**Interview with Frank Hemm, Senior Vice-President of Straumann Asia Pacific**

**“Asia Pacific will continue to be a key growth driver for implant dentistry”**

Frank Hemm worked as a management consultant for several years in the health-care industry before he became involved with Straumann, a worldwide leading company in implant dentistry. One of the things that attracted him to the company was its drive for purposeful innovation and the improvement of the quality of patient care, he says. Dental Tribune Group Editor Daniel Zimmermann spoke with him about Straumann’s move to Singapore and recent developments and trends in the dental implant markets in Asia.

Daniel Zimmermann: You recently moved your regional headquarters to the Fuji Xerox Towers in Singapore. What was behind this decision and how has the dental community reacted?

Frank Hemm: The Asia Pacific region had been managed from our corporate headquarters in Basel up to the middle of 2008 when we decided to establish a regional headquarters in Singapore. Several factors prompted the move. In 2007, we acquired our former distribution partners in Japan and Korea, which gave us direct access to the two largest markets in the region. At the same time, we acquired a sizeable team that had to be integrated into the Group, which required management support and coordination. Furthermore, the increasing importance of Asia Pacific as a growth region encouraged us to expand our regional presence and influence, to be closer to our customers in order to better understand and meet their needs. The reaction of the dental community to Straumann’s commitment and support has been very positive so far.

**The net revenue growth of your company for Asia was 42 per cent in 2007 compared with only 21 per cent in Europe and 16 per cent in the US. In your opinion, how large is the market for dental implant solutions in Asia?**

Obviously, our growth in 2007 benefitted considerably from the acquisition effect. Nobody really knows exactly how large the market in Asia is, and estimates vary widely because there is limited transparency in the sales of the smaller companies. Suffice it to say that the market is particularly attractive for companies that offer integrated dental solutions.

**In terms of revenue, Asia is still behind North America and Europe. But with the huge potential of countries like China and India, do you expect to see a shift of sales away from these regions?**

In absolute terms, Asia Pacific will lag behind Europe and North America for some time to come because the penetration rates there are significantly higher. However, in terms of the future growth potential, especially in China and India, Asia Pacific will continue to be a key growth driver and will command an increasing share of overall sales. As the market leader in China, Straumann is well positioned to take advantage of these growth dynamics.

**In which markets do you see the largest potential for growth and why?**

In terms of market size, Japan and Korea will continue to be the key markets in Asia Pacific in the short and mid-term. The biggest growth potential, however, is expected to come from China with its strong institutional segment and emerging private sector. India is also expected to contribute substantially to regional growth.

**Do you think that Asian dentists are adequately trained in implant dentistry, and have you noticed regional differences?**

In the vast majority of countries worldwide, dental implants are not part of the university curriculum of dental professionals. This is also the case in Asia Pacific. Therefore, continuing medical education provided by implant manufacturers and others is important. The level of education in implant dentistry amongst Asian dentists has increased dramatically. In order to better understand and meet their needs, we have increased the number of medical tourists. Patients want safe, reliable solutions with predictable long-term results. In order to enable dental professionals to meet these requirements, Straumann engages in a broad range of educational activities across all specialisations at all levels of expertise, such as for surgeons, prosthodontists, periodontists, dental technicians and hygienists. These educational activities are offered in collaboration with our global academic partner organisation, the International Team of Implantology (ITI). Both Straumann and the ITI share the same passion for science-based innovation and the highest standard of education with the aim of promoting the quality of patient care in implant dentistry.

The ITI furthers expertise in implant dentistry in many other ways, including through the publication of the ITI Treatment Guides, which are now also available in Japanese and Chinese.

In order to broaden the pool of speakers to disseminate expertise on implant dentistry, Straumann also orchestrates speaker development programmes in Asia; one of the sessions runs parallel to the Asia Pacific Dental Congress (APDC).

The pool of highly educated Asian dentists also fuels a very active research community in the region, and our academic partner ITI has funded a number of research projects from Asia.

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Growing competition in these markets?

There are some fundamental differences between Korea and China. The market penetration of dental implants in Korea is already very high, comparable to Italy or Switzerland, resulting in a market size that, depending on the sources of information, exceeds that of Japan. The Korean market is highly competitive and is characterised by many domestic copycat and low-cost competitors. Most have no long-term scientific evidence. We believe the size of the Korean market is often overestimated because of the aggressive discounting behaviour of domestic competitors who have been flooding the market with cheap or even free implants, many of which remain unused in dentists’ drawers and on shelves. Such companies that compete purely on price and offer no added value are seeing their business models fundamentally threatened by the current economic environment.

China in contrast is still at a relatively early stage of development in terms of implant dentistry and is therefore currently much smaller. Nevertheless, it is growing much faster in relative terms. Unlike Korea where dental implant procedures are mostly performed by general practitioners, customers in China are still treated at predominantly government-owned institutions; the private sector is still in its infancy, government-owned institutions; the private sector is still in its infancy.

Have you experienced a slowdown in the dental market owing to the current state of the global economy?

Treatment with dental implants is an elective procedure that in most cases is paid out of pocket by the patient either completely or substantially. In the current economic uncertainty, patients are therefore postponing treatment, and we have seen the number of patients decrease in many markets. In the current economic context, patients seeking treatment tend to be more cautious in evaluating treatment and put more emphasis on product quality. This favours the few companies like Straumann that emphasise the highest product quality, safety and scientific backing. The quality and experience of the dental professional performing the treatment is also becoming a more important factor for patients.

Because of the current economic environment, many customers have been reducing their inventories. Also, dental labs are becoming more hesitant to invest in equipment, such as CAD/CAM scanners.

However, this is only a temporary phenomenon and will result in a consumer demand. Once the economy picks up again, as the patients’ needs for full oral rejuvenation and aesthetics will not have disappeared. Furthermore, the consequences of delaying treatment or using a ‘cheap’ solution will cost the patient more in the long term. Healthy dentition is more than a consumer product and contributes to long-term quality of life.

In order to survive in the future, dental laboratories will have to automate, consolidate, outsource or specialise. Investment in CAD/CAM technology (scanner and/or milling machine) is a sufficient means of automation to increase productivity. In lab scanning with third-party centralised milling is the only realistic model for the majority of laboratories.

In the case of Straumann, 50 years of history, evidence-based innovation and the highest quality, resulting in safety, reliable and aesthetic solutions, allow us to differentiate and weather the storm.

You will be exhibiting at the APDC in Hong Kong. Would you please tell us what you have in store for the visitors?

We are looking forward to introducing SLActive in China and Korea this year. Could you tell us more about that and what else dentists can look forward to in 2009?

Both SLActive and the Straumann Bone Level Implant have been introduced in Europe and North America with overwhelming success. With the scientifically proven benefits of the SLActive implant surface, functionality and aesthetics will not have disappeared. Furthermore, the consequences of delaying treatment or using a ‘cheap’ solution will cost the patient more in the long term. Healthy dentition is more than a consumer product and contributes to long-term quality of life.

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We believe the organisers of the APDC have succeeded in putting together a very attractive, high-calibre scientific programme. This will be complemented by corporate sessions, such as the Straumann seminar on Sunday afternoon with Prof. Jürgen Becker and Dr Frank Schwarz, who will present their latest clinical research on concepts to improve osseointegration of dental implants, indicating the positive effect of the SLActive implant surface on osseointegration and the outcome of bone augmentation procedures in particular.

In addition, you have announced that you will be introducing the SLActive implant surface and your new Bone Level Implant to markets in Asia this year. Could you tell us more about that and what else dentists can look forward to in 2009?

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We are looking forward to introducing SLActive in China and Korea this year. Could you tell us more about your plans in these Asian markets, except for Japan, it is already available.

The SLActive surface is available on all of our implants including the Straumann Bone Level Implant, which provides new confidence at bone level through optimised cemental bone preservation, simplified handling owing to the new CrossFit Connection and pleasing aesthetic results thanks to improved soft tissue management. In its first year on the market, the Straumann Bone Level Implant has captured a 5 per cent share of the bone level segment. The Straumann Bone Level Implant will be introduced in Korea and China in the next few months and is already available in all other Asian markets, except Japan.

With the very successful Straumann Tissue Level Implant, Straumann now offers a complete system for all indications that can be used with the same surgical kit. In the near future, our Asian customers can also look forward to the introduction of Straumann CAD/CAM prosthetics and guided surgical solutions.

At the IDS in Cologne your company also announced a new partnership with Ivoclar Vivadent that aims to expand your prosthetic range with high-aesthetic ceramic solutions. When do you expect this range to be available to dentists in Asia?

We are very excited about this partnership combining Ivoclar’s expertise in ceramic materials and final restorations with Straumann’s strength in implant and CAD/CAM solutions. For selected Asia Pacific markets, we expect a limited market release in the beginning of 2010, followed by the full market release during the course of 2010, pending regulatory approvals where necessary.

Thank you very much for the interview.