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Innovative collaboration to fuel next wave of medical devices breakthroughs

Failure to embrace a collaborative approach to innovation will likely threaten medical device manufacturers' competitiveness

Medical device manufacturers are investing heavily in research and development (R&D), and are shifting their innovation strategies from incremental innovation towards achieving breakthrough innovation.

Almost a quarter of all respondents say they spend more than 6 percent of revenues on R&D in the last two years. This is according to a further analysis of a recent KPMG International Global Manufacturing Outlook 2015 survey. This level of investment and distinct drive for breakthrough innovation is in contrast to the other manufacturers polled in other sectors.

In fact, leading medical devices manufacturers are also collaborating with a much broader range of players than before. The report found 80 percent of respondents seeking “partnerships rather than in-house efforts” in the pursuit of innovations.

Mr **Tan Wah Yeow**, Head of Asia Pacific Healthcare practice at KPMG in Singapore said: “More than other manufacturing sectors, medical devices have a special stake in innovation. The nature of the business requires companies to elevate their performance to offer better life-enhancing and life-saving technologies.

Medical devices companies need to embrace collaborative innovation with a broader range of partners such as suppliers, development partners and healthcare providers to develop product customisation to markets for an “in-country, for-country” business model.”

Embracing collaborative innovation is key

The report advises that, as new technologies and data analytic capabilities create opportunities for advances in surgical, diagnostic and healthcare monitoring techniques, medical devices companies need to work with partners that bring knowledge and capabilities beyond the traditional medical devices toolkit, such as:

- *Telecom companies* who have expertise enabling better connectivity of smart healthcare devices.
- *Insurers and governments* who can collaborate in developing data dictionaries and enabling broader data collection and analytic techniques
- *Information technology companies* who can help propel advances in healthcare-related hardware and software (e.g. Apple watch and related health tracking apps)

Mr **Ajay Kumar Sanganeria**, Life Sciences Partner at KPMG in Singapore said: “It is imperative that medical device companies, especially smaller, low-cost manufacturers in Singapore develop breakthrough products through collaboration to stimulate growth and remain competitive in the industry. Compared to larger companies, these companies are more adaptable, better able to identify market niches and have more innovative potential,”

The KPMG International survey of 386 manufacturers worldwide revealed a high level of investment and distinct drive for breakthrough innovation among the 55 medical devices companies surveyed. This was in contrast to manufacturers polled in other sectors who had a smaller outlook on breakthrough innovation.

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Note to Editors:

About the survey

This report is based on the results from the Global Manufacturing Outlook survey. A survey of 386 senior executives conducted by Forbes on behalf of KPMG International. Completed in 2015, this year’s survey included 55 executives in the medical device sector. Over fifty percent of respondents held C-level positions and a third represented organizations with more than US\$5 billion in annual revenue. Respondents were distributed evenly between the Americas, Europe and Asia. kpmg.com/meddevices.

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