

# Why Medtech Startups Are Moving to Ireland

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It's no secret that getting a medical device to market can be a lengthy, frustrating process. Facing the new medical device excise tax and lack of clarity from the FDA around regulatory policies, medtech startups are now starting to rethink launching in the U.S.

The 2.3 percent excise tax is especially burdensome for startups that are generating little or no income in the early stages of development. This burden is exacerbated by increasing challenges in securing funding. In fact, Malay Gandhi, chief strategy officer for digital health incubator [Rock Health](#) [1], estimates that medical device funding drops by about [13 percent each year](#) [2]—a direct result of the policies imposed by the FDA that make it so difficult for a product to be approved. Many startups, accustomed to the Patent Office's slow application approval process, are forced to work in stealth mode for months, or even years, to protect their device ideas.

It's no wonder that, according to a recent study conducted by Silicon Valley Bank, 25 percent of medical device company executives admitted to plans to move overseas. Specifically, more and more medtech entrepreneurs are heading to Ireland, a growing global hub for entrepreneurial and VC activity in the medtech sector.

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Ireland has unique appeal because of its established medtech ecosystem. Medtech innovation has been a part of the fabric of Ireland's economy for more than two decades, and especially considering the country's size, there is an exceptionally strong presence of multinationals, research centers, startups, and investors. Additionally, the university system has fostered biomedical innovation for years. A few specific features of Ireland's medtech landscape include:

- **Attractive tax incentives:** Ireland offers a 25 percent credit for R&D expenditure and 12.5 percent corporation tax
- **Access to the EU regulatory process:** Some estimate that bringing a medical device to market in Ireland is as much as five years faster than in the U.S.
- **Strong biomedical engineering programs at universities:** Revered programs at universities including Trinity College, University College Dublin, and NUI Galway provide students with the educational background needed to carry out innovative ideas
- **Highly skilled workforce:** Out of Ireland's 4.5 million inhabitants, 60,000 work in medtech
- **Access to facilities:** Entrepreneurs can easily access floor space in state-of-the-art facilities, along with the equipment necessary to conduct clinical trials and experimentation
- **Knowledgeable network:** The country offers a deep network of operational and scientific expertise found in existing companies
- **Access to funding:** Ireland boasts over one billion dollars in seed and venture funding across all industries, as well as a strong base of venture capitalists specializing in life science startups

Emerging U.S. medtech startups, including Apica, Mainstay Medical, and Cappella, have located their businesses in Ireland, leveraging support from organizations like government agency Enterprise Ireland, which proactively works with startups to help them launch and grow an international business by facilitating introductions to VCs and Angels and helping with export.

Already we have seen these companies deliver groundbreaking solutions aiding everything from gastrointestinal biopsy procedures to vascular surgery. As more startups continue to launch in Ireland, we have high hopes for medical devices yet to be seen, and are interested to see the global competition for medtech innovation heat up as countries like Ireland raise the game for attracting startups.

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### Links:

[1] <http://rockhealth.com/>

[2] <http://venturebeat.com/2013/04/30/stifled-by-regulation-entrepreneurs-take-life-saving-devices-overseas/>

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