



Healthcare in Bavaria

in Cooperation with VentureCapital Magazin



Investing in Health

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From healthcare to the healthcare industry

Germany has the largest health market in Europe. Healthcare – also in the Free State of Bavaria – is thus one of the growth drivers in the economy. With 4.4 million employees and a health expenditure volume of 253 billion Euros, the healthcare industry is one of the most important German industries. The most important factors driving growth in the German health market are the changed awareness of health on the part of individuals, progress in medical technology and demographic changes.

Where are the growth markets?

Medical technology is a dynamic and highly innovative industry. Around a third of its sales are generated by Bavarian medical technology manufacturers with products that are less than three years old. According to information from the European Patent Office in Munich, medical technology tops the list of registered inventions. The networking of medical technologies and hospital systems with IT is, however, becoming ever more important. The aim is networked healthcare provision that creates intelligent networks and makes possible the development and marketing of regional centres of excellence (clusters). The use of information and communication technologies in healthcare provision (e-health) not only decisively improves the quality of provision, but also increases efficiency and effectiveness. A concrete example is the introduction of the electronic health card as the foundation stone for the building-up of a standardised telematics infrastructure. For several years, different companies have been working on the introduction of an electronic patient file.

Bavaria as Healthcare Site Number One

Scientific and entrepreneurial expertise is being bundled in fundamental research and medical technology. Around 20 special research fields are working on (bio-)medical questions at Bavarian universities. In the framework of its future and high tech offensives, the government is providing around 430 million Euros for college medicine and health research. More than 250 mostly small-to-

medium-sized medical technology companies are located in Bavaria. In addition, more than 60% of all electrical medical equipment and 30% of the entire medical technology in Germany are produced in Bavaria. Globally leading pharmaceutical companies like Roche, Novartis and Pfizer are represented in Bavaria. Bayern Kapital GmbH, subsidiary of LfA Förderbank Bayern, supplies venture capital to young, innovative technology companies, normally together with other investors. Smaller venture capital companies, Business Angels, Family Offices and individual private investors are possible partners. Other cooperation partners include the ERP start-up funds from the KfW and High-Tech Gründerfonds, supported by the national government. Bayern Kapital is currently looking after a total of seven investment funds with an investment volume of around 190 million Euros. A large proportion of the companies assisted have been able to achieve a successful market position with an investment from Bayern Kapital.

The Free State provides 700,000 Euros as additional funding for the field of telemedicine. Modern technologies are promoted which – independent from the electronic health card – offer substantial advantages in the treatment and healthcare provision of patients.

Conclusion

In our opinion, medical technology will continue to be an essential driving aspect of the health industry in the years to come. This will above all be a matter of promoting innovations that improve the quality of healthcare provision and increase its efficiency and effectiveness. Networking technologies and concepts in the field of e-health are another substantial growth market. The constantly growing demands of healthcare require networked thinking and new organisational and communication structures that network all agencies/organisations involved in the provision process together with each other. In both cases, there still exists a great deal of potential for (further) developments and thus promising opportunities for successful investments.

Top ten in the field of technology

Number of applications to the European Patent Office in 2007

1. Medical Technology	16,742
2. Electronic Communications Engineering	14,409
3. Data Processing	8,981
4. Electrical Components	8,147
5. Organic Chemistry	7,940
6. Measuring/Testing	7,524
7. Vehicle Technology	4,305
8. Biochemistry/Genetic Engineering	3,970
9. Organic Macro-Molecular Compounds	3,835
10. Machine Elements	3,563

Source: BVMed - Bundesverband Medizintechnologie e.V. (German Medical Technology Association)