Entering Japan Knacks and Pitfalls

KEISUKE KAYE SUZUKI

KEISUKE MED TECH CONSULTING, LLC

Kaye has over 25 years of experiences working in the medical device industry, uniquely on all aspect of the business; from concept to retirement of products. He has actual hands-on and management experiences in R&D, Regulatory, Reimbursement, and Marketing. He is also a global leader experiences dealing with companies and markets in North America, Europe and Asia. He has been described as "All things about Medical Technology". His most value is in dealing with Japan; a blackbox for many companies. As well as, in new medical technologies, shepherding the complex maze to commercialization.

Prior to re-engaging back into consulting, Kaye served as Vice President of Asia for Abiomed from April 2010 to June 2015. While at Abiomed, he spearheaded the regulatory challenge of Impella pump catheter into Japan without a local study. He established the brand "Impella" amongst Cardiologist there, built the local entity for commercialization. He also initiated the market entry into China. Abiomed was one of the many companies, Kaye consulted.

He consulted start-ups to Fortune 500 from February 2007 to March 2010, on market access, regulatory, reimbursement, quality system, partner selection, organizational development, business and market development, supply chain as well as stakeholders' relations focused around Japan. His clienteles were BSI, Phillips, KCI, AMS, Spectranetics, Giving Imaging and Concentric Medical to name a few.

Kaye served as Vice President at Guidant Corporation in Japan (Executive Vice President, Chief Regulatory and Quality Officer and Board Director for Guidant Japan KK) responsible for all Regulatory, Clinical, Quality, Vigilance, Compliance, Quality System and Medical Affairs activities for Japan until he resigned on Nov. 2006. He shepherded the organizational transformation from Japan centric to a global team. The first half of his 8 years' tenure with Guidant, Kaye built and managed the Vascular Intervention Business in Japan since its direct operation as Director of Marketing until he was requested to take a leadership role in upgrading the regulatory side of the business, as well.

Prior to Guidant, Kaye worked for Johnson &Johnson Cordis as project manager, product manager and marketing manager for the Biosense, Cardiology and Endovascular businesses. Before that with Zeon Medical Inc, a Japanese medical device manufacturer, he developed or managed a variety of products (except for Orthopedics), as project manager and product manager.

Kaye began his career as an entrepreneur, co-founding a Part 135 air carrier business from Burbank, California until he moved back to Japan 25 years ago. Kaye grew up in US and Europe, and received a BS and a MS in Bioengineering from University of California, San Diego.

Opportunities beyond US
Europe or Asia?

Realistic options
Germany and Japan

Japan and Germany Demographics

	USA	Japan	Germany
Area ratio	100	4.0	3.8
Population ratio	100	40	25
Population growth rate	+0.78%	-0.16%	-0.17%
Seniors (65+)	15%	27%	21%
Birth rate (per 1k)	12.49	7.93	8.47
Death rate (per 1k)	8.15	9.51	11.42
Life expectancy	80 years	85 years	81 years
Fertility rate	1.87	1.40	1.44
GDP (PPP)	$ 17.4 T	$ 4.8 T	$ 3.7 T

	USA	Japan	Germany
Health Expenditure (2012)	16.9% GDP	10.3% GDP	11.3% GDP
Public Expenditure on Health	47.6 %	82.1 %	76.7 %
Healthcare Out of Pocket	12.0 %	14.0 %	13.0 %
Physician Density (per 1k)	2.5	2.3	4.0
Nurse Density (per 1k)	11.1	10.5	11.3
Hospital Bed Density (per 1k)	2.9	13.7	8.3
Obesity	35.0 %	3.5 %	22.7 %
Hypertension	18.0 %	26.7 %	31.5 %
Tobacco smoker	14.0 %	21.0 %	22.0 %

Japan and Germany Epidemiology

	USA		JAPAN		GERMANY	
Total deaths	2.7 M		1.2 M		0.9 M	
% Non Communicative Diseases (NCD)						
Cause of NCD death	Rank	Death	Rank	Death	Rank	Death
Cardiovascular Diseases	1	31%	2	29%	1	40%
Cancers	2	23%	1	30%	2	26%
Chronic Respiratory Diseases	3	8%	3	7%	3	9%
Diabetes	4	3%	4	12%	4	3%
Other NCD		23%		12%		17%

My Recommendation

Japan in a snapshot

BASELINE POSITIVE

- No. 3 device market
- No.3 Healthcare spender
- HE is $332B and rising
- HE is 10.3% of GDP
- 40% of US population
- 27% is >65 years of age
- Universal Healthcare System
- Fair Valued Reimbursement
- Fast Adapter of New Technology
- Most westernized in Asia

RISKS & OPPORTUNITIES

- Heath Expenditure is twice of tax income
- 30% copay
- 22% tobacco smoker
- Obesity is only 3.5%
- Deaths are Cancer, Heart and Brain
- 10 M Hypertensive patients
- Bed Density is 13.7/1000
- Regulatory Complexity
- Language
- Risk Averse Society

Historical Approach:

1. Sign an agreement with a distributor
2. Give a copy of the regulatory dossier and have the distributor obtain the approval & reimbursement
3. Send same product as USA or EU
4. Visit once a year and complain that the numbers are not acceptable, with minimal support from USA
5. Look for another distributor or consider going direct
6. Tough negotiation with approval holder on transfer of approvals
7. Go through couple GM to find the right guy or gal

Evaluate:
Direct, Distributor or Hybrid

- Does your product fill an unmet clinical need?
- Will your product be appropriately valued?
- Is the growth opportunity large?
- Is the projected ROI relatively large?
- Are you direct in USA?
- Is your product not capital intensive
- **Are you willing to invest as much as the USA?**

Already in Japan?
How many “YES”「はい」do you have?

- Is your market share in Japan comparable to the States?
- Do you know the needs of the Japanese customers?
- Do your TOP 5 customers in Japan know you?
- Do you know your competitors on the ground?
- Is Japan visible in your day to day decision making?
- Are you happy with the results from Japan?
- Are your main competitors also through distributors?

Distributor to Direct:
An Ideal Steps to Transition

1. Obtain new product approval under your name with distributor as DMAH
2. Hire country manager candidates and train in the States
3. Open entity and start Marketing with distributor
4. Obtain MAH license, keep distributor as Warehouse
5. Transfer old Shonin/Ninsho to your MAH
6. Register as Local Manufacturer and start distribution
7. Start dual channel sales activity
8. Take over full sales activities

Recommended Approach

Prerequisite:
Japan External TRade Organization

Non-profit, Japanese governmental funded organization to promote mutual trade and foreign investments into Japan

- Consultation on establishing business in Japan
  - Legal, Taxation, Regulations, HR, Office, Visas,
  - Partnership, Distribution, industry information
- Information library on doing business in Japan
- Temporary Office Space in Japan until establishment
- Offices in US
  - New York, Atlanta, Houston, Chicago, San Francisco and Los Angeles

Step 1:
Engage w/ Physician customers

- No user means No business
- Are they willing to advocate your technology?
- Request petition as “Unmet Clinical Need Device”
  aka “Device Lag” 「医療ニーズの高い医療機器」
- Strengthen advocacy from actual clinical use
  - Physician uses under own risk with no insurance coverage
  - Advanced Therapy program provides partial coverage
  - Patient Compassionate Use program provides partial coverage

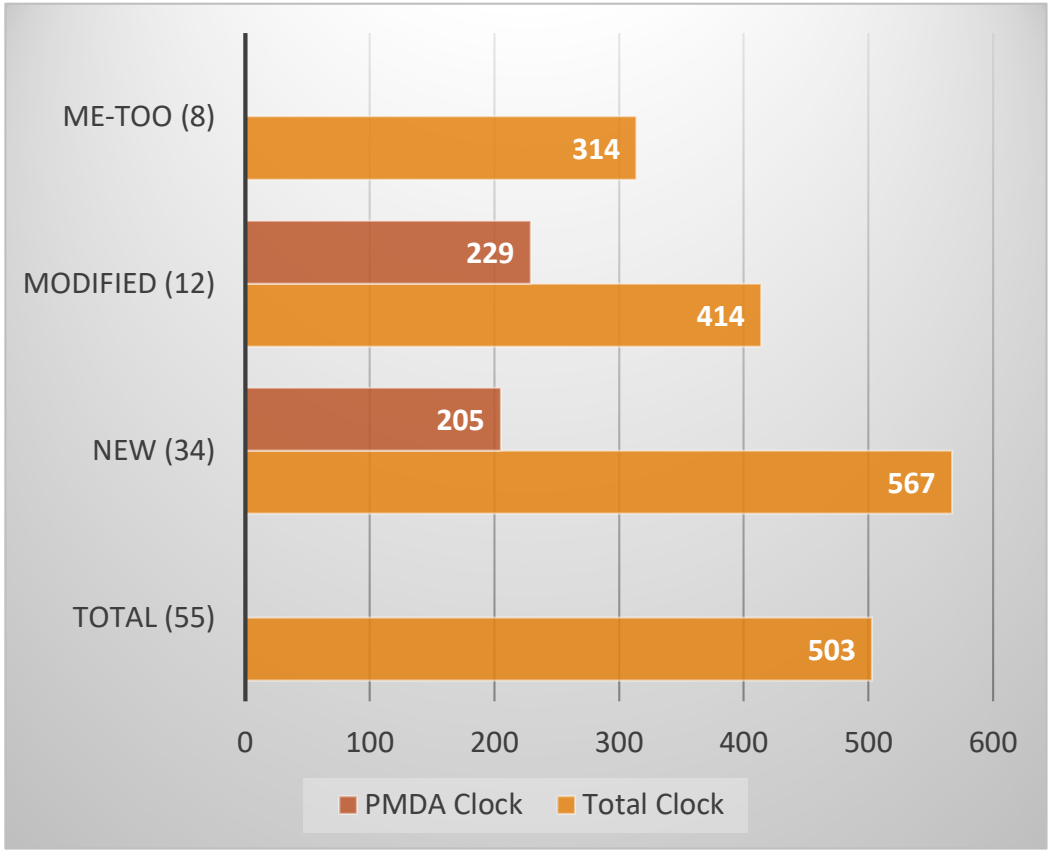
Unmet Clinical Needs Device Program
医療ニーズの高い医療機器

- Physician and/or patient society petitions to MHLW
- Device not approved in Japan
  - FDA cleared and/or CE marked Device
  - Superb clinical outcome based on published data
  - Good clinical outcome from Advanced Therapy program
- Committee evaluates technology
  - Severity of the applicable disease
  - Clinical necessity
- Clear regulatory/reimbursement pathway recommended to PMDA

Urgent Clinical Need Device Granted

- ✓Optune by Novocure (AB 2013)
- ✓Lifevest by Zoll (AB 2012)
- ✓Alair by BSX (BB 2012)
- ✓Aorfix by Lombard Med (AB 2012)
- ✓Freezor Max by MDT (BB 2012)
- ✓Nykanen RF wire by Baylis (AB 2012)
- ✓Activa RC by MDT (BB 2012)
- ✓Pipeline Flex by MDT (AA 2012)
- ✓VNS system by Cyberonics (BB 2008)
- ✓Precise Stent by Cordis (AA 2007)
- ✓Surpass by Stryker (AA 2012)
- ✓Viabahn by Gore (AB 2009)
- ✓MitraClip by Abbott (BB 2011)
- ✓NRG RF transseptal Needle by Baylis (BA 2011)
- ✓Meniett by (BB 2011)
- ✓Trigen Sureshot by S&N (BA 2011)
- ✓PillCam by MDT (BA 2007)
- ✓Advisa MRI by MDT (BB 2010)
- ✓Aero stent by Merit Med (AB 2009)
- ✓Silmet by Novatech (AB 2009)
- ✓Merci retriever by Stryker (AA 2008)
- ✓Wingspan by Stryker (AA 2008)
- ✓Reveal DX by MDT (BA 2007)
- ✓Cyberknife by Accuray (BA 2007)

Unmet Clinical Needs Device The Score Card



- 67 Needs, 88 devices granted status from 2007 to 2015
- 20 devices (23%) are negotiating(1), Japan study ongoing (6), preparing dossier(13)
- 26 “New” devices applied average 1823 days after FDA clearance

“Sakigake” Early Bird Program
The MHLW invitation to industry

- Objective
  - Aimed to be the first to approve innovative technologies instead of the last
  - Focused on innovative therapy for critical diseases
- Prerequisites
  - Pre-pivotal data must show significant benefits compared to present therapy
  - Must submit Shonin application before or in parallel to other countries
- Process
  - MHLW and PMDA will determine eligibility within 60 days of application
  - If designated, PMDA will assign a project manager
  - PMDA will be available to consult from concept phase
  - Shonin approval process will be shortened by 50%
  - Additional incentives on Reimbursement

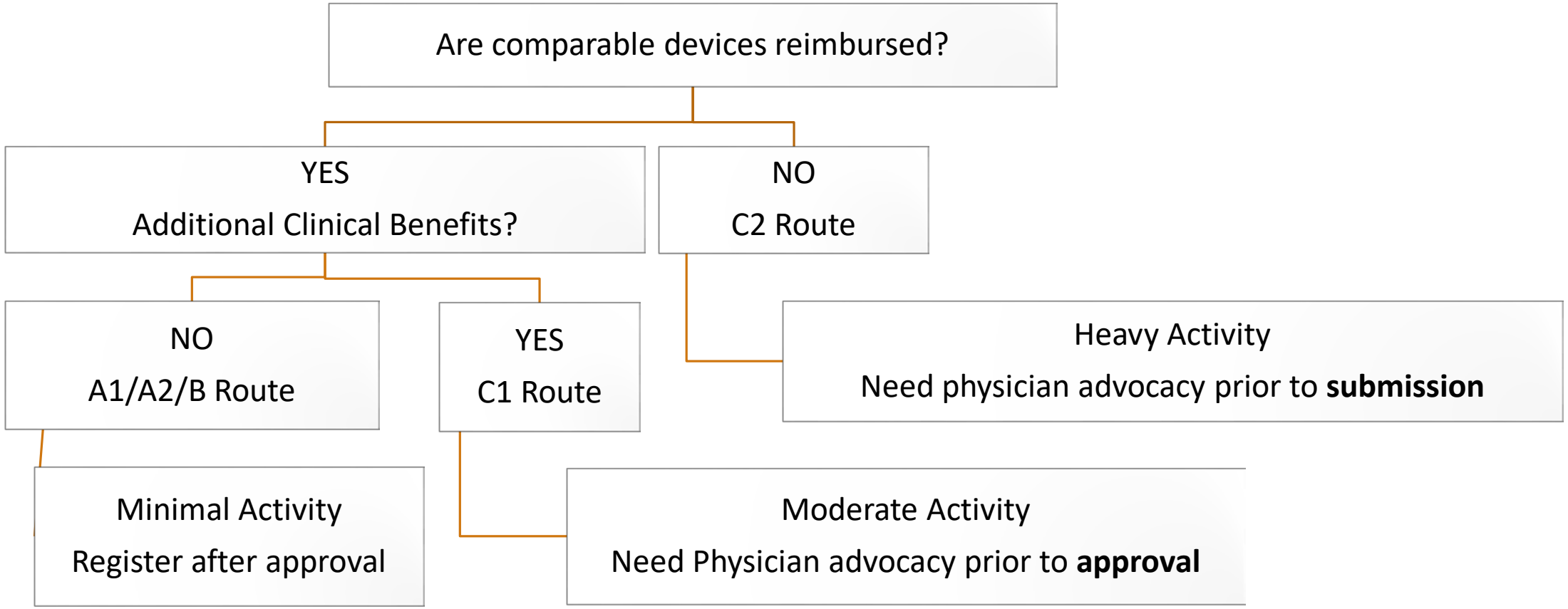
Step 2:
Think Reimbursement

- No reimbursement means No business
- What is the present level of reimbursement
  - Identify the gap
- Are the medical practices similar?
  - Obtain hospital historical data and compare
- Do you have a cost effectiveness study?
  - Input NHI prices and see if still cost effective
- What do you need to prepare while in regulatory review
  - Utilize clinical use data in Japan, compare to historical data of those sites?

Reimbursement Categories

Category	Definitions	Examples
A1	Inclusive to any Treatment Code	sutures, disposable syringes, gauges
A2	Medical Device with Specific Treatment Code (included)	X rays, CT-scans, endoscopes
B	Individually Reimbursable Medical Materials based on defined functional categories (separate from Treatment Code)	dialyzers, pacemakers, artificial joints, bare metal stents
F	Not applicable	Home use thermometer
C1	Treatment Code exists but device improved and/or modified from present A2 or B	DES
C2	Totally new device with no appropriate Treatment Code	implantable artificial hearts, stent grafts

Reimbursement Decision Tree



Reimbursement Relationship with Regulatory

		Regulatory Categories					
		Class 1	Class 2		Class 3 & 4	ALL	
			Guidance	No Guidance	Similar	Modified	New
		Registration	Certification		Approval		
Reimbursement Path	F	☑	☑	☑	☑	☑	☑
	A1	☑	☑	☑			
	A2	☑	☑	☑	☑	☑	
	B		☑	☑	☑	☑	
	C1					☑	☑
	C2						☑

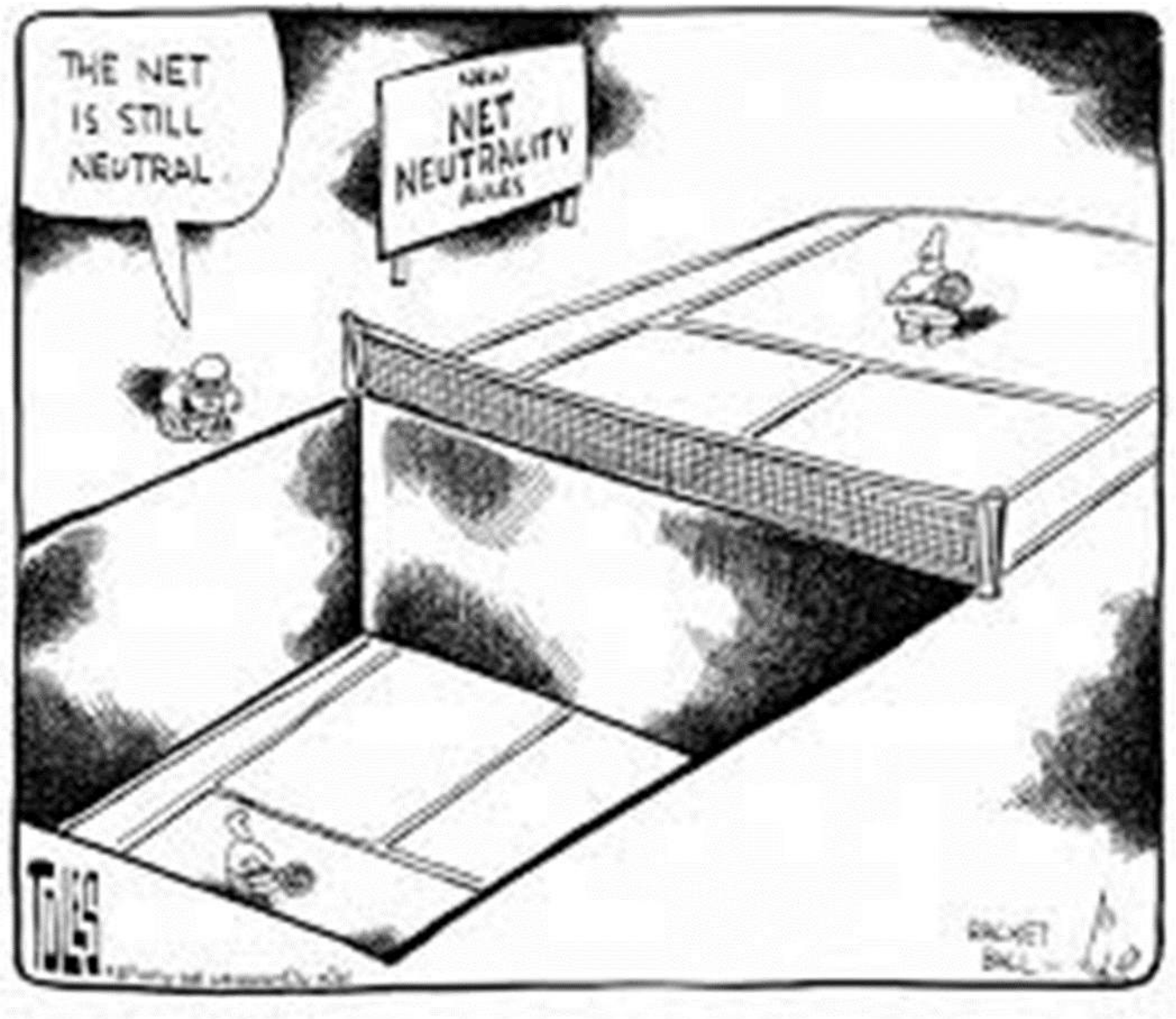
Step 3
Adjust Regulatory Strategy

- Unmet Clinical Needs or not, physicians advocacy is critical
- Need to specify the added value in the regulatory submission to gain reimbursement benefit
- Can only promote features described in the regulatory submission
- Make a sound decision based on data

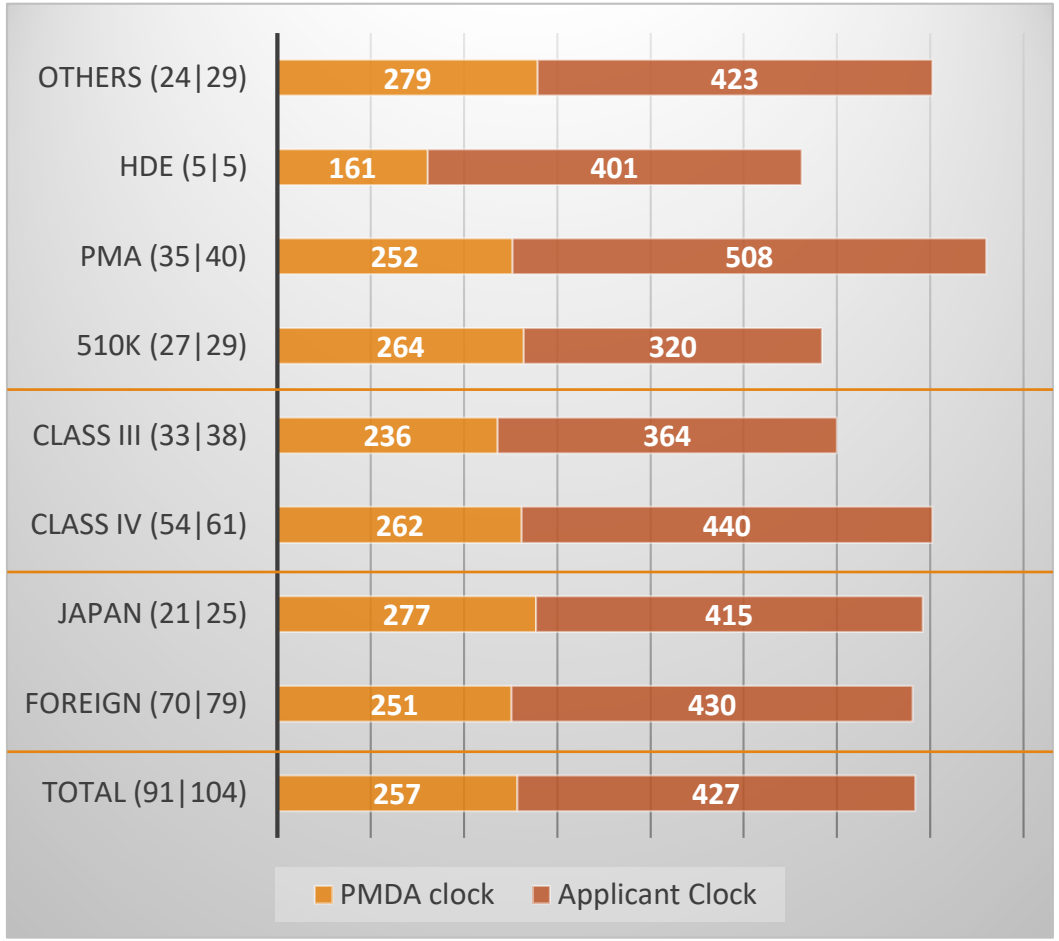
Is PMDA really slow?

FDA
PMDA

- The differences are minimal compared to similarities in term of regulations
- The criteria for approval is the same; design based on risk analysis, and evaluate safety and efficacy based on data
- The depth of risks and benefits is substantially different; more risky to Japanese eyes versus more beneficial to American eyes
- Minor errors are sign of hidden larger issues versus part of human nature

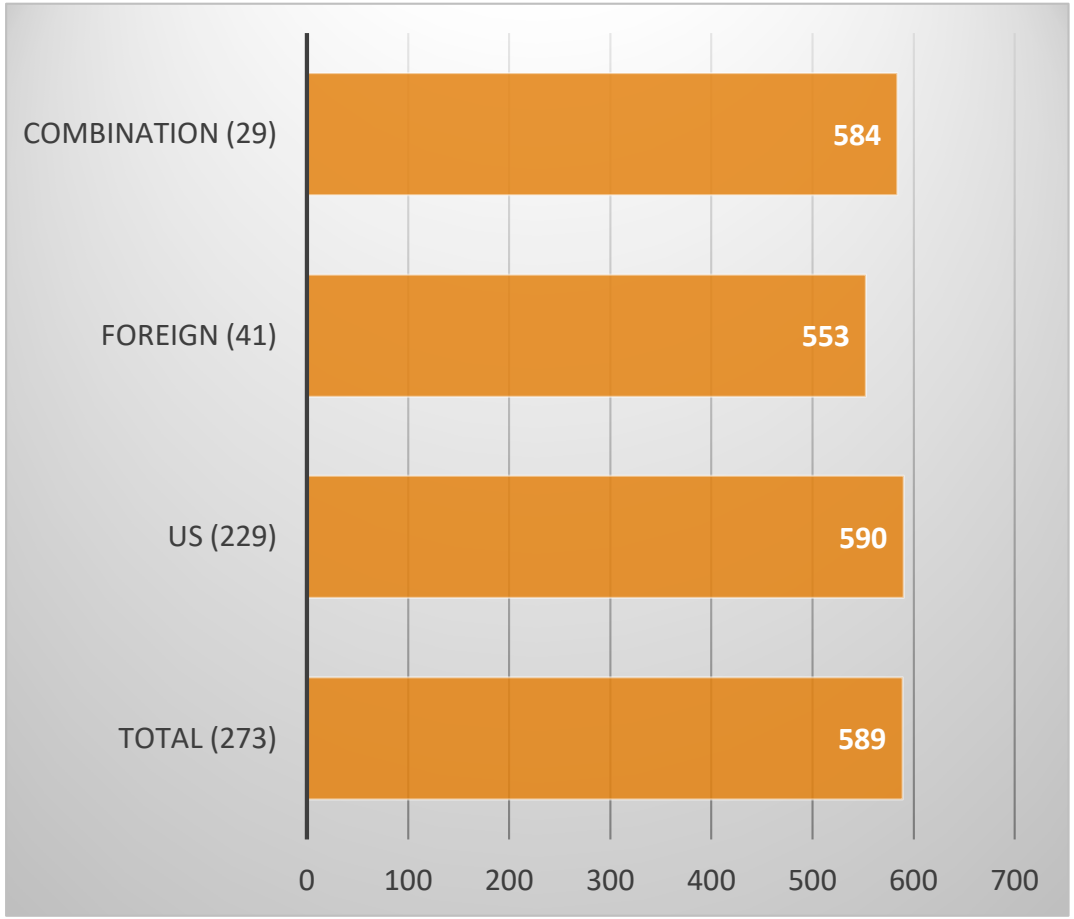


PMDA Score Card
“New” de-novo Devices



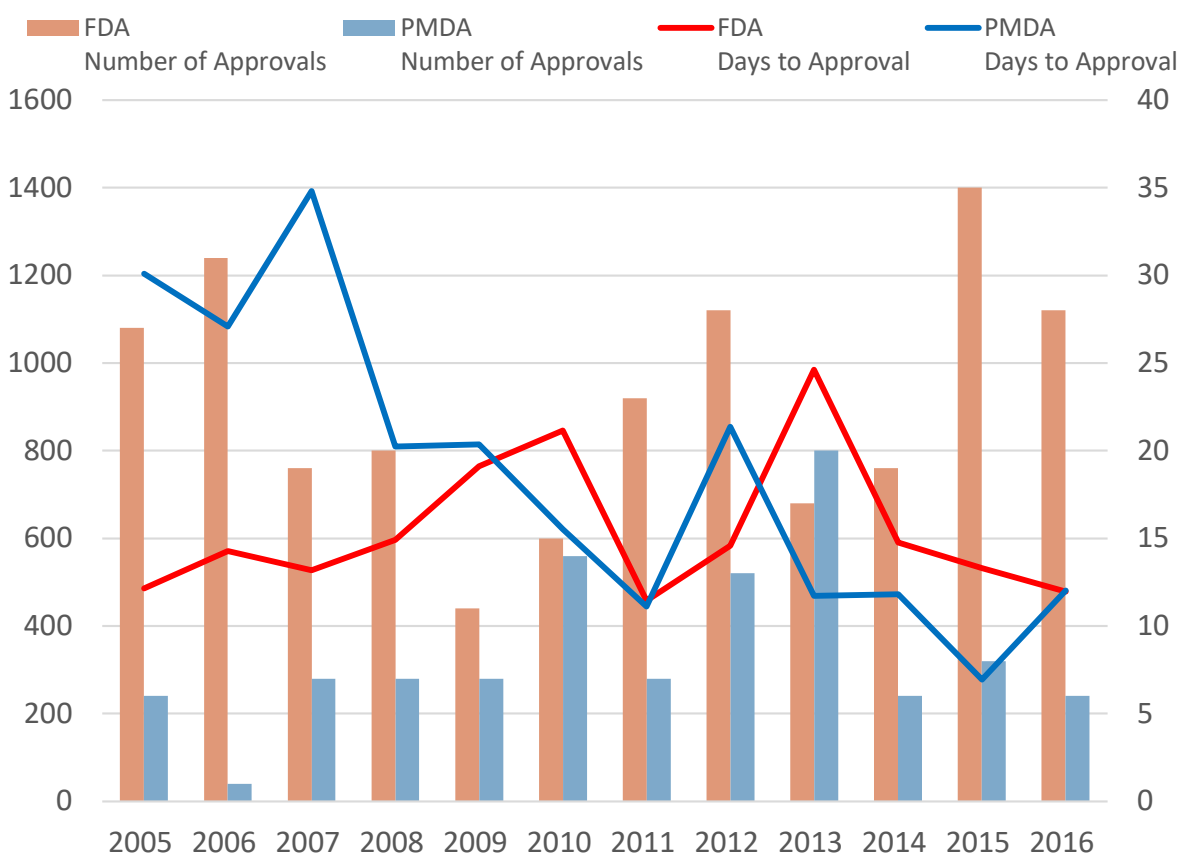
- 104 devices approved (01/2005 – 11/2016)
- Average 684 days for approval
- 74 FDA cleared but 2014 days behind
- Market entry device (21/104)
  - Average 730 days Total Clock (21/104)
  - Average 233 days on PMDA Clock (20/104)
- Others (83/102)
  - Average 672 days Total Clock (83/102)
  - Average 263 days on PMDA Clock (71/102)

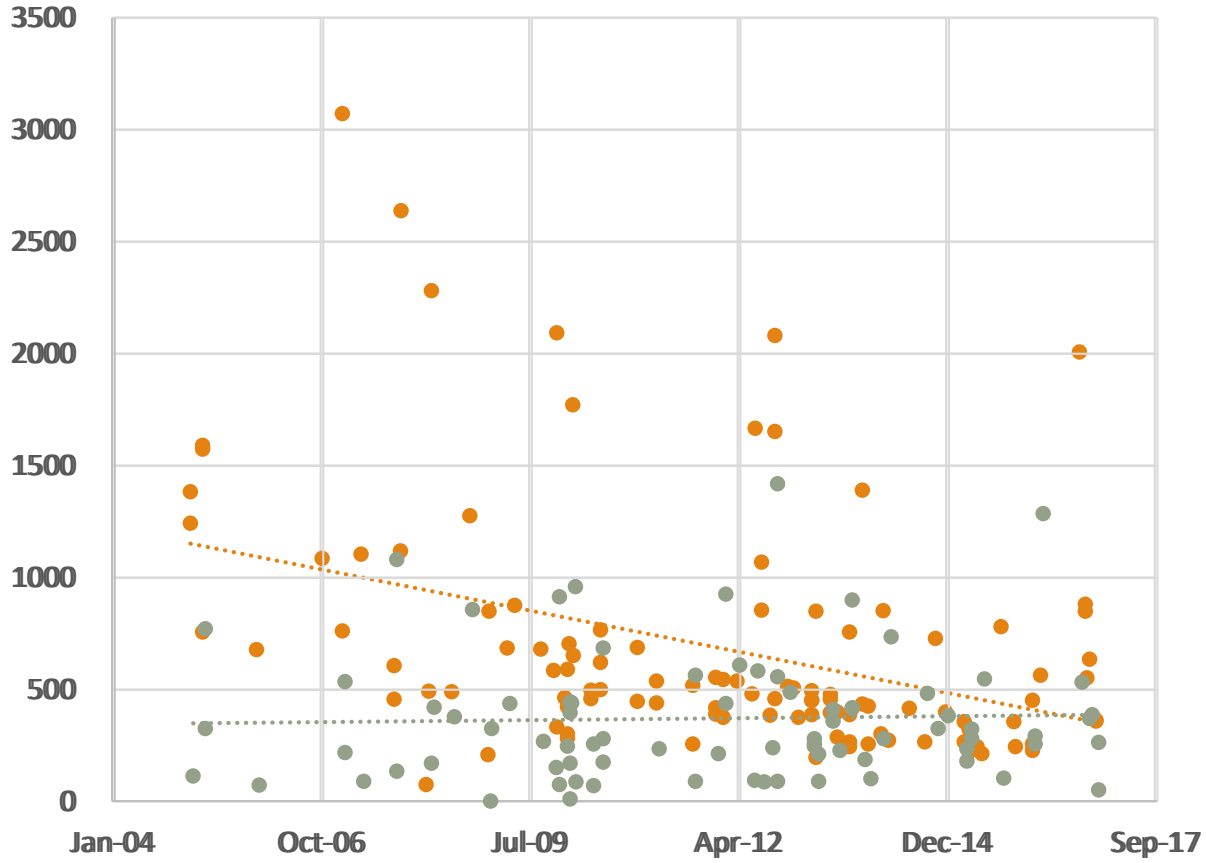
FDA Score Card
PMA Originals



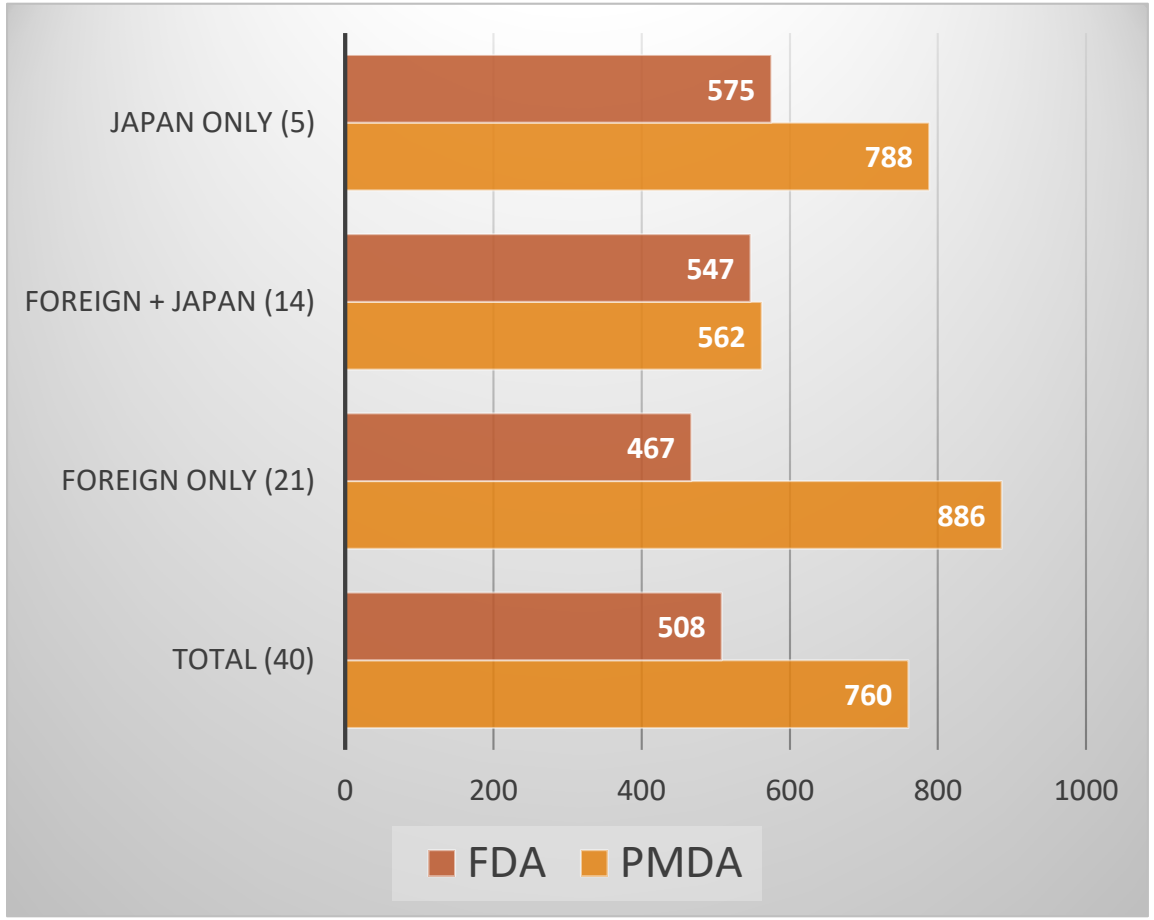
- 273 devices approved (01/2005 – 11/2016)
  - 104 devices by PMDA
- Average 589 days to approval
  - 684 days for PMDA
- Expedited
  - 46 devices approved in 624 days

PMDA New de-novo vs FDA PMA Original Days to Approval



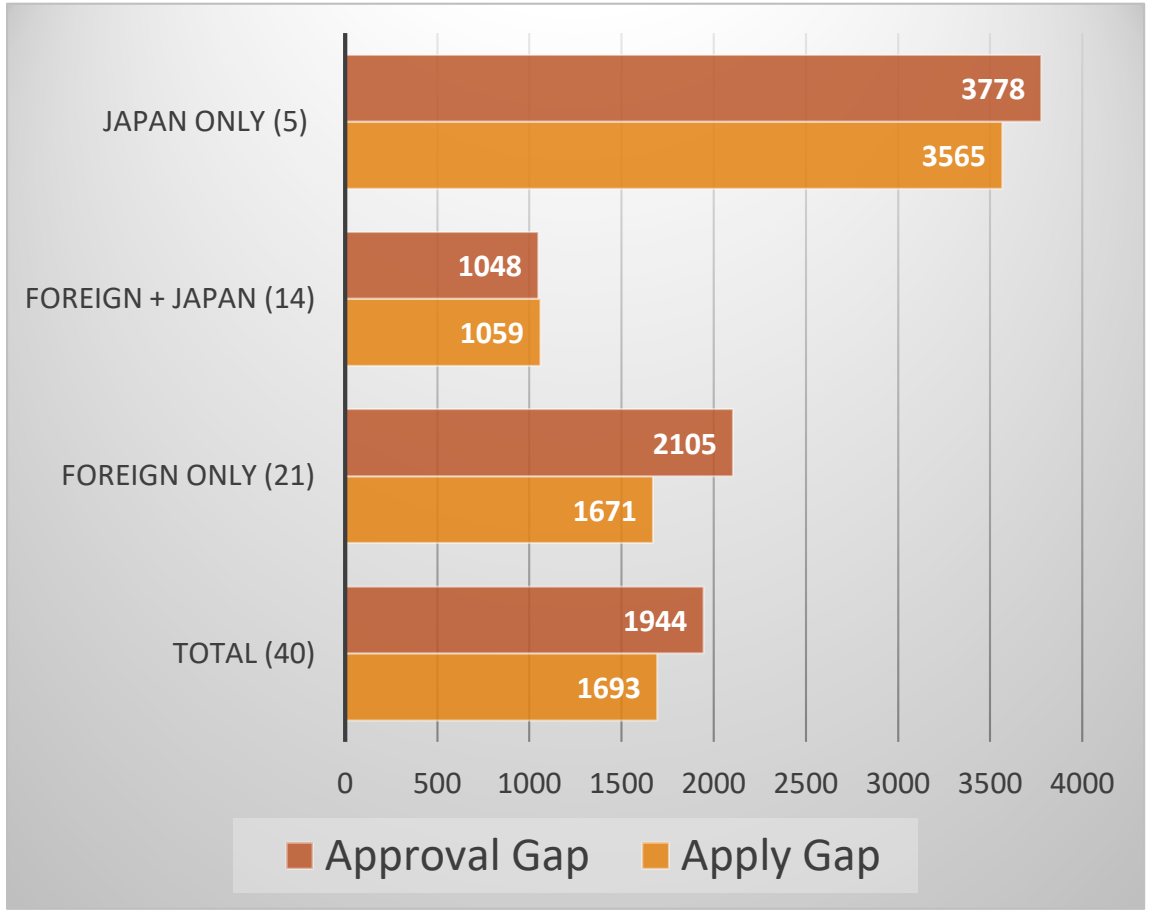


Apple to Apple Comparison
Japan clinical data essential?



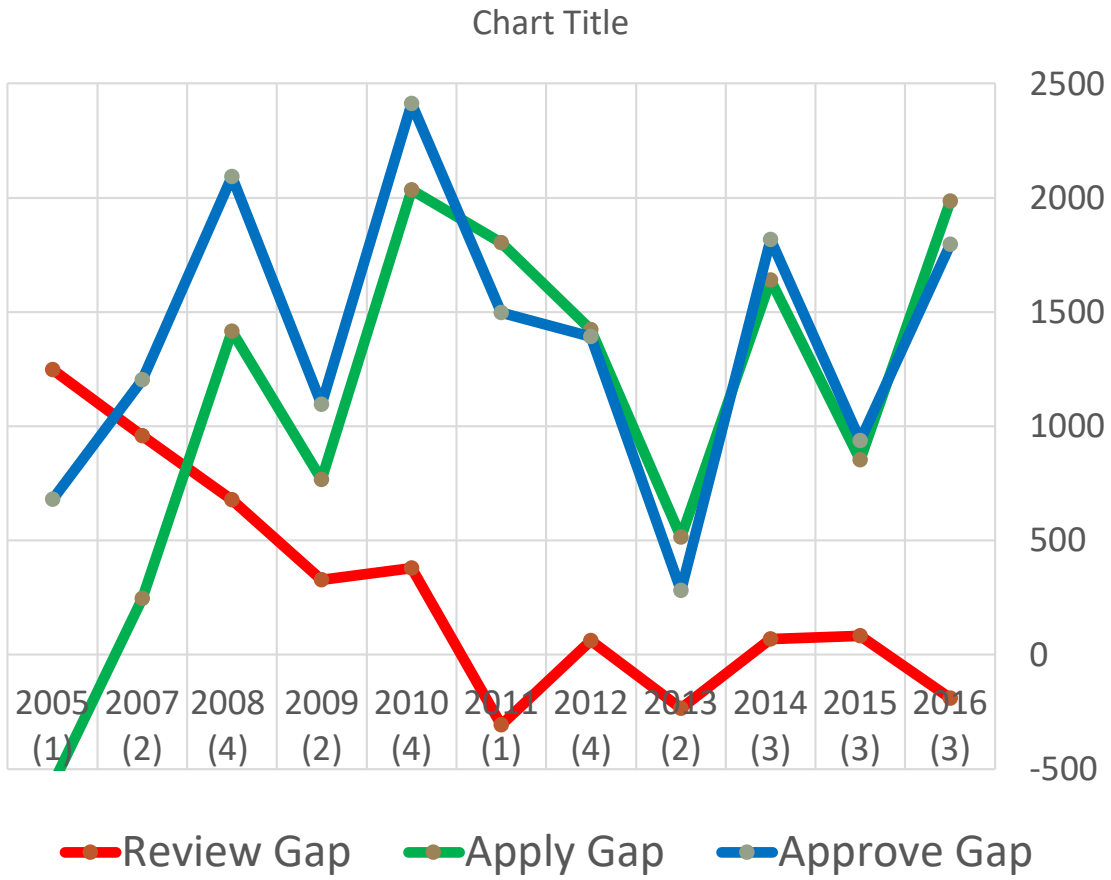
- 40 NEW devices approved by PMDA with PMA original approval
- Compared Total Clock
- PMDA likes Foreign + Japan data
- **Clinical study duration not included**
  - **Global Study can squeeze timeline but expensive**
  - **Japan study is painful and expensive**

Apple to Apple Comparison
Is Japan Data Essential ? – a different cut



- Japan data only – rare cases
  - Device Generation Gap – old data?
  - GCP compliance?
- Extra Japan data is PMDA preference
  - Global study, Bridge study
  - Early consideration of Japan
- Foreign data only -
  - 50% of total New Device Submission
  - 50% are Urgent Clinical Need devices

Apple to Apple Comparison
Any improvements made?



- Review gap is the past!
  - There is practically no gap after 2011
  - PMDA is in range of FDA speed
  - 5 devices approved by PMDA earlier
  - 13 devices approved with shorter clock
- Apply gap has not changed
  - 1693 days behind FDA
  - Veterans (33) are 1563 days behind FDA
- Approval gap is in line with review gap

Score Card Takeaways

- ✓ PMDA review time is compatible to FDA for New Devices
- ✓ PMDA likes Foreign data + Japan data
- ✓ 50% of New Devices are approved with Foreign data only
  - ✓ Unmet Clinical Needs Device is great to secure regulatory and reimbursement pathway
- ✓ Apply Gap is huge, think about Japan from Day 1 and you will have a smooth ride
- ✓ Budget minimum of 3 years from application preparation to approval

Pitfalls

Your BUSINESS, BRAND, and PRODUCT

The key for success is fundamentally the same in Japan or US; It should operate based on:

- Your corporate culture
- Your way of running business
- Your business objectives
- Your priorities
- Your thought processes
- With local favors

When to think about Japan Hindsight is 20/20

Situation	Risk	Extra investment or lost of opportunities	Time to market lag
• After successful EU & US launch • Not prepared for Japan	• Original staff are gone • Test reports are not sufficient • Studies are not GCP compliant • Product generation gap • Can not build legacy product • Unfavorable Reimbursement	$$$	Min 3 to 5 Years
• After successful EU & US launch • Prepared for Japan	• Original staff are gone • Test reports are sufficient • Key Studies are GCP compliant • Product generation gap • Need to build legacy product • Acceptable Reimbursement	$$	Min 1.5 to 3 Years
• Japan as Priority No 1 International market	• Original staff are still in-house • Test reports are sufficient • Key Studies are GCP compliant • Acceptable Reimbursement	$	Min 6 to 18 Months

How different is Japan, really? My view

- 80% are fundamentally the same
  - Same but different depths
  - Customers' expectation
- 20% are different
  - Risk averse culture
  - Socialized government
  - Hunting versus Farming Society
- Inflation of the 20% differences
  - Preference, Practice or Perception
  - Who is inflating? Whose excuse?

Knacks & Pitfalls: 25 years of Lesson Learned (1)

- Go with the first distributor knocking on the door
- Agree on pricing not knowing local reimbursement price
- Clinical use at only one hospital with physician license importation
- Believe the distributor about regulations
- Agreement guarantees transfer of approval
- FDA approval is paramount
- Good clinical outcome means GCP complied study
- Published clinical data in peer reviewed journal means GCP complied study
- PMDA will not read every single attachment
- Establish local entity early and hope for the best; local knows the best
- Opportunity will come again
- Japan will listen to the States
- Bureaucrats will bow to politicians without any retaliations
- Reporting to government is to inform and not to fully closure
- Suspension of business by MHLW is a temporary matter
- Hire a GM then all is done, your headache is gone and you will be successful

Knacks & Pitfalls: 25 years of Lesson Learned (2)

- Japan is different is the best excuse; tell me more about it
- We should not negotiate or discuss with the government, just follow their rules
- It has been done this way so we should not challenge it; do not rock the boat
- Seniority may be stronger than title; be aware
- “Hai” is only an acknowledgement
- It is easy to hire people; wrong!
- Career advancement only by hopping jobs is not a good sign
- Be aware of those who only hire non-English speaking staffs; job security
- Why do people want to switch job? Best are those who do not want to
- Look outside the industry for talents
- Get to know him or her; have them work in the States, mold them to your culture before you hand on the GM role
- Medical professionals working in the industry are losers from the eye of the customer; have them keep the clinical practices
- Succession planning is paramount
- Subsidiary long in Japan is more Japanese than domestic companies
- Buying your distributor is more buying their culture than the distribution; be aware

Myths about Japan

- Regulatory hurdle is a trade barrier
- Reimbursement is twice that of USA
- US companies cannot own the product approval
- Japan business practice is totally different from USA
- Better to start with a distributor and then go direct
- Physicians prefer using domestic devices
- Patients prefer to be hospitalized longer

Facts about Japan

- Data shows no difference with Japanese manufacturer
- Reimbursement is 50% to 150% of Foreign Average Price
- US manufacturer can own the approval
- Japan **business** practice is basically the same from USA
- If you want 100% attention you have to go direct
- Physicians prefer using best devices for patient outcome
- Patients are more obedient to physician's recommendation

Are you ready for Japan?

Government	• Low quality submission will take a long time to gain approval as it represents the quality of the company and its products/services • Low quality post marketing activity will shut you down as again, it represents the quality of the company and its processes
Supply Chain	• # of rejects will triple or more • All rejected products will be returned • Request you to improve your visual inspection or packaging process
Healthcare Provider	• # of Complaints will triple or more • Most Products will be returned • Welcomes and invites you to learn more • Wants to know why it happened and how you will fix • Will report to the government if safety issues
Patients	• Becoming more vocal on complaints against providers and MHLW • More are web surfing for information on their heath

The Devils are in the details! Audit your dossier

- Medical Device Essential Principle Checklist: TGA format is similar
- ISO14971 Risk Management: for Japan
  - population, practices, expectation
- MDRs: Proof of Design Review and Risk Management
- Accelerate versus Real-time Aging
- Test samples: rationales and/or justifications
- Biocompatibility: fine prints in ISO10993
- Intended Use: Evidence Based
- Voltage: Japan is 100V 50/60 Hz
- Residual ETO gas
- Quality of Translation, Emendation,
- DVV Test reports: Pristine? Traceability?
- Specifications: rationales and/or justifications
  - Dimension linked to safety and effectiveness
  - Tolerances
- Consistency in nomenclature
- WHY is missing: selection, acceptance criteria
- Signed off with lots of mistakes or incorrect information
- 510k approach is not accepted
  - A+B does not equal C, it is only A+B
- Screening, processing, inspection and traceability of biologics
- Raw material listing
- Tables, Graphs preferred rather than narrative

The Devils are in the Details! Opening your ground post

- Utilize JETRO services
  - Free Consultations
- Corporate Entity
  - Start with Representative Office until time to apply for MAH
  - Consider GK instead of KK
- Office
  - Start with JETRO, then to Rental Office, such as Regus, hold on to expand until revenue
  - Need actual office to apply for MAH
- Accounting and Legal services
  - Use boutique service, not those expensive firms
  - Can always change to expensive firms later, wait until revenue
- HR matters
  - Start as a respectable company, Japan is about IMAGE, REPUTATION, and PRIDE
  - Provide the same as US, if possible
  - The spouse and family can influence gaining good talents
  - Employee Handbook in Japanese is crucial to have

Key Takeaways

NEWCOMERS

- Start Japan NOW
  - Meet and know your customers
  - Think reimbursement
  - Prepare for Japan's expectations
- Once decided to enter Japan
  - Invest your time and money, it will pay off
  - Have your advocates petition for your technology
  - Reimbursement drives regulatory
  - Win the selection as unmet clinical need device
  - Think direct first and distributor last

WITH DISTRIBUTOR

- Prepare for direct NOW
  - Meet and build relationship with customers
  - Think product pipeline
  - Prepare for Japan's expectations
- Once decided to go direct
  - Invest your time and money, it will pay off
  - Own new products approvals
  - Start with small steps, sustain the business
  - Sell your value to the customer w/ marketing
  - Minimize disruptions

Back up

Unmet Clinical Needs Device Evaluation Criteria

	Severity of Applicable Disease	Clinical Benefits
A	Life threatening disease	No alternative presently available
B	Progression of the disease is irreversible Negatively impacts patient's QOL significantly	Standard of care in US and EU Better in term of efficacy, safety, or physical & emotional stress to patient than what is presently available in Japan
C	Others	Others

Urgent Clinical Need Device Nominated by NOT Granted

- ✓ Impella by Abiomed (AB)
- ✓ Da Vinci by Intuitive Surgical (BB)
- ✓ Sonablate HIFU by SonaCare Med (BB)
- ✓ Infravision by Stryker (BB)
- ✓ VAC by KCI (BB)
- ✓ Monarc by AMS (BB)
- ✓ S 250 by Mevion (AC)
- ✓ NaviStar by Biosense Webster (BB)
- ✓ CryoHit by Galil Med (BB)
- ✓ Cool Tip RF by Covidien (BB)
- ✓ Greenlight by AMS (CB)
- ✓ Watch PAT by itamar Med (BB)
- ✓ Niox Mino by Niox (AB)
- ✓ Intrabeam by Carl Zeiss (AB)
- ✓ Inamed by Allergen (CB)
- ✓ Power RFA by Celon (AB)
- ✓ Renasys by S&N (CB)

Other Special Programs: Partial coverage by Social Insurance

ADVANCED THERAPY PROGRAM

- Physician originated process
- Hospital apply to MHLW
- Committee evaluates
- If selected, standard fees paid by NHI
- Annual Reporting mandated
- Data can be used for regulatory approval
- Do not discount – impact reimbursement
- No clear exit path after Shonin approval
- Takes minimum of 1 years from start

PATIENT COMPASSIONATE USE

- New program started from April 2016
- Patient originated process
- Patient requests Designated Hospital
- Designated Hospital apply to MHLW
- Application needs a Protocol
- Committee evaluates within 6wks
- If selected, standard fees paid by NHI
- Time needed to submit is yet unknown
- Present process has lots of red tape

Impact to distribution chain

- ✓ Approval number and approval name; if new and not transferred
- ✓ Product labels including package inserts (Tempubunsho)
- ✓ Re-registration on hospital accounting system
- ✓ Re-registration of Reimbursement code
- ✓ Approval name versus product name
- ✓ Changing distributors up to the hospital
- ✓ Establishing new account with present hospitals and distributors
- ✓ New pricing negotiation with distributors and hospitals
- ✓ Inventory control; audit of consignments

Japan entity: KK versus GK

	PROS	CONS
KK	● Traditional ● Well known to public	● Disclosure of financial statement ● Board and Shareholder meeting ● Japan accounting standards ● Audit if capital is > $5M
GK	● Nondisclosure of financial statement ● Less regulated ● Tax benefit on the States side	● Still new ● Can not go public

- Lawyers and Accountants recommend KK as it will generate more business for them
- Apple, Cisco, P&G, Kellogg's and others have switched to GK from KK
- Transfer is simple and not expensive
- GK is simple and cheaper to start with

HR matters
min. cost beside salary

- Health and Dental Insurance
  - 50/50 with employee, 9.97% to 11.52% of pay depending on age
- Mandatory Pension Plan
  - 50/50 with employee, 17.12% of pay
- Unemployment Insurance
  - 63% by employer, 1.35% of pay
- Worker's Compensation Insurance
  - 100% by employer, rate 3% to 7% of pay depending on business
- Severance Plan (voluntary)
  - Most respectable company has it in place

Own your Shonin/Ninsho

- ✓ Submit as a Foreign Manufacturer with DMAH
- ✓ Elect a DMAH (Designated MAH) who will represent you and conduct the post market vigilance
  - Exclusive distributor or a third party with MAH license
- ✓ Elect a local manufacturer who will work with DMAH to inspect, label and release the product for the Japanese market and store them prior to distributing into the market
  - Exclusive distributor or a third party with manufacturer registration
- ✓ Third party can be Emergo for DMAH and local logistic companies for manufacturer with storage space

Licenses and Registrations Needed

- MAH (Market release Authorization Holder) License
  - Responsible for the final market release of product
  - Product Shonin/Ninsho holder or in-country takecarer
- Manufacturing Registration
  - Design, main assembly, sterilization, storage (domestic)
  - Labeling can be done without registration if final release is done at domestic storage after labeling at registered site
- Sales and Rental - Needed at all sales offices to sell and store
  - Class III and IV - License
  - Class II – Register Class I – not necessary
- Repair – License
  - License per classification

License and Registration Requirements

LICENSE	KEY REQUIREMENTS
MAH	● Market Release General Manager ● Safety Manager ● Quality Manager ● SOPs (PAL, GVP, QMS, GPSP ordinances compliant)
Manufacturing	● Responsible Manager – Domestic ● Responsible Engineer per site – Domestic ● Responsible Manager per site – Foreign ● SOPs (QMS ordinance compliant)
Sales/Rentals	● Manager per site ● Facility requirements ● SOPs (PAL compliant)
Repair	● Responsible Technician per site ● Facility requirements ● SOPs (PAL compliant)

Concurrent Scheme for MAH

Class I MAH (Class III and IV device)

- GM and Quality Manager (QM); min 2 qualified managers

Class II MAH (Class II device)

- GM and QM or Safety Manager (SM); min 2 qualified managers

Class III MAH (Class I device)

- GM, QM and SM; min 1 qualified manager

MAH and Manufacturing (Storage) on same address

- QM and Responsible Manager or Responsible Engineer

MAH versus Designated MAH

	PROS	CONS
MAH	● Local entity owns Shonin/Ninsho ● MAH activities completes within Japan	● Less ownership by foreign entity (FE) ● Japan is TBD during R&D
DMAH	● Foreign entity owns Shonin/Ninsho ● Japan less likely to be TBD during R&D ● Easy to switch DMAH	● MAH activities is joint effort ● Less ownership by Japan entity ● More regulatory responsibility on FE

- MAH license is necessary to become DMAH
- Requirements for Japan entity is same for either MAH or DMAH
- Can be decided on product base
- Distributor or third party can be your DMAH
- Easy to change DMAH