



Irish Medtech
Association
Ibec

The Irish Medtech Sector Association
recommendations for nurturing
entrepreneurship

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Ireland's medtech entrepreneurship ecosystem

Of the 450 medtech companies in Ireland, four out of five are SMEs or startups with 60% of these companies being homegrown. Nurturing entrepreneurship is one of the strategic pillars of the Irish Medtech Association's 2020 strategy 'The Global Medtech Hub: How Ireland is innovating for future healthcare and economic growth'.

Under this pillar, the Irish Medtech Association is working with key stakeholders and members to develop policies and conditions to ensure entrepreneurship can thrive, such as facilitating new funding opportunities, sharing best practice and networking.

Ireland is a good place to start a business, but many small companies struggle to make it big. More needs be done to foster entrepreneurship in education, and through business supports to make Ireland not only an attractive place to start a business, but also to grow a business.

Reform of key taxes and investment reliefs which would make it easier for medical technology entrepreneurs to secure investment. A more competitive capital gains tax (CGT) system for productive enterprise activity would encourage sustainable investment, supporting Ireland's ambition to be a location of choice for medical technology entrepreneurs.

Start-ups and SMEs are a vital part of the medtech ecosystem, they help to drive innovation and develop novel life changing technologies. Innovation often emerges from intimate collaborations between health professionals, academia and manufacturers - an approach to which small businesses are particularly suited to.

But more needs to be done to help them engage with research institutions and to capitalise on their research outputs. These enterprises will require additional state support to build the absorptive capacity and to participate in any research collaboration.

The OECD have highlighted that the productivity gap between indigenous SMEs and larger multinational organisation is widening. Too many SMEs miss opportunities to fully realise the potential of research

activity in higher education institutions. More needs to be done to help these few develop the value and exploit the situation.

Recommendations for stakeholders and policymakers to support start-ups and scaling

Tax environment and investment relief programs

- Introduce relief programs and initiatives which encourage investment in medtech start-ups as well as improve the attractiveness of tax supports for medical technology businesses by reducing complexity, eg the Employment Investment Incentive Scheme (EIS) which provides for tax relief of up to 40% in respect of investments made in certain corporate trades and the R&D Tax Credit used to reduce a company's Corporation Tax
- Reduce the CGT rate for entrepreneurs to 20% to bring it closer in line with our competitor jurisdictions and increase the lifetime limit for entrepreneurial relief from €1 million to €5 million at 10% (under section 597AA)
- Create a CGT exempt pool of capital that can be invested in the Irish Enterprise Securities Market to generate greater liquidity in the Irish Stock Exchange. This has been successfully done in Sweden a tax arrangement for small investors which replaces CGT with an annual levy of 0.25% per annum on the market value of the account for amounts up to €15,000 creating a CGT free pool which is attractive to investors.
- Develop a scheme similar to the EMI scheme in the UK, where share options are afforded relief from income tax and the Universal Social Charge (USC)
- Consider ways to grant Startup Refund Entrepreneurs Scheme upfront to assist cash flow rather than retrospectively

Funding and investment

- Increase awareness and access for scaling medical technology companies of the broad set of supports and funding opportunities that are available, through Enterprise Ireland.
- Encourage medtech entrepreneurs and innovators to engage in supports such as Health Innovation Hub, BioInnovate Ireland, EIT-Health, BioExel and the CÚRAM Future Innovators Training programme, to help them develop innovative medtech solutions, start and grow medtech start-ups

- Support startups which are spun-out from multinationals as well as facilitate smooth transition of spin-ins to companies to ensure sustainable growth
- Ensure the Government, through Enterprise Ireland, continue the Seed and VC scheme beyond the 2013-2018 period, and pair it with measures to mobilise additional private sector capital
- Continue to invest in dedicated medical device, including combination devices such as drug delivery devices, VC funds based in Ireland who have capital and connectivity to scale the best start-up medical technology businesses
- Establish a new Seed Enterprise Investment Scheme (SEIS) to boost growth by offering tax efficient benefits to investors in return for investment in small and early stage startup businesses
- Provide seed funding of €2 million to foster linkages between indigenous exporters and multinational firms on projects of common interest and co-selling opportunities which have the potential to enhance the productivity and innovation potential of both firms
- Help medtech businesses in Ireland attract and access larger scale funding, post seed, to ensure that startups move beyond early funding stage and have the means to scale as well as take their products to international markets

Research and talent

- Introduce €8 million in funding for a targeted, paid internship programme for PhD students, to get innovation expertise into SMEs operation to support identifying new product and process development opportunities, and commercial opportunities
- Support talent development and retention programmes focused on scaling businesses through our Irish Medtech Association Skillnet
- Improve access to better prototype facilities and incubator spaces to provide the right environment for startups to succeed

The economic contribution of Ireland's medtech sector is of increasing importance.

Ireland is well positioned to capitalise on global medtech market which is forecast to grow €435 billion by 2022, it's:

- A global medtech hub with 9 of the world's top 10 medtech companies having a base here
- The number one location for medtech foreign direct investment in Europe

- Spans 450 medtech companies, including leading contract manufacturers, designers and service providers
- As many as 60% of businesses are homegrown and 80% are either start-ups or SMEs
- Ireland is the second largest exporter of medtech products in Europe with €12.6 billion in exports
- The highest employer of medtech professionals in Europe, per capita, with many as 38,000 already working in the sector and 4,000 jobs to be added by 2020
- Ireland has the most Shingo Prizes for operational excellence of any country, per capita, in the world
- A staggering 68% of companies do R&D and spend €181 million on R&D annually
- Nearly two out of three medtech companies have commercial capabilities here and a third of FDI multinationals plan to expand or introduce new commercial operations

About the Irish Medtech Association

The Irish Medtech Association is the business association within Ibec representing the medtech sector. The Irish Medtech Association has more than 250 members and represents over 80% of the employment in the sector. The Irish Medtech Association's broad focus is to promote and support an environment that ensures the sustainable development and profitable growth of our multinational and small to medium size medtech companies. Irish Medtech Association is led by a Board of Industry CEOs and Executive Leaders. Strategy implementation is coordinated through working groups and taskforces.

www.irishmedtechassoc.ie