

NASHVILLE BUSINESS JOURNAL

STRATEGIES

August 15, 2008



TODD STRINGER | NASHVILLE BUSINESS JOURNAL

Dr. Ming Wang, a Nashville-based ophthalmologist, with three of China's first bladeless LASIK patients.

HEALTHCARE IN CHINA: BY THE NUMBERS

- There 16,676 public hospitals in China
- There are 2,027 private hospitals in China representing about 10.8 percent of the market.
- One in four city dwellers in China have insurance.
- One in 10 rural citizens in China have insurance.
- Corruption and kickbacks are a problem in the public hospital system.
- Private hospitals lack high-tech facilities, personnel and are faced with tough competition from public hospitals.
- Health care is a very broad sector in China, which means certain segments are more interested in outside investment than others.
- Sectors where the Chinese are showing interest include hospitals, medical devices, distribution and retail, research, traditional Chinese medicine, training and education, management systems and public education about medical diseases, prevention and treatment.
- China has strict regulations on the management of foreign currencies, which makes it hard for foreign investors to exit.

An eye for opportunity



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Nashville's Wang leads move into China

By LINDA BRYANT
NASHVILLE BUSINESS JOURNAL

The market for private health care in China began to open up about a year ago, signaled by a loosening of governmental restrictions.

Nashville-based ophthalmologist Dr. Ming Wang — never one to shy away from an opportunity — jumped in quickly to take advantage of the situation.

Soon after the country relaxed rules regarding private health care expansion, a China-based eye

hospital company partly owned by Wang became the first private hospital in China to receive a foreign loan.

The loan for about \$3.5 million came from the World Bank.

Since Wang first bought an ownership stake in the country's largest private eye hospital in 2006 — and since it received the World Bank loan — the Shanghai Aier Eye Hospital Group has expanded to 14 hospitals in China's 14 largest cities.

It is now the largest privately-held eye hospital network in the country with more than 10 percent of the market.

The hospital system employs

thousands and see about 50,000 patients a month, Wang says.

Wang is international president of the company. He is also director of the Nashville-based Wang Vision Institute and president and founder of the Tennessee Chinese Chamber of Commerce.

"Private health care is one of the last frontiers to open up in China," Wang says. "But at the same time, the health care system in China is pretty bureaucratic, inefficient and backwards."

He sees the emergence of private health care in China as a major opportunity for Nashville's 300-plus health care companies, and has fashioned himself as a speak-

CHINA | Expansion into market also brings major risks

er and leader on doing business in China.

Some experts are very cautious about the China market, even with all the opportunity of the undeserved medical needs of the country's 1.4 billion population.

Despite the growth of his hospitals in China, Wang also says the market should be approached with patience.

"Every entrepreneur in China is talking about going public and have inflated perceptions of their worth," says Erik Bethel of ChinaVest, a Shanghai-based merchant bank.

"I realize China's population is huge and that people need health care," he says. "But in the back of my mind, I hear echoes of tech companies in San Francisco justifying extremely high valuations because they were in a 'new economy,'" Bethel wrote in a white paper recently published at The Wharton School at the University of Pennsylvania.

Wang agrees it's not easy and says doing business with China's health care system is a complicated, uncertain maze.

Still, he sees it as a historic opportunity that many companies shouldn't miss out on, even if it takes years to come up with an effective business plan to feel safe in the Chinese market.

"Significant challenges still lie ahead," Wang says, "However, private health care represents the future of China's health care system."

His advice is for companies to take a cautious approach and focus on long-term growth

strategies and look for creative approaches such as joint partnerships.

"Currently, it's unyielding to get money back out of China," Wang says. "But it's anticipated that in one to three years, it will be much easier to retrieve profit."

Wang says his goal is to use the World Bank loan obtained by Aier Eye Hospital Group — which involved meeting international standards for financial transparency, accountability and infrastructure — to take the company public.

Nashville's health care companies are starting to show big interest in doing business in China, says Caroline Young, president of the Nashville Health Care Council.

"We have a tremendous amount of know-how to offer the global marketplace," Young says.

"China offers a diverse and rapidly growing marketplace, and the knowledge found in Nashville (can be) tapped to address many common challenges we see in health care, including the effects of a rapidly aging population and the cost of care."

Young can easily foresee a health care trade mission to China in the future, much like the six — soon to be seven — European trade missions the Council has taken to Europe.

"A similar mission to China would be an invaluable opportunity for our industry executives to become more familiar with the market and for decision-makers in China to learn



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Dr. Ming Wang and Mr. Bang Chen, co-owners of Shanghai Aier Eye Hospital, at the grand opening in 2005.

about the wealth of health care expertise we have here in Nashville," Young says.

There may be a buzz about China, but some companies remain uncertain about expansion there.

RyMed, a Franklin-based manufacturer of intravenous catheters, is cautiously watching the China market, but doesn't see an opening yet.

A big reason for that is that China doesn't have effective patent protection and the company's products are patented.

"The opportunity is huge, but it's definitely a barrier that China doesn't recognize U.S. patent law," says Scott Chase, marketing manager of RyMed. "There are probably other places in the global marketplace we'd go first."

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