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## Globalization Of Healthcare: The World Is Getting Flatter; Economic Opportunities Beckon

*Editor's note: Local Tech Wire asked Grace Whi-Tze Ueng to discuss the proceedings at the Council for Entrepreneurial Development's recent biotech form. Ueng, founder and chief executive officer of Savvy Marketing Group, moderated the panel.*

RESEARCH TRIANGLE PARK, N.C. - A record-breaking crowd of over 225 people kicked off CED's 2006-2007 Biotech Forum series by attending a discussion on "The Impact of Globalization in Healthcare" earlier this month.

A lengthy waiting list was accommodated through an overflow seating theatre validating the strong interest in the Triangle on this topic. The event was co-hosted by CED and the North Carolina Chinese Business Association (NCCBA) with corporate sponsorship from IBM

Panelists included Victor Dzau, MD, Chancellor for Health Affairs, Duke University and president and chief executive officer of the Duke University Health System; Art Pappas, managing partner of Pappas Ventures; Dan Pelino, general manager of IBM Healthcare and Life Sciences Industry; and John Ratliff, executive vice president and chief financial officer of Quintiles Transnational.

These experts raised eight key points:

**1. U.S. Healthcare System Is "Broken"** -- Our looming healthcare crisis has garnered heated debate, yet we can be proud of strides in medical innovation during the same timeframe. The U.S. ranks only 13th among developed nations on the key leading healthcare indicator -- average age expectancy -- and lower if taking many less developed nations into consideration. We spend more per person on healthcare than any other country, yet in overall quality, our care ranks 37th in the world, according to World Health Organization studies.

**2. Standardization Of Healthcare Globally Will Take Time** -- While standards exist when a patient has a heart attack in the U.S., in Europe, and in Africa, it will take time to achieve true global standardization. Duke University is spearheading the Global Health Initiative and has been recognized in ComputerWorld for their innovative IT implementations. Around the world, Peking University has instituted healthcare management initiatives to facilitate this standardization goal. It is important to recognize that different ethnicities react differently to drugs -- for instance, Dr. Dzau brought up that since he is Chinese, his reaction to a particular substance may be different than a person of another color.

**3. Innovation In Multiple Areas Is Critical To Globalizing Healthcare** - Not only with the more obvious areas such as drug discovery and clinical services, but also with other areas such as better reimbursement processes, IT implementation, facilities to practice evidence-based medicine, and the availability of skilled leadership. When all these key ingredients are in synch, acceleration of the cycle of innovation takes place. "We need to unleash all the power of information by using IT to allow all information to flow through the healthcare process. IT is the link that holds this all together," said Pelino.

**4. Globalization Of Healthcare Has Changed Healthcare And Pharmaceutical Delivery In The U.S.** - We need to wake up and realize that the rest of the world is moving faster than we are and that it is only prudent to outsource certain services for the sake of our patients. Patients' expectations in a critical healthcare moment are that their x-rays will be read immediately. Having highly trained radiology technicians in India reading their scans over night is just one specific example of how timely healthcare decisions can be made for patients in the U.S.

In our local community, Duke Clinical Research Institute conducts studies at more than 3592 sites in 64 countries and it is Duke's responsibility to ensure consistent quality worldwide to maintain DCRI's position as the world's largest academic clinical research organization.

**5. Outsourcing Beyond Manufacturing And True Innovation In Developing Countries --** While India and China were most often cited for their outsourcing and innovation, panelists wanted to make sure other developing countries were included such as Singapore, Brazil, and Eastern Europe. India was given most credit for IT innovation and there was mixed reaction to their emerging trade in 'medical tourism' where hips can be replaced or resurfaced at 10 percent of the U.S. list price -- a saving grace for the millions of uninsured or underinsured U.S. citizens and for those seeking a break on cosmetic surgery or dental work which is often not covered by insurance.

For instance, Brazil has long been a haven for aesthetic surgery and buoyed by natural product resources, their plastic surgery business has flourished. Finally, Dzau noted the large strategic investment Singapore has been making in the biotechnology sector in the last decade, specifically in the area of stem cell research stating that "people are going to Singapore instead of Stanford to do stem cell research".

**6. Globalization Of Healthcare Has Unleashed Business Opportunities In The U.S. -** Dzau cited the partnership between Singapore Medical School and Duke which has a budget north of \$40 million. The legal infrastructure in both India and even more so in China leave a lot of room for discomfort for U.S. counterparts who want their IP protected in partnering with these developing countries. This brings opportunity to the legal sector to help accelerate healthcare globalization -- a definite contending track for our 2007 Triangle Globalization Conference.

**7. Global Reimbursement Challenges --** Socialized medicine versus employer sponsored -- what will rule? I asked the question of how new (and presumably) better therapies will be paid for as they are introduced into areas of the world that have not traditionally had these options. Dzau brought up the fact that 45 million people in the U.S. are uninsured and urged that we examine the issue as individuals "who have human rights versus commodities in healthcare". He predicted that perhaps a two tiered system would arise. Pelino added: "Healthcare is becoming an integration play, especially how the payer and provider work together--we're starting to see a new era around patient-centric solutions in healthcare". Early data already shows that banks are coming into the healthcare reimbursement scene to come to the rescue including in our region, Bank of America.

**8. Who Is Investing In Healthcare/Biotech Startups In Emerging Markets?-** Assuming there is universal access to information enabling increased innovation in China, India and other emerging countries, venture groups within large multinational corporations and standalone western venture funds are now setting aside funds to invest in emerging market growth opportunities -- adding more risk/reward component to their stable of existing assets.

Venture funds in the Southeast are not directly investing in emerging markets mainly due to their size and geographic positioning. Startups must go to larger private equity and venture funds in larger cities that have set up China or other specifically earmarked emerging market funds -- are we missing an opportunity? Are we culturally insular or fixed by our location? Other options include multinational pharmaceutical and medical device companies that all have venture groups investing in emerging markets as well as high net worth angel investors residing in the regions themselves.

With all the talk about globalization, a flat world, medical tourism, internationally conducted trials, one still has to collect sufficient data to properly monitor and evaluate the quality and sustainability of the delivery or service. In some areas, it is simply too soon to have longitudinal data to verify the anticipated result. New and changing regulations, both in the U.S. and abroad, will also play a critical role in the development and approval processes. In a word, whether you are a scientist or an investor, be careful, inspect what you expect, and don't jump to conclusions.

From the record-breaking attendance at the forum, it is obvious that the Triangle is hungry for more information -- and opportunities.

The Triangle has potential to be engaged more globally--we have much to learn from other countries as well as much to offer. There are 4 billion people in the world who live in poverty and are unable to gain access, never mind afford, 21st century medical care. About 20 percent of our U.S. population is uninsured. We rank low among other developed nations among life expectancy. Healthcare innovation is taking place not only in our backyard, but also in emerging markets.

There is talk amongst leading entrepreneurial groups to host a Triangle Globalization Conference in 2007 -- there is so much here in RTP to discuss on a local level and then to band together, partner, and make wider reaching global contributions within our lifetime.

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