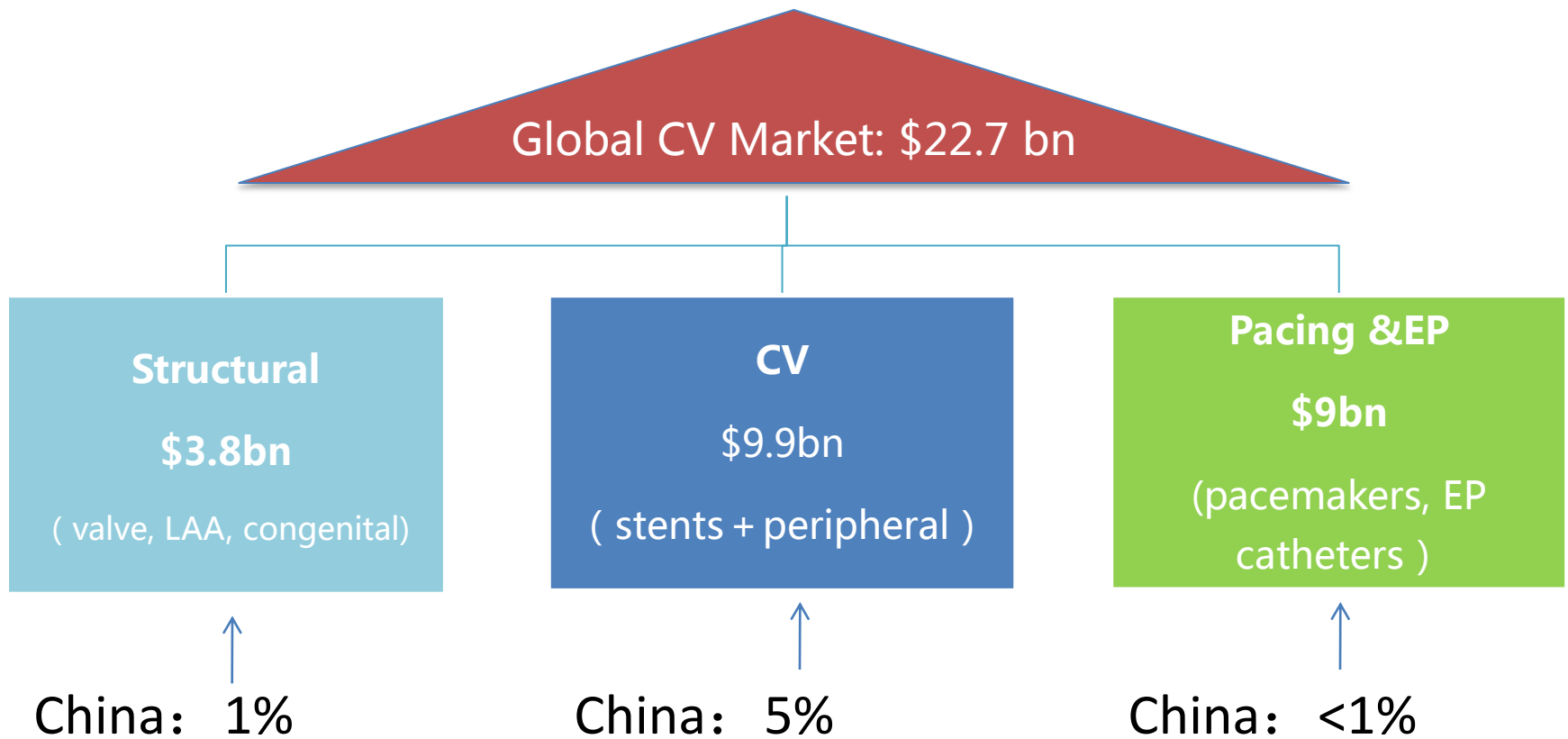


China's New Role in Innovation

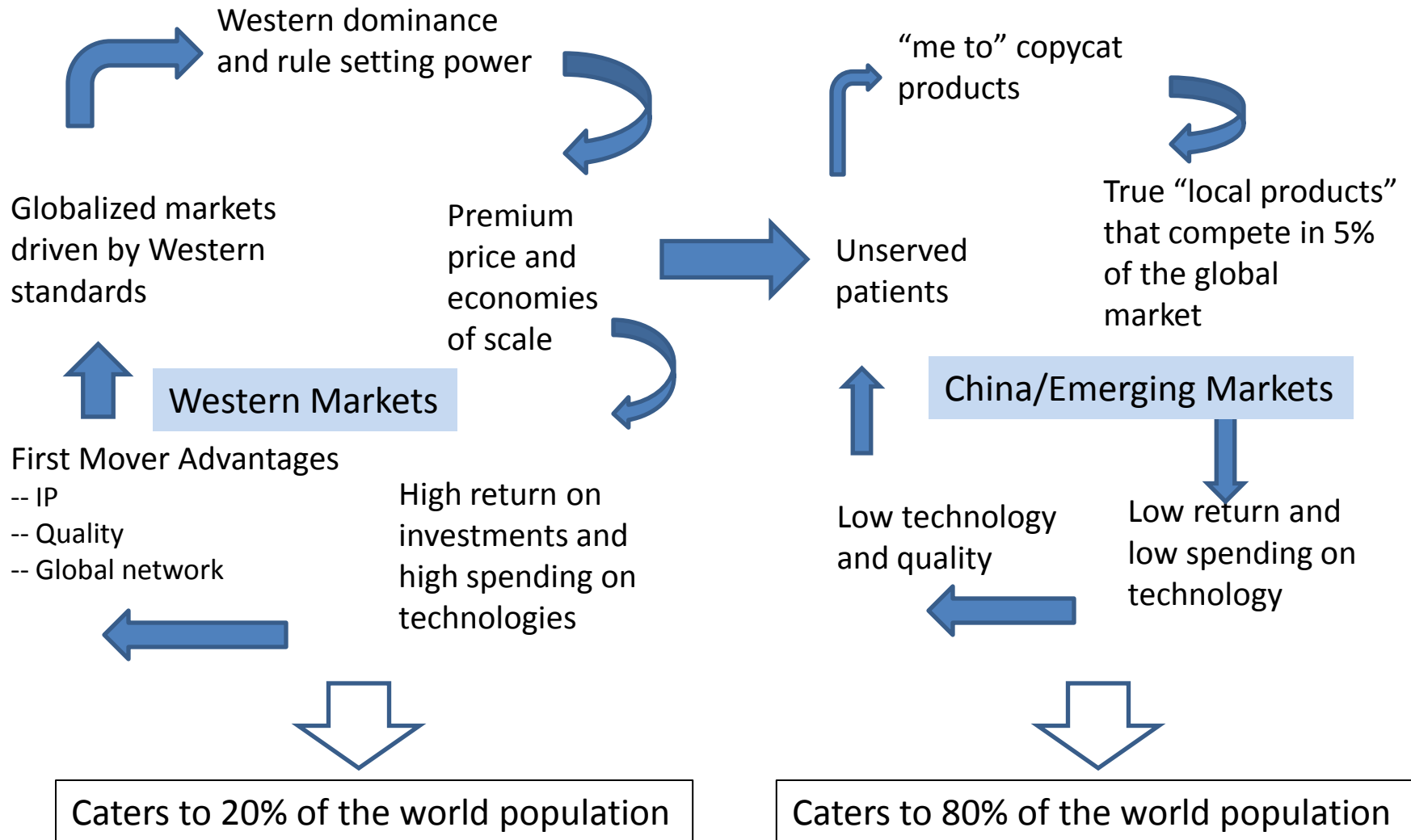
Why & How It Will
Change the Game?

Michael Zhao

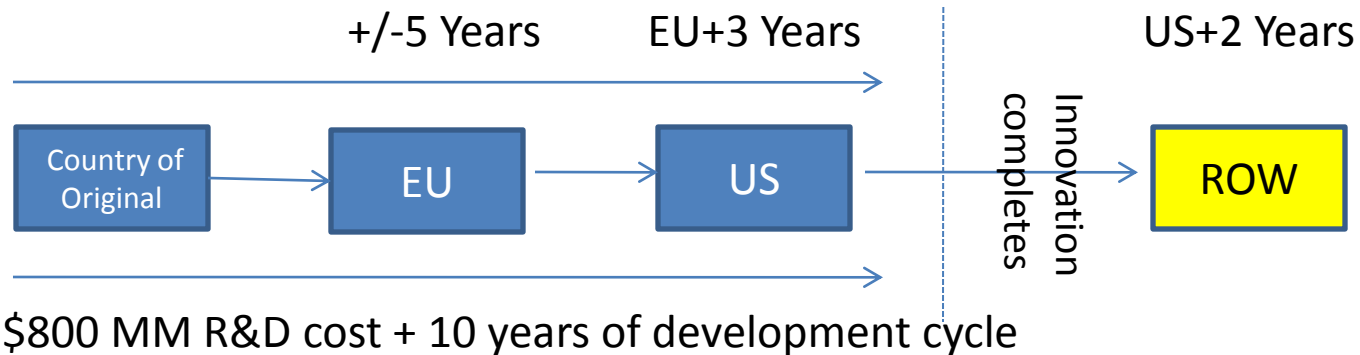


Per Capita Spending in 2010 \$219/US\$8230
Half of the world's CV population lives in China and India

The Disconnect of an Otherwise Global Game



The Dilemma With the MedTech Globalization Pathway



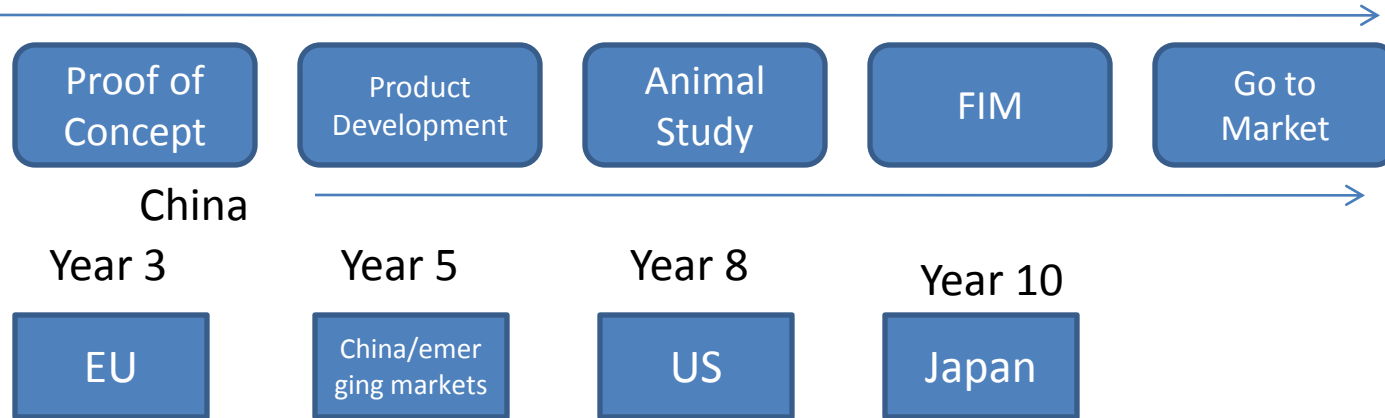
- Serves 20% of the world population and intrinsically expensive
- Huge risk and barrier for innovation
- Increasing big company dominance
 - start ups become external R&D arms
 - value not fully realized before exit

- 80% of the world population underserved
 - affordability issue
 - long waiting period
- Copycat both a commercial and ethical solution

- Will MedTech evolve into a “patent” vs “generic” era?
- Is there an alternative to quicker and cost effective ways to innovate?

The Key Lies in the Role China Will Take On In Global Innovation

Innovation Process



- **Real globalization calls for highly globalized processes instead of mere trading of finalized products**

- Innovation shared by critical participants/markets per their strength/efficiency

- **China needs to rapidly move from the late stage copycat mode to earlier stages of innovation**

- Concentrate on processes that can be standardized and streamlined
- Expect huge influx of Chinese capital into medtech innovation
- Solutions created closer to the largest user group for faster adoption/penetration

Divide and Conquer: Creating the Best of Both Worlds

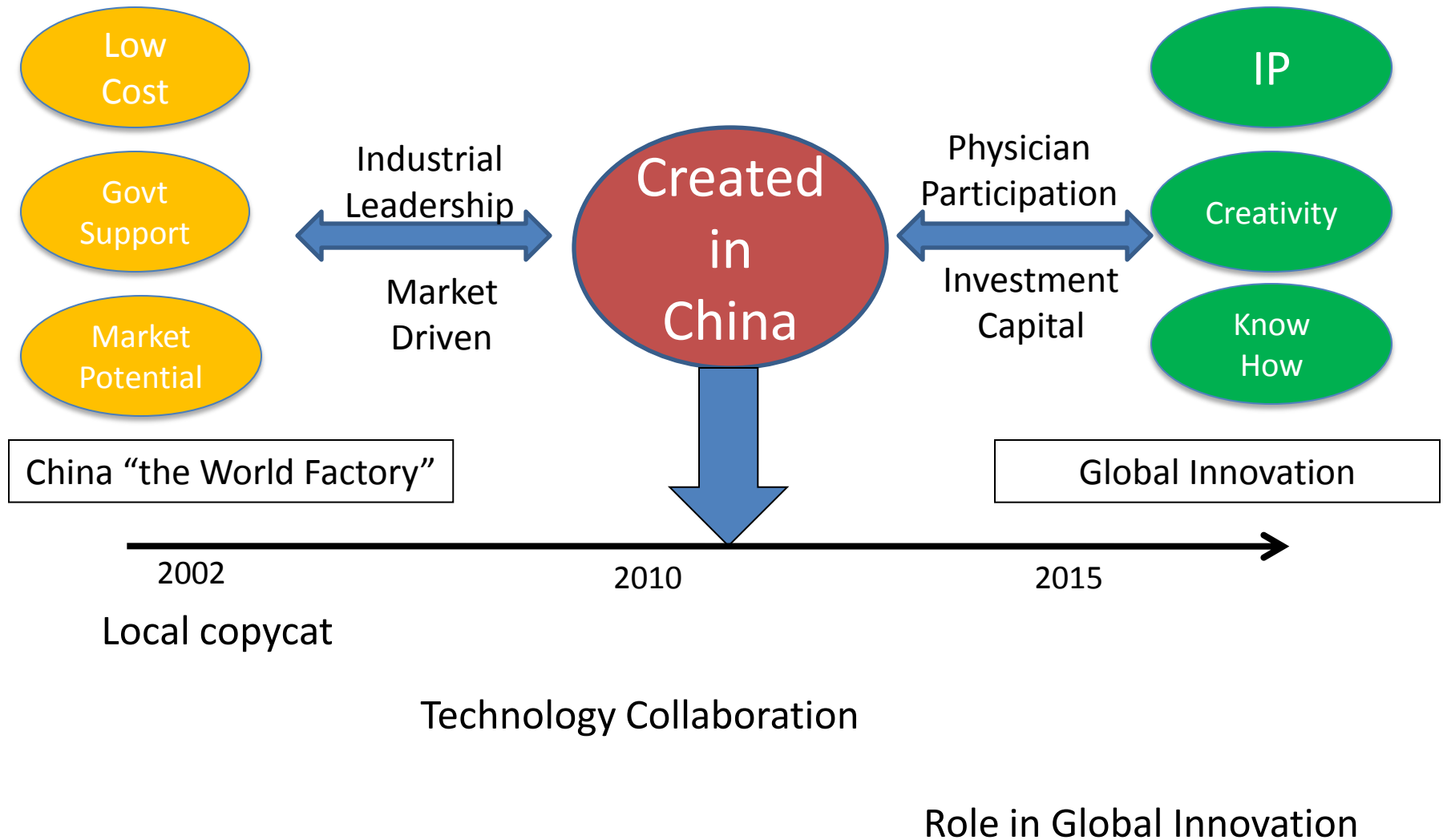
Developed Markets

- **Innovation becomes cheaper**
 - Lower risks and higher efficiency
 - Economy of scale
 - Curbs healthcare spending
- **Build up value much faster**
 - Faster market penetration
 - Local insider with government support
 - Encourages full competition

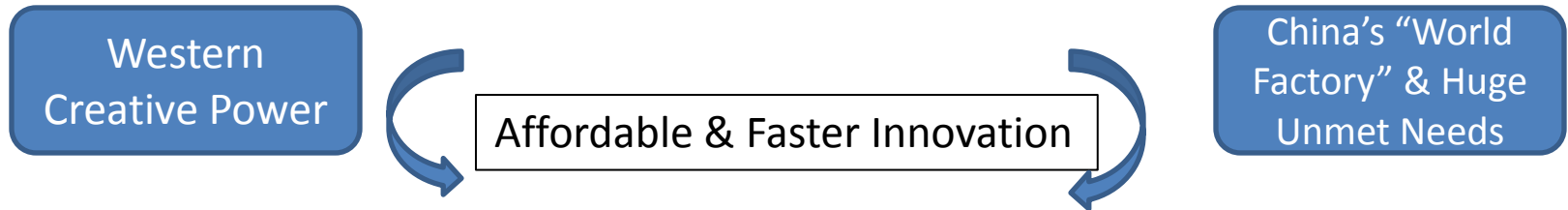
Emerging Markets

- **Save millions of lives**
 - Affordable products
 - Improved quality
 - Shorter waiting period
- **Become global players**
 - Deters need for copycats
 - Enhances healthcare standard

The Evolution of the Chinese Medical Industry



Impact to Global Landscape & Value to Patients Around the Globe



- The US Centric model is under challenge; the Chinese copycat model is on its decline
- A new hybrid model with China/West to take on collaborative roles to leverage each other
- The US will continue to lead global innovation, with China emerging as a second center to compliment each other and make each other even stronger
- Numerous patients around the globe will benefit tremendously thanks to this change
- China's medical research will make heady progress due to its new role in global innovation
- The competitive landscape will undergo profound changes in the next decade with China based medical brands to emerge as respected global players/leaders