How to scout viable business opportunities and how to turn them into healthy business

MEDSCOUT

MATEO

Nord Est SUD Ouest
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PROJET COFINANCE
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This tutorial is based on the project with seven partners from four European regions during the period June 2006 till September 2007

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Introduction

Hospitals and other care organizations are frequently incubators for innovative ideas and products for the medical sector. Day-to-day practice in the broad medical profession turns out to generate lots of practical ideas that could enhance the level of care and make medical tasks easier or more cost effective.

However, most of these ideas never leave the professional's head, whereas other ideas reach the level of 'domestic creativity' and are actually being used by a limited group: only the professional(s) directly involved.

From a more top down approach on the other hand, it appears that some breakthrough innovations have difficulties in getting connected to possible business applications.

Last but not least it seems that in pharmaceutical post discovery activities there is a need for more volunteers available for clinical trials.

These observations and facts led to the MedScout project.

This Tutorial explains the methodology that has been developed and applied in the MedScout project. The focus in this tutorial lies on the first issue addressed: the creativity of the care givers and the opportunities this generates for new business, since that is the most common applicable model.

The two other issues cover a more top-down approach for medical business development and are more market specific.

About MedScout

The idea behind MedScout was originally conceived by the Dutch Syntens organisation. Syntens is a Dutch innovation network for entrepreneurs, supported by the Dutch government and linked to the Chambers of Commerce. Syntens is specialised in services for small and medium sized enterprises.

It started with the project 'Your Idea, Our Care' in which the model of interviewing, feasibility study and matchmaking were defined. This worked all fairly well and so the next step was to scale up this model to a European level. MATEO provided the possibility to do this. A consortium of partners from Italy (Lombardy), Spain (Catalonia), the Czech Republic (Southwest Bohemia) and the Netherlands (North Brabant) was set up.

The partners are:

- NV Brabantse Ontwikkelings Maatschappij (Tilburg)
- Stichting Syntens (Eindhoven)
- Istituto di Tecnologie Biomediche –Consiglio Nazionale delle Ricerche (Milan)
- Faculty of Medicine in Pilsen, Charles University (Prague)
- Ústav fyzikální biologie, Jihočeská univerzita v Českých Budějovicích (České Budějovice)
- Biological Centre, Academy of Sciences of the Czech Republic (České Budějovice)
- Departament de Salut – Generalitat de Catalunya (Barcelona)

The MedScout partners want to make an effort in each MATEO-region to transform a substantial number of ideas into actual business cases, using the inventivity of the professionals, the creativity of interested companies and the network of the partners. To strengthen the pharmaceutical SME's, various instruments will be developed that lower the barriers for companies to enter this sector.

Therefore, the project aims to scout innovative ideas in the medical profession and its adjacent fields (i.e. research), to judge these ideas on their feasibility and to find & match relevant business partners for further development and market implementation of the idea.

The MedScout methodology

The Medscout methodology consists of:

1 Set up and maintaining a transregional network
2 Scouting of potentially successful ideas
3 Development of a medical business case

Set up and maintaining a transregional network

Networks that aim to enhance business development in certain sectors are often regionally organised. That is ok since this is a very direct way to create and maintain a vivid network. The threshold to join is not too high and events can be organised to make the network tangible.

What MedScout wants to achieve is to connect these regional networks, leaving their individual integrity intact. That is a different approach from setting up an international network that people and organizations can join besides their regional network.

What criteria should individual regional networks meet in order to be able to create a successful transregional network?

1 The purpose of the network is defined in a way that it meets the actual need from the medical professionals that generate the ideas *and* the need from SME's that should pick up these ideas and turn them into actual business cases. In other words: what do we want to achieve through the network? Who will benefit from this and who should participate?

By consulting a set of both types of stakeholders this definition can be met. In doing so the first members of the network can already be identified.

2 The network information is accessible through digital means. In order to do this standard profiles must be developed and filled out by the network members.

In practice however the MedScout partners experienced some severe objections to this method. First of all it is not easy to develop a format that is suitable to serve the main purpose of the network: learn about each other's very existence, the member's activities and their interest in cooperating with others.

Secondly not every network member wants to have the information he provides published. And if he is willing to go public, the information he provides is mostly very general and hardly suitable for effective networking and matchmaking.

In the MedScout practise the network of the intermediary organizations were used where available. In the Czech Republic it wasn't, so the Czech partner filled the MedScout database with the information from his region that was collected through interviews and other means.

How can various regional networks be interconnected successfully?

The MedScout partners all have their own network. One of the aims of MedScout is to link these regional networks without creating a new structure. In MedScout terminology that would be a transregional network.

The MedScout partners experienced that personal contacts amongst each other are crucial in order to make the transregional network work. Particularly between the regional partners in the starting phase of such a project. A common 'gut feeling' is absolutely essential for the success of interregional cooperation.

In a more practical sense the regional partners must also find a way to make their own networks accessible for the other regions. One way to achieve this could be to make existing databases accessible by interconnecting them. That was also the original plan of MedScout. The MedScout team however came across severe legislative objections concerning the use and interconnection of databases. These must be dealt with. Due to the limited timeframe of MedScout the partners decided not to interconnect the databases physically, but to make them accessible through the regional partners.

Another issue is that the partners that set up and maintain the network and the members that are part of it must understand one another and must have congruent agenda's. In a more literal sense it means that language differences should not be a handicap. Although this seems to be obvious, the MedScout partners have experienced severe difficulties because some network members were unable to speak English in an understandable way.

From a more strategic perspective it has been observed that intermediary organizations must spend a great deal of their time on lobbying and administrative regulations that come with subsidies. Moreover the complicated regulations on subsidies may create an atmosphere of exaggerated non-disclosure issues from the side of researchers and companies, since their data could be a tool in another grant application for instance.

What resources are, generally speaking, necessary to operate a transregional network on a structural basis?

From the MedScout perspective a network must have a clear purpose to avoid the setup of a structure just for structure's sake. For MedScout that purpose is clear: business development in the medical field.

The fact that this is being pursued by coupling international contacts and opportunities is the characteristic that makes MedScout special.

That purpose makes it clear who the main stakeholders are for MedScout: medical professionals, care institutions, industrial partners, SME's and knowledge institutions. So it would be logical to make them responsible for the setup and maintenance of the network.

However, international experience shows that it takes at least three years for a network to become effective and about five years to yield a return on the efforts that have been put into it. That makes it virtually impossible to expect market parties to take the first steps. A combined effort from the mentioned stakeholders and (regional) governments is absolutely necessary. That combined effort should lead to a network office that is responsible for the development of the network. The office should also see that good ideas that pass the feasibility scan are transferred into validate business cases.

Generally speaking one representative of one intermediary organization should be made responsible for the set up and practical maintenance of the database that represents the network. That goes for both technical and content matters.

The other partners must be committed to contribute to the database.

The issue is of course how to keep all the partners involved. That can only be achieved with true commitment from everyone involved. This can be realized by:

- A genuine interest from all partners to make the network a success;
- A financial contribution.

Also make sure that there is enough opportunity to meet face to face. That goes for both the regional network partners as for the MedScout partners. Publications on good business cases that have been generated through the transregional network and interesting seminars create added value of the network for everyone involved.

Scouting of potentially successful ideas

The MedScout partners see a personal interview 'face to face' as the most effective means of gathering information. Top fruitfulness is to enter into relations based on personal contacts or taking advantage of references from another subject, whose contact has already been established.

To contact a subject without references (cold acquisition) is considered to be the least successful.

One of the most important actions before the interview itself is the 'screening of interest': is the subject really interested in cooperation? Does the the management of the institution endorses the project and encourages the subject to take part in the interview? This should be considered before the interviews start.

A personal phone or email contact is recommended to be the first contact, in order to provide the subject with basic information about the project, including the offer to send detailed information via email or link to www-pages. It is important to point out that the service MedScout provides (the development from an

idea to a business case with interested partners from the business community) is free of charge. Perhaps even more important is to communicate very clearly the independence of the projects partners in general and the interviewing party in particular.

Concerning the appointment date it is strongly recommended to adapt utmost to the time schedule of the interviewed subject. That includes the place of the meeting. Furthermore the interview should follow an interview protocol. Within the MedScout project an interview protocol has been developed that can be adapted for regional specifics. Via info@medscouting.eu more information can be obtained about this protocol.

From the MedScout point of view it is recommended that the interview should be carried out by a trained person, who uses the questionnaire to ask the subject questions and also leaves space for possible additional questions. At the end, the subject should be challenged to complete the information and in addition, there are creative questions included. For instance "What would you do if you had 1 million Euros?". It offers space for further ideas.

The filled out questionnaire is to be put into the database after the interview. With the permission of the person interviewed and the questionnaire is only available to the members of the transregional network.

The interviewer is required to have an active approach, work continually with the database and must know its content. It is also necessary to use creativity and intuitive search of suitable partners while matching. Be careful with a wrong belief that the database will match everything itself.

Development of a medical business case

To bring an idea to the level of a business case several steps need to be taken.

- The first step concerns a feasibility check: can the scouted idea technically be realized? Is there a market for this product, service or product/service combination?
- Secondly a match must be made with a company that wants to develop the idea further and bring it to the market.
- Thirdly the business case itself must be developed.

Feasibility check

In most cases an extensive market research is not in order due to lack of time and/or money. A good alternative is to set up a panel that consists of medical professionals and critical but creative entrepreneurs. By presenting an idea in this setting a good impression can be gained whether an idea is au fond feasible or not.

If the answer to that question is 'yes', then further market study will be done in the course of the product and market development that is needed.

If the answer is 'no' the idea should be returned to the owner with a report that states clearly why the panel doesn't consider this to be a feasible idea.

Matchmaking

This is were the transregional network comes in. The partners must put a serious effort in exploring their network to find a potentially suitable company to develop the business case with.

Business case development

In the view of the MedScout partners potentially successful business cases should contain the following items:

- Market analysis
- Projection of the market situation on the idea
- Technological aspects
- Business aspects
- Development needed
- Feasibility scan
- Resources needed
- Matchmaking
- Partnership creation
- Prognosis

In the majority of business cases it turns out to be necessary to follow the mentioned items and the process.

In the MedScout project the time frame was too limited to be able to work out the business cases in this structured manner. Naturally it takes time to scout ideas and to conduct the feasibility scan and to find suitable commercial partners in the transregional network. Since MedScout had to develop the methodology as well too little time remained to set up the business cases in the desired way.

An issue that is not mentioned above but definitely needs thorough attention is the one of the intellectual property rights. Clearly the business partners must agree on this before they start to work together. It would be a good thing if MedScout provided a kind of standard IP-agreement for this purpose that can be easily adapted by the business partners to be.

Development of a method for data collection concerning (pre-)clinical research

Clinical and preclinical testing of drugs is controlled by rules defined by European drug authority EMEA and by codex Good Clinical Practice (GCP) and Good Laboratory Practice (GLP), improving in wider care of WHO.

Clinical testing of drugs represents a dynamically developing field. Demands for effectiveness and safety proofs of evolving drugs are increasing. It involves still more and more patients to be included into clinical studies of drugs. This higher number can be reached only through expanding centers of clinical testing in health institutions. Therefore, nowadays clinical studies in advanced stages of testing are always international.

The MedScout project provides a suitable platform in two directions. The first one is that sponsors of the studies (most often pharmaceutical companies) search suitable educational medical centers for performing multicentric studies. The high number of registered patients (often thousands) needed for gathering statistically well-founded proof and quality of adherence GCP and GLP make this task difficult. Arranging contacts via communicative means of MedScout is a very logical offer. Further structuring according to drug types or advancement of clinical testing is only a technical matter.

The second direction is to arrange a contact of medical centers with probands, which are clinical studies participants.

In this sense a MedScout partner in southern Bohemia has offered to make a register of volunteers. A more precise framework is to be developed. The basic principle of GCP is absolute voluntariness towards participating that must be expressed by so-called informed approval. According to GCP, the ideal situation is motivated participation of a patient in clinical studies, which means his aware approach is to be a part of the knowledge process. Communicative means of MedScout should make the participation of general patient's public on scientific progress easier in both mentioned directions. This requires an active role of MedScout. Not only to ensure the careful and responsible recruitment and registration of probands in a way that meets all regulations, but also to market the opportunities MedScout has to offer to pharmaceutical companies for multicentric studies.

It is in this context that the Italian partner of MedScout conducted a feasibility study to see whether a hospital based CRO could be set up. A logical thought since a great potential of volunteers is within reach in a hospital. However, the study showed that such a CRO is not feasible. One reason is that the European market for clinical research leaves hardly room for new initiatives. The market has been divided so to say.

Another reason is that the partner involved concluded that current health systems in his region leave no room for such an initiative. This lies in both legislative objectives as in reluctance from the side of the hospital.

Hence, the importance of a good network like MedScout increases, since that will act as an intermediate partner between existing CRO's, hospital and probands. And explicitly not as a new business partner.

The metabolomic mapper

Creating a business case on a new technological field can be difficult. In the medical field high reliability is essential of course, and that makes it even harder to find, test and evaluate good applications that are needed to make market-ready applications. One of the ideas behind MedScout was that good networking, regional and transregional cooperation and a vast amount of creativity could lead to an acceleration of that process. And it did!

A case presented in the MedScout project is in the field of bioinformatics and metabolomics. This new approach is aiming to directly translate the chemical observation obtained in the laboratory into the state of the biological object. This so called individualised medicine or targeted treatment has a prominent position in the systems biology. Within MedScout the purpose was to develop a tool for diagnostic purposes and a business case for the exploitation of it. The Metabolomic Mapper, as the tool was called, turned out to be not only very interesting for human health applications, but also for the food industry. Since very small diversions in the composition of organic substances can be determined this sector now represents an excellent business case. In this context various *Mapping Kits* have been designed and tested and several are market ready.

The Czech partners involved succeeded in finding a business driven application for the tool through MedScout. In other words they converted a new technology into a ready-to-use business application.

Conclusion

MedScout has been an interesting and valuable exercise for medical business development. The most valuable lesson that can be drawn is that it takes quite some time to get a return on the efforts invested. Practical issues must be dealt with before the 'real work' can begin. Like privacy regulations and accessibility restrictions of databases that originate from that. Partners must reach consensus on the approach to follow, and mutual confidence must grow.

International practices also show that it takes a certain incubation period for initiatives like this before successes can be yielded. Depending on the complexity of the domain and the ambitions of the transregional network for business development this incubation period can take up to 5 years. Considering that, the project period of a little more than one year is far too short to draw final conclusions on the effectiveness of the MedScout approach. Frankly, the project stopped shortly after it started to generate output. Also international contacts have been made with similar initiatives that should be explored further. Like in Canada where many things can be learned concerning medical business development. So it is the hope of the MedScout team that a continuation of the project can be realized. Medical professionals, industry, the research community and the regional partners would benefit tremendously from that.

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