

3-3 Interview with Executive Director in charge of Research and Development for Medical Business

We will strengthen the development of high-value-added products through dialogue with doctors while further promoting existing business.



Makoto Nishiuchi
Executive Director
Asahi Intecc Co., Ltd.

From aircraft industry to Asahi Intecc Contribute to medical industry that is more closely connected to daily life

- Executive Director Nishiuchi joined our company in 2005 from the aircraft industry, which is a different industry from ours and has led our company's medical business as head of the R&D Department. Please tell me why you joined our company and why you changed your career.

Nishiuchi: I was engaged in the development of aircrafts at my previous job. The aircraft industry had a long development period and did not have many opportunities to develop new models. When I felt that the project I was in charge of at that time had come to an end, I decided to change my job because I wanted to work in a workplace where I could experience social contributions more closely and where there were many development opportunities. In addition to this preference, I came to know Asahi Intecc when I was looking for a new job at a manufacturing company where I could utilize my experience in engineering activities. I had the opportunity to meet Advisor Momota, who was the Chief Technical Advisor at that time (he was at the company until 2022), and I was able to hear about how

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the company connected the needs of doctors based on their sensitivity to manufacturing. Advisor Momota, who had moved to Asahi Intecc from a major medical device company in Japan, was a developer of a test catheter that had become a worldwide sensation in his previous career, and I was greatly inspired by his story about the development process in which he worked with doctors. Me, too, I used to quantify the pilot's sensory evaluation in simulated flight tests carried out on the simulator, and to reflect it in the development in my previous job, so I felt a sense of familiarity with it. I was also interested in the idea of contributing to medical care, which is more closely linked to daily life, so I decided to change career, and that's why I am here today.

- While the company is growing, we have made up for organizational shortfalls with mid-career recruits, and I think the situation is the same in the R&D Department. In the past, many mid-careers came from other industries like you, Mr. Nishiuchi. But in recent years, the number of those who join our company from the same industry, i.e., medical equipment, has been increasing. As a whole, our company seems to have a diverse organizational structure. Can you tell us how this diversity is utilized in the R&D function, which is the core of the company?

Nishiuchi: While it is true that the development of medical devices has certain aspects that are unique to it, there are many common things in thinking processes and approaches regardless of the type of industry.

Those who have worked in different industries, including myself, can see things from a wide range of perspectives that are not limited to medical devices and can broaden the range of perspectives and thoughts on problem solving throughout the organization. In recent years, as our company became famous, more and more people with experience in medical device development have joined the company. This allows us to add a new perspective that we did not have thus far to the development process, even for the same medical device.

As a result, we believe that by working together with people with various experiences, we are able to face the issues at the development site without being bound by stereotypes, and that we are effectively making the most of our technological strengths, including core technologies.

For the past 15 years or so, we have been able to hire a certain number of new graduates every year, and the flexible thinking skills of young engineers are also a great source of energy. I believe that our current environment, where employees can view the development from a broad perspective, is effective also in terms of human resource development for young engineers.

Product development resulting from direct dialogue with KOL doctors

- Our strengths are that we have an integrated in-house production system, and that we can also handle prototyping in-house during development. I be-

lieve that these bases enables us to quickly respond to the needs of KOL doctors in-house. Do you have a global framework in place for the R&D Department to directly respond to the needs of doctors? Please tell us about it in detail.

Nishiuchi: Both in Japan and all regions of the world, communication with doctors about product development is basically conducted directly by engineers in the development department, not through sales or marketing departments.

Of course, cooperation with the marketing department is essential, but on the other hand, in the manufacturing process, the engineers in the R&D Department hear directly from doctors about their needs, raise questions about them, and discuss with them using prototype samples to more accurately understand and realize the needs of the medical site, so direct dialogue is very important.

More concretely, as is common in any product development, we create prototypes to materialize doctors' requests easily, delve deeper into more specific needs based on this, and share the ideal vision we should aim for. By repeating this process, we develop the concept and then the product specifications. At the same time, in order to verify conformity to the needs of doctors, we are building a verification environment that is closer to actual clinical practice, and we are constantly conducting research and development in consultation with doctors. This is one of our company's significant strengths.

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Research and development in the medical business What are the enhancement points for the future?

- Please tell us about the collaboration with the Device Division in material processing development. In order to materialize our company's products, I think collaboration is necessary from material processing to product development. What do you think?

Nishiuchi: When developing medical devices, we first collect the requirements for parts and materials with staff who are in charge of processing the materials at each development site to realize the needs of the medical frontline at a high level while making the most of the elemental technologies accumulated in our Group.

With regard to the prototyping, we are also strengthening our response with a sense of speed by involving overseas production bases from an early stage while utilizing the prototype facilities in our new Headquarters.

We have intentionally decentralized our R&D functions, for example, stainless steel materials are developed in Osaka, plastics are in Shizuoka, mold and injection moldings are in Tohoku, trial production and mass production technologies are in Thailand, and medical device products are in the Headquarters in Seto. But we always work closely together, with a sense of unity.

- What will be the key points for strengthening R&D in the medical business? Please tell us what you can disclose.

Nishiuchi: It is strengthening of the non-cardiovascular field, I think. Our current focuses are peripheral vascular, neurovascular, the gastrointestinal system, etc., and we are developing products that take advantage of our strengths to meet the clinical needs of these areas. In the future, we will put more emphasis on development in the non-cardiovascular field, but the cardiovascular field is also the backbone of our company and remains an important axis of R&D. In both the cardiovascular and non-cardiovascular fields, the technical basis is the same, there are many parts in common, and I believe we can horizontally expand the development. So, we promote the product development in each therapeutic area by leveraging technological synergies.

Also, in addition to the development of guidewires, we are considering the development of high-value-added products.

The Medium-Term Management Plan also calls for entering new fields. This is not in enclaves, but in areas where we can leverage our company's core technologies. We will continue to explore and develop products that can create new value by integrating our company's core technologies with new technologies.

- Is there any change in the business activities of the medical business due to the change of president? Many institutional investors also pointed out that this change in top management would result in fewer top sales to overseas doctors, which could be a risk.

Nishiuchi: Our basic policy as a company has not

changed, so there has been no change in the business activities. In the early stages of growth, we had to rely on top sales in some aspects, but as we have grown as a company, we are now making progress in developing our organizational structure and are able to respond to most of these needs as an organization. Top management diplomacy is also effective because the R&D, sales and marketing departments have built trust with doctors on a daily basis. Of course, there are still situations where top management's sales are needed, but in those cases, I myself, as Head of the department, deal with them. As far as I'm concerned, I am, not only in Japan, but also in Europe and the United States, participating in an increasing number of international academic conferences. I try to travel as much as I can in my schedule. I maintain a strong network with doctors from around the world and strive to experience firsthand the voices of people in the field. I would like to promote our business while fully taking into account the thoughts valuing the medical frontlines built by the chairman, who is the former president.

- With regard to medical devices, needs are always coming from the medical frontlines where they are being used, and I believe that new things will be born by meeting these needs. That's why we can say that development never ends. What are the on-site issues you would like to solve in the future?

Nishiuchi: I believe that the premise that medical devices will generate from medical frontlines remains

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true. An important factor is what challenges exist on-site. They include emerging challenges, chronic potential challenges, and challenges in realizing new treatments.

Among these clinical issues, our company intends to address those existing on a global scale that are not addressed by major competitors, although they are niche issues that are highly demanded by medical sites, which can lead to improvements in the safety and efficacy of treatments, and which can leverage our strengths. I will refrain from explaining the details, but I would like to promote development activities that lead to solving problems at various levels, such as improving the safety of treatments, increasing the success rate of treatments, and making impossible treatments possible.

- The Board of Directors has discussed what the budget should be and the profitability many times. In particular, from the fiscal year ending June 2025, we resolved that the budget should be made under strong guidelines for the entire company rather than the business side. What do you think about the accuracy of budget?

Nishiuchi: Although the accuracy of the budget has improved considerably, there are still many points that need to be improved, and we need to continue efforts to improve accuracy. Sales budgets tend to be conservative and expense budgets tend to be large as we consider too much about the market environment and market information of each site, especially risks. How-

ever, discussions are getting better not only from the viewpoint of the development sites but also from the guidelines for the entire company, and the budgets have shifted a standard level, and I think it is moving in a good direction.

As for the sales budgets, as a matter of course, we are steadily improving its accuracy based on trends of past results, current sales conditions, the future market and its trends, competitors' trends, and the spillover effects of sales promotions from academic conferences and sales activities.

In terms of expenses, I feel that there is a strong tendency for budgets to be based on aggressive action plans that reflect our company's sense of speed. On the other hand, we still have challenges as there are many variable factors such as changes in issues and countermeasures at the development stage, interactions with regulatory authorities at the regulatory application stage, and responses to unexpected problems. We will work to improve the accuracy of the budgets by strengthening the alignment of the action plans among divisions.

New Medium-Term Management Plan for the Medical Division

- We are currently formulating a new Medium-Term Management Plan. As the head of the Medical Division, please tell us what you can about the new Medium-Term Management Plan.



Nishiuchi: We plan to strengthen next-term new business centering on the development of high-value-added products while promoting further expansion of existing business. First of all, it is necessary that existing business, which is our foundation, is solid, and it goes without saying that strengthening existing business will continue to be important. In existing business, there is no change in our current business activities, which focus on the timely introduction of new products. On the other hand, in the next new business, we aim to create new value by integrating new and existing technologies, such as plasma guide wires and PCI treatment support software, which we are currently developing, and we intend to accelerate the shift from products to services.

Asahi Intecc remains a development-oriented manufacturing company. Based on this foundation, I believe that we will accelerate our development.

(Interviewer: Mizuho Ito, Director, CFO, Asahi Intecc Co., Ltd.)