

(7) Which scope exists to better facilitate the consolidation of world-class innovation “eco-systems” or clusters in the EU at regional level, taking into account emerging industries?

We need to stimulate the industrial actors to build a network of medical technology SME's within EU bioclusters.

(8) How could the cooperation between regional, national and European innovation support programmes be reinforced to address the new challenges faster and more efficiently?

This is difficult to say other than to say that, today, there are many EU, national and regional initiatives but very little by way of drawing this all together to create a coherent picture. It is a tangled web of initiatives that is often impenetrable or too regionally focused (not global enough) for the average innovator (who is usually an SME).

(9) What could the EU do to provide adequate access to finance to SMEs and entrepreneurs?

One key point is the political message. In our opinion health technologies could be a lead market for Europe. We need, at the highest political level, to signal the importance of the sector to solving the enormous healthcare system challenges that face the EU. And the crucial role that innovation in this area plays in the solution.

Politically we need to improve interest and attitude in the healthcare sector. Healthcare is regarded by many Member States as a cost and not a value to society. “Health is wealth” is still mainly a slogan.

Purchasing primarily based on cost containment and not clinical outcomes or benefits to patients. This restricts innovation

Other particular initiatives include:

- Maintaining a predictable and appropriate regulatory framework.
- Start-ups: Enabling purchase of products in small volumes
- SME: Helping them go global, understand the regulatory environment and the different systems of re-imburement of the different countries

(10) Could the EU contribute to exploit the innovation potential in public services?

See the answer to question 1. As many innovators say "You can innovate what you want but until it's on a reimbursement list, nobody will buy it." Therefore reimbursement mechanisms and national and regional Health Technology Assessment systems play a key role in innovation uptake.

(11) How could the Community funding programmes for innovation, including FP7, CIP and Structural Funds, be simplified and streamlined?

No particular comment other than the sheer complexity of a submission, say under FP7, is beyond the capabilities of all but the most serial or 'professional' submitters. So not all innovators can access these programmes.

(12) What could be realistic and meaningful quantitative and qualitative targets for future European innovation policy?

Statistics would have to be looked at both at the EU level (between Member States) and in comparison to our major global competitors. Some suggestions include:

- Number of EU start-ups per sector
- Venture Capital Statistics including per sector
- IPOs per sector
- Merger and Acquisition statistics
- Health Innovation Conversion rates – Time from Health Innovation to Reimbursement or take-up by national and regional Health Systems
- Health System Costs: contribution of health innovation to cost containment/reduction
- Uptake of tax incentives
- Uptake of innovation funds/programmes
- Numbers and types of Clusters
- EU Health Technology Innovator of the year (annual, cash, prize)
- EU Health Technology SME of the year (annual, cash, prize)
- Cluster successes (annual, cash, prize)
- EU life expectancy

