

DEFENSE & HEALTHCARE OPPORTUNITIES IN SWEDEN

DEFENSE OVERVIEW

- The Swedish Government has decided to substantially increase its defense budget for the first time in two decades.
- Significant expenditure is being directed towards the purchase of advanced defense systems, international peacekeeping missions, and research and development initiatives.
- Sweden is expected to invest \$34.7 billion cumulatively in strengthening its Armed Forces for the next 4-5 years.
- The arms procurement, with an increased focus on aircraft, anti-submarine warfare equipment, and submarines, is to be the driving factor in increasing capital expenditure.
- The Swedish Armed Forces are finalizing their 2020-2035 strategy. General Major Michael Claesson, head of strategy work, says the technology will change a lot, but conventional warfare will continue to apply in all the traditional areas: air, sea, and field.
- An analysis suggests there will be a doubling of the Armed Forces in 2035 alongside the technological development.
- The Government is expected to increase its focus on cyber security and the procurement of drones to enhance aerial surveillance.
- No company in the Swedish defense industry is owned by the state
- The Swedish defense industry invests 18% of their turnover in R&D

DEFENSE OVERVIEW

- The main sectors in Sweden's defense industry:
 - Network-based command and control systems
 - Telecommunications systems, including electronic countermeasures
 - Combat aircraft – manned and unmanned
 - Aircraft engines
 - Command and control systems for land, naval and air applications
 - Systems for exercise and training
 - Electronic warfare systems
 - Camouflage and deception systems – UV, VIS, NIR, TIR and radar
 - Surface vessels and submarines
 - Combat vehicles, tracked vehicles
 - Short and long-range weapons systems – land, sea and air
 - Air, sea and airborne radar and IR systems
 - Small and large caliber ammunition
 - Smart artillery ammunition
 - Propellants, explosives and other pyrotechnical substances
 - Support systems for operation and maintenance
 - Ranges for test and evaluation

DEFENSE CHANNELS TO MARKET

- The only customers in the industry are governments and the protectionist practices allow barriers which causes uneven competition.
- About 90% of all military equipment acquisitions are met by Swedish contractors, of which only about 15% are handled by foreign subcontractors.
- FMV, the Defense Material Administration, is responsible for procurement, maintenance, and storage of equipment for the Swedish Armed Forces.
 - FMV utilizes more than 2,000 different suppliers within the domestic and foreign industry.
- LUFS regulates procurement of military equipment or services, or militarily sensitive equipment/services.
- Virginia companies interested in pursuing opportunities in Sweden are recommended to make contacts with various Swedish companies, in order to establish a market presence and access existing networks through partnerships, as entering the market individually can prove challenging.
- All defense materials imported for the Swedish Armed Forces are duty-free, as well as goods imported for the manufacturing or maintenance of products for Swedish Military use.

HEALTHCARE OVERVIEW

- Healthcare in Sweden is largely tax-funded and decentralized as the responsibilities lie within the county councils.
- Sweden's municipalities are responsible for care for elderly in the home or in special accommodation. Their duties also include care for people with physical disabilities or psychological disorders.
- In spite of a relatively limited market size of 10 million people, the healthcare spending is high.
- The market for medical devices is growing and the current number of products available in Sweden is estimated to be approximately 900,000.
- The medical device manufacturing industry is relatively small in Sweden.
- In 2016, the medical device market was valued at \$2.2 billion.
- Government spending on health and medical care, including dental, was \$7.3 billion in 2017.

HEALTHCARE CURRENT TRENDS

- Many of the challenges facing Swedish healthcare include issues of access, quality and funding.
- The population is aging and as a result, the local healthcare industry is receptive to innovative technologies for treating and mitigating chronic and age-related diseases.
- There is a demand for diabetes products, user-friendly home care, orthopedic and implantable devices, non-invasive equipment and e-health products.
- There is a high focus on increasing demand for new technology using digitalization, IoT, big data, etc.
- Sweden has launched e-Health 2025 with a vision to become the best in the world using the opportunities offered by digitization to improve the health and welfare of their population.

CHANNELS TO MARKET

- Sweden has 21 county councils that provide healthcare to the inhabitants in the country.
- Other healthcare providers include 290 municipalities, a number of private operators, and caregivers who use medical devices.
- Healthcare providers in Sweden invest large sums on medical devices, and this amount increases each year as the range of products continues to grow.
- All medical devices to be purchased by the governmentally funded healthcare providers must be procured via a tendering process. However, healthcare providers have no common process for this.
- The city councils sometimes work together in small groups to purchase certain product types. However, each county council mostly manages its own contracts.
- Some counties have decentralized procurement.
 - In Stockholm County Council, each hospital has its own purchasing unit, and procurement has not been synchronized between hospitals within the county.
- Municipalities must procure the medical devices to be used via a tendering process. The same does not apply to private operators and caregivers.

REGULATIONS

- The Swedish Medical Products Agency, a body under the Ministry of Health, is the national authority responsible for regulation and surveillance of the development, manufacturing and sale of drugs and medical devices.
- Sweden has brought its legislation in line with the safety requirements in force within the EU concerning testing, certification and labelling of medical devices.
- Each medical device placed on the market must comply with the requirements in the Swedish Medical Devices Act.
- In 2017, two new regulations on medical devices were adopted.
 - The two regulations are Medical Device Regulation and In Vitro Diagnostic Device Regulation
 - The new rules will apply after a transitional period.
 - The regulations contain a series of improvements to modernize the current system.