

Fact Sheet MANNHEIM

prepared for companies expanding in Europe

Key opportunities MANNHEIM

MANNHEIM and the region have become one of the Medical Technology and Biotechnology hotspots across Europe. MANNHEIM provides a unique commercial, clinical, skilled labour and research opportunity to medical device companies expanding in Europe, while providing you safety in numbers.

Salaries in MANNHEIM

Germany offers a favourable overall labour cost development when compared to other major geographies in Europe.

The EU Labour Cost Index includes salaries, social insurance charges for employers, and labour-related tax deducting labour-related subsidies.

EU Labour Cost Index Q3/2011

UK	104.9
Germany	105.5
Netherlands	106.4
France	107.3
Italy	109.2
Belgium	110.7

Source: Eurostat – The Statistical Office of the European Commission

http://epp.eurostat.ec.europa.eu/portal/page/portal/labour_market/labour_costs/main_tables

To understand **annual EUR salaries** in the medical device industry, you may refer to the Schillinger Income Index. It provides you up-to-date information about medtech industry salaries detailed by industry subsegment and job title/position.

You may order the **Schillinger Income Index** online version/printed version for 30 EUR at:
<http://www.schillinger.de/index.php?id=48&L=1>

The following figure provides a sample of how the information is presented there.

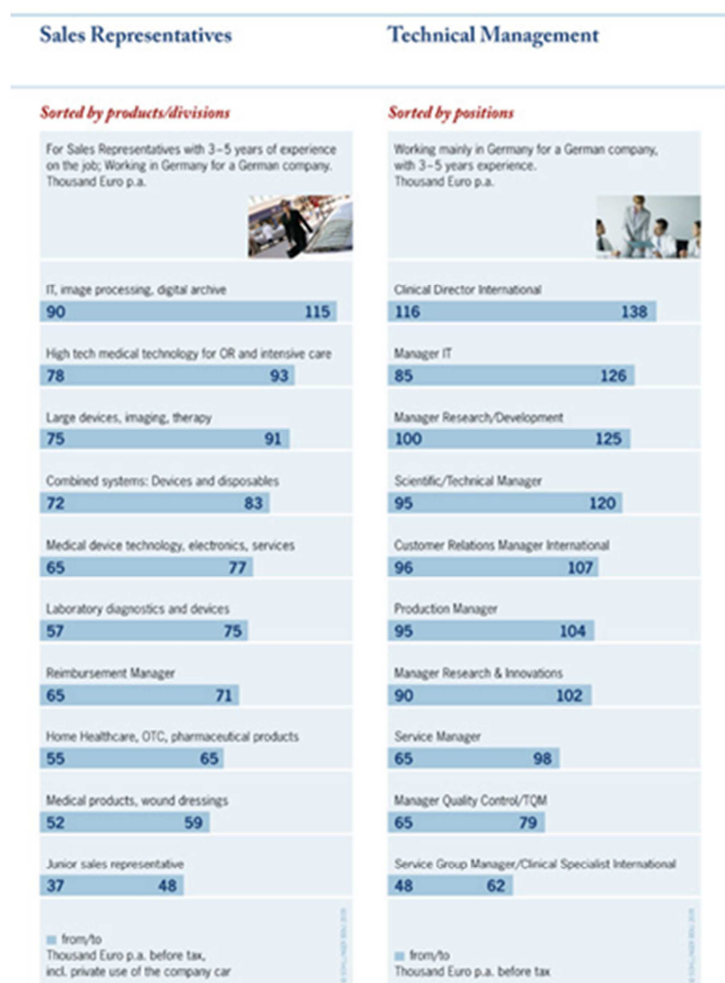


Figure: Schillinger Income Index

Additional employment cost for obligatory social and health insurance schemes

Charges for obligatory insurance schemes are shared almost equally by both, employee and employer. The absolute EUR amount of such a charge is calculated as a %-rate of the employee's base salary.

Additional employment costs for obligatory social & health insurance schemes	% of base salary paid by employee	% of base salary paid by employer
Retirement fund	9,8 %	9,8 %
Statutory Health Insurance	7,3 %	8,2 %
Unemployment insurance	1,5 %	1,5 %
Aging Care Insurance	0,975 %	0,975 %

Other costs/fringe benefits for the employees

- Beyond their base salary, MedTech Reps and senior professionals that are eligible for a company car may expect private use (car & fuel) of their company car
- MedTech Employees would expect 30 days/year vacation, while the legal minimum required is 24 days/year.
- MedTech Employees would expect Holiday pay and Christmas bonus. In total, both benefits together usually amount to approx. 50% of a monthly salary, in few cases up to 100% of a monthly salary.

Employment Practice

- A six-months probation period is an established practice.
- Temporary employment contracts are legally possible, and can be prolonged consecutively up to three times for a total period of up to two years if necessary. However, MedTech talents & professionals would definitely expect a regular continuous employment contract.
- While the German labour law environment might be considered restrictive vs, for instance, US labour law, offboarding can be managed. However such an offboarding process needs to be conducted in appropriate, consecutive and well-documented steps.

Legal Entity

- The most appropriate legal entity to drive such a business appears to be a “GmbH” (equals more or less the Ltd.). Founding a GmbH entity will help facilitate to attract both, customers and suppliers/business partners.
- Total cost associated to the registration of “GmbH” approx. 500 EUR. Required share capital for founding the GmbH: 25.000 EUR.
- Just running it as a legal branch of the company’s headquarters legal entity abroad shouldn’t be considered an option. While this would be associated with almost zero cost, customers and business partners would consider that as a lack of commitment or –more likely- as a means to hide compliance issues or financial issues.

Office space in MANNHEIM

- Depending on the size of the share that the company’s headquarter legal entity or a foreign investor will hold each in the GmbH, the GmbH might be eligible to use office space in the MAFINEX Technology center (<http://www.mafinex.de>) at a 7 EUR/sqm discount rate.
- If that MAFINEX space is not suitable, local market prices for office space ranges from 8 EUR/sqm (lower end) to 13 EUR/sqm (premium locations), plus approx. 2 EUR/sqm utilities (heating/electricity/water etc.)

Ready-to-go Sales Office in MANNHEIM:

The initial set-up of your German/EU direct sales organization may present a significant challenge to both, your P&L as well as your risk profile and management resources.

When setting up your German/EU direct sales affiliate in Mannheim, you will be able to address those challenges using the Ready-to-go Sales Office: Just hire your own local sales organization, and focus 100% on customers & taking market share. The Ready-to-go Sales Office may take care of the rest, i.e.:

- regulatory/legal Status of „Inverkehrbringer von Medizinprodukten durch Herstellung oder Einfuhr“ acc. to german medical device law MPG
- customer service / order taking
- local warehouse
- order processing
- consignment stock mngt.
- shelf life mngt.
- local recall mngt.
- invoicing
- accounts recievables mngt.
- accounting, forecasting, reporting

The Ready-to-go Sales Office team provides experience in partnering with US medical device companies, and understands your standards of performance, reporting, forecasting, and business code of conduct.

You may be charged for this service according to actual workload/sales. Thus, you'll be able to keep your dedicated & allocated commercial cost as well as your overhead staff in this critical stage of your business low.

Once established in the market, you may either continue in this Ready-to-go Sales Office mode or build your own resources, and transfer this service in a controlled fashion.

Example:

Cover customer service, warehouse, shipping etc., 500 – 3000 shipments, weight 3 pounds per unit, size 15X15X5 inches, sterile medical device disposable with expiry date.

Customer Service:

Prices:

- Single costs of IT-Software installation (Phone, Mails etc.) **on account**
- Order Processing, Invoicing **7,50 EUR / approx. 15 min. / per order**
- Phone Management **30,00 EUR / h after expenses**
- Complaints Management **30,00 EUR / h after expenses**
- Office usage fee: approx. **250,00 EUR / per month**
- Material costs **on account**
- Accounting **40,00 EUR / h after expenses**

Warehouse

Services:

- Receipt of goods
- Storage of the products in our certified storeroom (referring to manufacturing rules)
- As needed, we will arrange shipping to the European distributor or customer
- Backtracking of batches, as well as documentation
- Checking of expiration dates
- Insurances (extra sale on account!)
- Package will be charged on actual costs
- Packaging material on account

We can offer:

- **10 EUR / month per sqm**
- **5 EUR handling fee per package**

Corporate taxes and circumstances in MANNHEIM

Beyond achieving net sales growth, today's medical device market environment requires solid management of both, your gross profit from operations, and your income from customers. Located in the Mannheim medical technology cluster, you are able to benefit from competitive labour cost and taxation schemes that help you drive bottom line growth.

Local Business Tax

Local Business Tax is charged by all territorial authorities. Its key indicator forms the so-called Gewerbesteuer-Hebesatz %.

Local Business Tax comparison for major german commercial areas 2011

Berlin	410%
Mannheim	430%
Duesseldorf	440%
Frankfurt	460%
Hamburg	470%
Cologne	475%
Munich	490%

Source: Federal Chamber of Commerce

<http://www.dihk.de/themenfelder/recht-steuern/steuern/finanz-und-haushaltspolitik/realsteuer-hebesaetze>

Corporate Income Tax

The Corporate Income Tax does not include other taxes, like local business tax, and other comparable taxes of federal and territorial authorities.

Corporate Income Tax comparison of european industrial countries 2011
standard tax rates in %

Germany	15,0
Netherlands	25,0
United Kingdom	26,0
Italy	27,5
Belgium	33,0
France	33,3

Source: Federal Ministry of Finance

http://www.bundesfinanzministerium.de/Content/DE/Downloads/Broschueren_Bestellservice/wichtigste-steuern-vergleich-2011.pdf?__blob=publicationFile&v=6

Company Tax

The Company Tax includes local business tax, corporate income tax and other comparable taxes of federal and territorial authorities.

Company Tax comparison of european industrial countries 2011
tax burden of incorporated companies (nominal) in %

Netherlands	25,00
United Kingdom	26,00
Germany	29,83
Italy	31,40
Belgium	33,99
France	34,43

Source: Federal Ministry of Finance

http://www.bundesfinanzministerium.de/Content/DE/Downloads/Broschueren_Bestellservice/wichtigste-steuern-vergleich-2011.pdf?__blob=publicationFile&v=6

Federal Government financial incentives

There is a large variety of financial support programs, particularly for start-up-companies and SMEs, ranging from research to commercialization. Potential access to these programs needs to be further evaluated on the basis of a case-specific analysis. Programs include, e.g.

ZIM:

Provides financial support for 25% to 55% of the company's actual R&D expenses (materials, staff, services, equipment), max. 350.000 EUR.

Cooperating in your R&D project with another company or with a university increases access to this program, yet it's not a precondition to be eligible for ZIM.

INNOVATION VOUCHER B-Hightech:

Provides financial support for 50% of the company's actual R&D expenses (expert consultants, market assessment, prototyping, engineering services, equipment), max. 20.000 EUR.

SME INNOVATIVE - Medical Technology:

Provides financial support for 50% of the company's actual pre-competitive R&D expenses.

Local Government incentives in MANNHEIM

Start-up incentive program KREATECH:

Provides financial support for 25% of a start-up's investment in hardware, software, equipment and labour cost, max. 20.000 EUR.

Optimal access to pre-seed/seed capital in MANNHEIM

The City of Mannheim provides a financial program to help bridge the critical venture capital gap in the pre-seed/seed stage until a medical device company/start-up is able to demonstrate sufficient clinical evidence or technological proof of concept to access the venture capital market. In this unique program, the City of Mannheim becomes a shareholder of the start-up with up to 200.000 EUR. The goal is to agree with the entrepreneur on an exit date where the entrepreneur is able to buy the City's shares out in order to allow the City to then re-invest this amount again as a shareholder in a new start-up.

Optimal Market Assessment in MANNHEIM

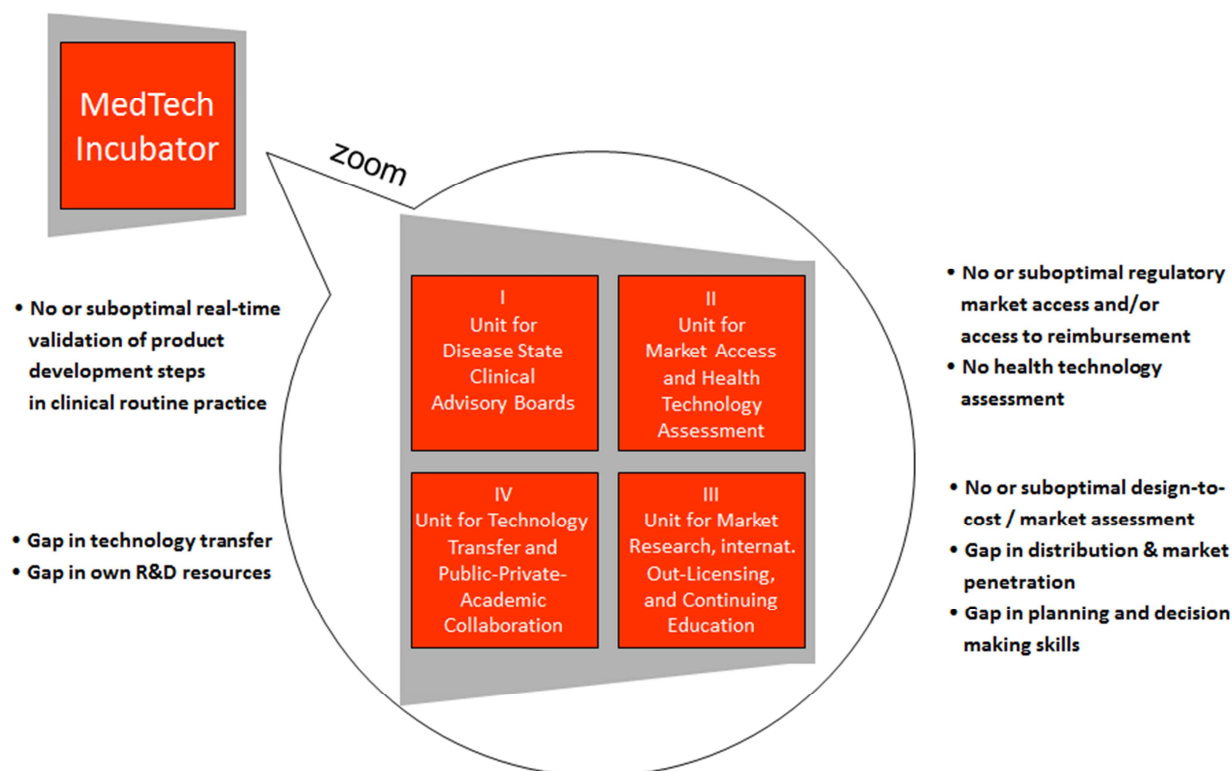
Located at or proceeding through Mannheim's technology start-up partner centers in

- China - Qingdao Creative 100 Industrial Park,
- China - Zhenjiang High Tech Start-up Park
- Canada - Windsor (Ontario) Downtown Business Accelerator
- France – City of Toulon
- Israel - Haifa Hi-Center
- Lithuania - Klaipeda Science and Technology Park
- Poland - Bydgoszcz Business Academic Area, University of Economics
- Turkey – City Beyoglu (Istanbul)
- UK - Swansea Institute of Life Science

the company is eligible to use the Mannheim MAFINEX Technology Center as a logistical base for up to **3 months free of charge** to explore/assess the local market and talk to customers and business partners on site. This so-called "international desk program" includes free office space, internet access, etc.

Optimal access to dedicated MedTech experts in MANNHEIM

The MANNHEIM MedTech Incubator provides direct access to dedicated experts that offer specific consulting services to address the key challenges of medical device Start-ups and SMEs in four critical areas. Start-ups and SME based in Mannheim can apply for subsidies for using those consulting services.



Optimal access to manufacturing vendors in MANNHEIM

Mannheim provides access to a large variety of medtech partners right in Mannheim and one hour car drive around. The following box presents just a small sample. Beyond, there's a broad landscape of potential medtech manufacturing partners, mostly highly innovative specialized SMEs.

<p>MANNHEIM : quick access to a broad environment of global medical device industry partners that can help you leverage your own resources and capabilities.</p>	
Abbott Diagnostics	Hitachi High-Technologies
Abbott Medical Optics	Johnson & Johnson DePuy
Abbott (AbbVie) Pharma	Johnson & Johnson LifeScan
Admedes	Leica Microsystems
Angioslide	LeMaitre
Bausch & Lomb Medical	MAQUET
BD	Merck Pharma/Merck Serono
Bruker Nano	Nestlé Healthcare
C.R. Bard	Pfizer Pharma
Datascope	Roche Diagnostics
Dentsply	Sanofi Aventis Pharma
DFine Europe	Siemens Healthcare
Fresenius Medical Care	Sirona
GE Healthcare	St. Jude
Heraeus Medical	Terumo

Optimal access to Clinical Research Organisations in MANNHEIM

Deep therapeutic knowledge and understanding of clinical development drives more efficient pathways to commercialization. Whether you are conducting a clinical study or are managing a product life-cycle, MANNHEIM includes CROs dedicated to support you. The following shortlist presents just a sample of CROs in Mannheim:

- AMS Advanced Medical Services
- CONET Clinical Operations Network
- CRS Clinical Research Services Andernach
- FORIM
- IST Clinical Research
- KKS coordination center for clinical studies
- PharmaLex
- PRA International
- QUINTILES Innovex
- Scope International

Optimal Account Targeting in MANNHEIM

When setting up your legal entity in MANNHEIM you'll be provided a tailored starter-package that includes:

- Contacts of TOP-50 german in-patient accounts ranked by procedural volume of your targeted disease/therapy
- Contacts of TOP-20 german Key Opinion Leaders of your targeted disease/therapy
- Contacts of TOP-20 german Group Purchase Organisations (control up to 80% of hospital sales)
- Advice on suitable recruiting profiles for your business model in the german market (farmers vs hunters, rep vs clinical, talents vs pros)
- Support to find the appropriate recruiting partner

Optimal access to Key Opinion Leaders in MANNHEIM

MANNHEIM provides you quick access to key opinion leaders in high-volume centres in Mannheim City and 10 miles around.

- Mannheim University Hospital (1.400 beds)
- Mannheim Theresien-Hospital & St. Hedwig (660 beds)
- Mannheim-Speyer Diakonie Hospital (530 & 440 beds)
- Ludwigshafen Hospital (940 beds)
- BG Ludwigshafen Trauma Surgery Center (415 beds)
- Heidelberg University Hospital (1.600 beds)

Optimal access to emerging markets

Germany has always been a natural gateway to emerging markets in Eastern Europe, particularly following the German reunification in 1990.

Benefit from established political and commercial relationships facilitating your access to emerging markets in Poland, Russia, Czech Republic, Hungary, Turkey, Slovakia, Romania, and the Baltics.

Incremental German export growth to emerging market countries 2000-2007
in billion Euro

Poland	21,68
Russia	21,50
Czech Republic	13,30
Hungary	7,00
Turkey	6,73
Slovakia	5,18
Romania	5,27
Baltics	3,79

Optimal access to a powerful R&D ecosystem in MANNHEIM

MANNHEIM provides access to a powerful ecosystem of collaborative clinical research and product R&D:

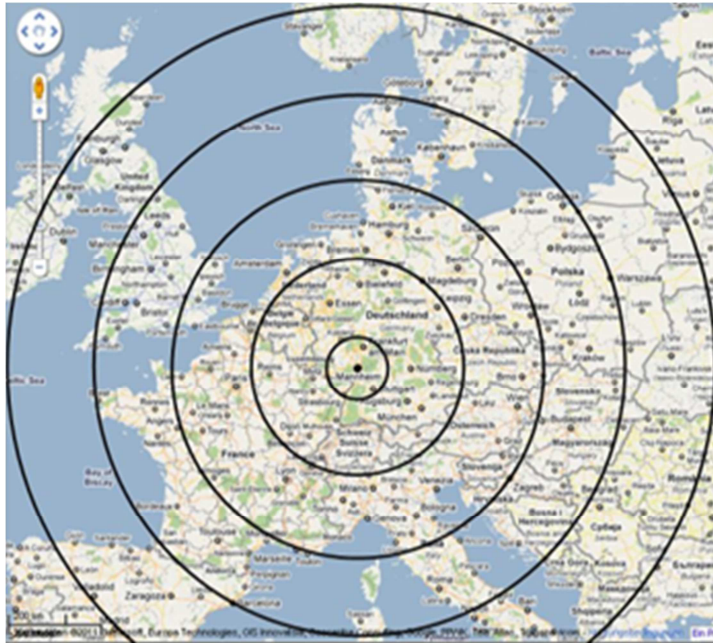
- Central Institute of Mental Health
- European Laboratory for Molecular Biology EMBL
- Fraunhofer Group for Automation in Medical Engineering and Bioengineering
- Freudenberg New Technologies GmbH
- German Cancer Research Center DKFZ
- Heidelberg University Medical Center
- Institute of Medical Technology Mannheim
- Mannheim University Medical Center
- Mannheim University of Applied Sciences
- Max-Planck-Institute for Medical Research
- National Tumor Center NCT
- Roche Diagnostics Research Center Mannheim

Efficient travel from/to MANNHEIM:

People buy from people. Being able to easily visit your customers, business partners or affiliates for personal meetings is a key to your success. Located at the core of Europe, MANNHEIM provides an optimal hub for time-saving and efficient business travel.

Mannheim Main Station includes one of the most frequent ICE high-speed train connections to all major cities every hour. Get e.g. to **Munich by rail in 2:58hrs**, and get to **Paris by rail in just 3:09hrs**.

This includes a direct **31-minutes ICE high-speed train connection to Frankfurt Airport Terminal 1**, a worldwide hub for direct flights to EMEA, US, ASPAC and ROW destinations.



Optimal access to physician training in MANNHEIM

Physician training is key to launching medical devices, and to drive adoption and diffusion of new medical technologies. The Mannheim medical technology cluster provides you quick access to simulator centers dedicated to physician training in surgical and transcatheter therapies.

- CatHi Simulator Training Center
- Simulator Training Center CardioSkills
- VRmagic Eyesi Simulator Training Center

Financial performance and compliance in MANNHEIM

Financial performance and compliance according to international standards present key metrics for managing your business. Four worldwide leaders in business & strategy consulting run offices in Mannheim City, and provide business consulting, finance, taxation, accounting, and expat payroll services to you on site.

- Ernst & Young
- Deloitte
- KPMG
- PriceWaterhouseCoopers

Optimal access to talents & professionals in MANNHEIM

MANNHEIM provides quick access to leading academic institutions dedicated to providing a ready pool of graduates for medical device R&D, Operations, Supply Chain, QA, Regulatory, Marketing, Sales and Distribution.

- University of Applied Science (Medical Engineering)
- Medical Faculty Mannheim of Heidelberg University (Medicine)
- Mannheim University (Business)
- DHBW Cooperative State University (Electrical/Medical Engineering, Business)
- Graduate School RN (Life Science & Healthcare Management)
- University of Applied Management Studies (Business)
- Vocational colleges for nurses and nurse-technicians

Your Dedicated Medical Device Business Partner in MANNHEIM

The Mannheim medical technology cluster provides both to you, hands-on support for your operational challenges as well as management advice for strategy and execution of your medical device business.

Our MedTech industry senior professional, Mr. Elmar Bourdon, is your dedicated business partner, backed-up with 15 specialist staff in the Office of Economic Development.

A business graduate with postgraduate education in public health, Mr. Bourdon's medical device industry track record includes more than 15 years experience in product management, marketing, and sales roles in multinational and US-companies.

He provides experience in building organisations, growing businesses in profit and revenue, and launching products, both, in Germany and in Europe. Prior to assuming his role for the Mannheim medical technology cluster, Mr. Bourdon's positions included Product Manager at Siemens Healthcare/Sirona (NASDAQ: SIRO), Marketing Director Europe at Abbott (NYSE: ABT), and Business Unit Manager DACH at C.R. Bard (NYSE: BCR).

Contact us today:

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