

# MEDILINK MIDLANDS VOICE OF INDUSTRY REPORT



DATE  
MAY 2022

## Introduction

The Midlands is home to a wide range of industry and academic-led medical facilities, research and expertise, putting the region in a position to lead the development of new medtech products, services and businesses and capture many of the growing national and global medtech market disruptive technologies. Medtech across the East and West Midlands currently contributes an estimated £1.6bn annually to the Midlands region.<sup>1</sup>

With around 1,000 companies in the industry, the region has the largest number of medtech businesses in the UK and is the second largest employer, with a workforce of 23,600. Our strengths and capabilities across health, medtech and life sciences add even further value to the region, generating in excess of £25 billion gross value added (GVA) each year and delivering over 33,000 highly skilled jobs.<sup>2</sup>

Despite the diversity of skills and knowledge, and the number of industry and support organisations in the medtech sector across the Midlands, the equivalent employment/turnover and GVA associated with the sector is lower than in comparative regions such as Cambridge, Oxford, and Leeds. The growth of SMEs within the sector has plateaued, and without increased regional support and focus, the activity and impetuses of previous decades are in danger of being dispersed outside of the region.

To help prevent this, we set out to uncover the top challenges and barriers to growth faced by medtech, life sciences, and support companies in the Midlands, and identify areas where more support is required to help them reach their full potential.

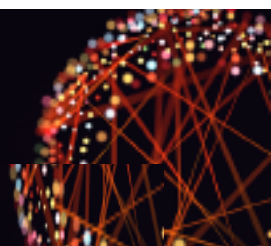
## Business challenges

Sector specific support organisations play an integral role in supporting and assisting the development and success of complex innovation areas. Organisations such as Medilink Midlands, with 20 years' sector experience providing industry support and collaboration through thought leadership events and membership, are well placed to help businesses navigate what is a highly regulated and complex industry with significant market access challenges.

It is clear there are challenges and barriers that are preventing the industry within the Midlands region from reaching its full potential. In 2019, Medilink Midlands reached out to industry members to ascertain barriers (foreseen and experienced) that prevented them from expediting the development and adoption of medtech innovations into the NHS. Interviews with 24 companies within the region revealed several barriers to market entry and/or growing their businesses.

These can be grouped into the following areas:

1. Regulatory (11)
2. Funding/investment (15)
3. Understanding how to access/sell into NHS (13)



4. Insufficient skills (2)
5. Inability to gain proof of concept/ clinical data (3)
6. Difficulty engaging end-users and wider clinical network (4)
7. Issues with scale-up/supply chain (5)

Our recent discussions with companies and providers suggest the same barriers to the successful development and adoption of innovative solutions within medtech continue to exist. These include:

1. Supply chain fragmentation
2. Limited access to private investment
3. Skills shortage across the region
4. Access to clinicians and patient support groups to test and trial innovative technologies
5. A complex and diverse purchasing and commissioning route within the NHS (as perceived by external organisations)

Regulatory complexity continues to be a major barrier to entry, and this has been further exacerbated by Brexit and the resultant changes in UK regulatory approval. Additional funding for regulatory support provided by Innovate UK received an overwhelming number of applications resulting in all funds being allocated early in the programme. Similarly, the pilot NIHR i4i FAST scheme, which enabled industry to apply for funding to address one specific question on the development pathway, received a high number of applications, with most businesses seeking funding to support regulatory issues.

### Research methodology

Med-Tech CONNECT West Midlands at the University of Birmingham has identified 11 critical challenges and barriers<sup>3</sup> to medtech business success and growth. These include:

1. Access to the required space and facilities
2. Regulatory barriers
3. Insufficient finance (investment and grants)
4. Skills (technical, diversity, technical, support organisations)

Validation of these challenges amongst Midlands companies working in the life sciences sector formed the basis of our research.

Medilink Midlands has an established network of medtech, life sciences, and support companies across the Midlands region. We were able to draw on this extensive network and approach companies, primarily located in the West Midlands, to validate the challenges and barriers preventing companies from achieving optimal growth and success.

A comprehensive questionnaire was designed following discussions with Medilink Midlands' innovation advisors and connectivity managers. The final format was agreed following further consultation with the wider Medilink Midlands team.

The target Midlands companies were initially contacted by email or telephone and invited to a meeting with a Medilink Midlands business advisor or provided with the questionnaire to complete independently, over a period of 3 days. In addition to this targeted approach, the questionnaire was promoted to Midlands businesses on Medilink Midlands' LinkedIn and Twitter channels.



## Voice of Industry report: key findings

Top-line analysis of the surveys completed by Midlands businesses revealed the following results:

### Space

- 72% indicated there was some level of problem accessing prototyping space
- 72% indicated there was some level of problem accessing small scale manufacturing or prototype production. Although a greater number saw it as a major problem
- 64% thought co-location was beneficial. Overall, 76% thought co-location was beneficial

### Skills

- 74% saw funding skills development as problem, with 40% seeing it as a large or major problem
- 76% saw gaining support to access regulator, IP, and other such services as a problem, with 32% of seeing it as a major problem

### Regulatory

- 82% saw the regulatory landscape as complex, with 32% seeing it as a major problem
- 80% saw exports as problem – and those that didn't are most likely to be consultants with UK clients
- 100% saw imports as a problem – of which 42.5% see them as a major problem
- 80% saw changes to regulations as problem – part of 20% are from a regulatory provision area
- 78% saw adoption of as a problem with 50% seeing it as a major problem

### Funding

- 84% saw access to funding as a problem and 38% saw it as a major problem
- 82% saw funding application as a problem and 40% saw it as a major problem
- 80% viewed the uncertainty of accessing funding as a problem and 36% saw it as a major problem
- 40% saw the time required to apply and receive the outcome of a funding application as a major problem
- 43% saw attracting investors as a major problem
- 76% saw accessing early-stage funding as a problem and 47.4% as a major problem
- 80% see the cost of implementing the net zero agenda into work practices as a problem and 17% as a major problem



## Participating businesses: sectors

A total of 50 surveys were completed by companies located across the West and East Midlands within the time available to gather and process the data.

Sector	West Midlands responses	% West Midlands	East Midlands responses	% East Midlands	Outside of Midlands responses	% Outside of Midlands	Overall	% Overall
Biotech	1	4%	3	16%	1	17%	5	10%
Digital devices	2	8%	2	11%			4	8%
Healthcare	2	8%		0%			2	4%
Medtech	18	72%	9	47%	3	50%	30	60%
Mixed - Medtech to Pharma	2	8%	4	21%	2	33%	8	16%
Pharma	0	0%	1	5%			1	2%
<b>Totals</b>	<b>25</b>	<b>100%</b>	<b>19</b>	<b>100%</b>	<b>6</b>	<b>100%</b>	<b>50</b>	<b>100%</b>

## Voice of Industry report: summary

The report's findings expose the true extent of the issues faced by the region's medtech and life sciences businesses and highlight the essential need for solutions that support and overcome these challenges, which ensure Levelling Up is achieved across the region, so that the Midlands' life sciences businesses can reach their full potential.

The UK government's Levelling Up Whitepaper shows that 86 percent of equity investment in the UK goes to companies in London, the Southeast, and East of England. Funding from Innovate UK via the WMCA Innovation Accelerator, and The UK Shared Prosperity Fund, will hopefully help reverse this trend.

With £1.6bn of funding announced by the government to assist the 'level-up' process across the country and address the high concentration of R&D expenditure in the life sciences Golden Triangle in the Southeast, there is now a new focus to ensure other UK regions have access to an increased share of life science investment.

Medilink Midlands is central to making this happen in the Midlands. It exists to be the voice of life sciences in the region, by stimulating the growth of the life sciences sector by helping companies establish and develop.

We believe it is essential that both infrastructure and advanced skills across the regions have access to support, if the sector is to have the best chance of maximising the potential of diverse skillsets, knowledge, and experiences – these are fundamental to the development of innovative life sciences and medtech technologies that support the health and wellbeing of a diverse and ageing population.

## References

1. [MedTech Sector Analysis Report, Midlands Engine \(2021\)](#)
2. [Recognising the fundamental connection between health and the economy, Midlands Engine \(2022\)](#)
3. [Med-Tech CONNECT West Midlands \(collaborative network to enable and enhance cross-sector transformation\)](#)

