

## **The Michigan Center for Innovation and Economic Prosperity 2007 Report: Executive Summary – Medical Technology**

Like death and taxes, the medical device industry will always exist. However, the specific shape and structure of the industry is up for debate. While some U.S. states embark on a decidedly manufacturing-oriented strategy, others have begun to make inroads into the industry with more aggressive, innovation-led strategies. The aging United States' population in accordance with the increasing demand for highly-specialized medical treatment has led to this unprecedented increase in the diversity of medical device firms and the products they produce. However, as the industry itself ages along with the population it serves, there is a need to find new, unfilled market niches to combat the monopsonistic tendencies of large American purchasers.

This report seeks to show how Michigan may be able to launch its extant medical device structure into a higher level of economic vitality by emphasizing four possible routes toward fostering greater economic vitality in the potentially robust medical device sector. The recommendations are designed with an eye to Michigan's plethora of small to medium-sized medical device producers, each aiming to fill a particular component of market demand.

First, due to the extremely large costs involved in developing an idea from inception to production, we recommend that greater assistance be provided to medical device firms in early stages (through seed funding) so that they may retain financial autonomy throughout their life cycle. Second, we advocate for greater cooperation between the various Michigan SmartZones, universities and state itself in order to ease the financial burden upon promising first-stage small businesses attempting to break away from primarily research-focused activity and into business formation. Third, we recommend that, since there is an immense premium on market knowledge – particularly for export markets –, there needs to be greater communication and lucidity provided for all sized medical device firms (particularly larger firms), which would be facilitated by universities, government and even businesses themselves. Lastly, we recommend that, because of the extensive legal red-tape that hinders product availability for domestic sale and even the ability to establish a business, small firms need an organizing body which makes the entire process transparent and accessible at a low cost.

The medical technology industry is an industry ripe for the picking, particularly in Michigan. Compared to the rest of the United States, Michigan remains one of the top ten medical device producers. However, in order to solidify its place and eventually become a top five or even the number one producer of medical devices, it is important to export Michigan abroad through business growth and business acceleration.

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