



CONSULTIC

# Medical engineering in the Munich region

## 2015

commissioned by the

City of Munich

Department of Labor and Economic Development

The medical engineering industry is a key driver of innovation and growth in Germany and around the world. For this reason, the German economy is only too glad to position the industry as a flagship sector, alongside automotive engineering.

The global market for medical technology was worth approximately EUR 255 billion in 2015, with the European continent accounting for roughly two thirds of this figure. German companies have cornered about 10 percent of the overall market (around EUR 27 billion), positioning the Federal Republic as the world's third-largest player in this industry (after the US and Japan).

Bavaria plays a pivotal role in the German medical engineering sector. Some 35 percent of the German market volume (around EUR 9.5 billion) is generated by 600 or so Bavarian manufacturers. Numerous suppliers and service providers also add value in the orbit around these producers. Both fully-fledged medical engineering specialists and peripheral enterprises thus contribute to creating and safeguarding a total of around 80,000 jobs in the Free State of Bavaria.

The Munich region in turn is an integral element of the Bavarian medical engineering industry. Around 200 med tech firms (roughly 33 percent of the Bavarian total) are headquartered in Munich, alongside approximately 150 service providers and suppliers. Taken together, these companies generate annual revenue of around EUR 2.5 billion – close to 28 percent of the Bavarian total, and hence slightly lower than Munich's share of the number of companies. One main reason for this discrepancy is the predominance of small and medium-sized companies in and around the Bavarian capital.

To more clearly identify the distinctive features and attributes of Munich as a venue for medical engineering, and to take a closer look at this forward-looking branch of industry, the City of Munich's Department of Labor and Economic Development commissioned an extensive quantitative and qualitative study in 2015. This paper presents a brief summary of the findings of this study.

## Key findings

	Manufacturers	Suppliers and service providers
Number of companies	approx. 200	approx. 150
Total revenue	approx. €2.5 billion	approx. €1.6 billion
Total employees	approx. 14,000	approx. 7,000
of which socially insured jobs	approx. 13,100	approx. 6,050
Total investments in medical engineering	approx. €125 million	approx. €2.5 million

### Structure of the corporate sector

- Around 200 medical engineering companies operate in the Munich region, in addition to about 115 service providers and some 35 suppliers of relevance to the med tech industry.
- Medical engineering manufacturers in the Munich region generate revenue of over EUR 2.5 billion – more than a fifth of Bavaria's total revenue in this sector.
- Total revenue in the Munich region's medical engineering sector (including suppliers and service providers) is roughly EUR 4.1 billion. Manufacturers in this industry channel approximately 15 percent of their revenue into research and development.
- All in all, around 21,000 people are employed in medical engineering in the Munich region, of whom 19,000 (about 90 percent) have socially insured jobs (a proportion that is on the rise).
- In the Munich region, the medical engineering sector is heavily shaped by small and medium-sized enterprises. Every second company employs fewer than 20 people.
- About a quarter of the medical engineering firms, suppliers and service providers operating in the Munich region today were founded after the turn of the millennium.
- Locally based med tech companies have a strong international focus. Roughly a third of them generate more than 75 percent of their revenue outside Germany.
- The rest of the EU and the US are the biggest target markets.
- Around 80 percent of the respondent manufacturers have invested an average of EUR 780,000 in their business over the past two years. The extrapolated capital spending volume thus stands at EUR 125 million.

## **Trends and developments**

- Manufacturers, suppliers and service providers alike take a very positive view of both future growth in the entire industry and their own company's prospects.
- The advance of digitization, together with all the associated developments, is seen as the most important technological trend.
- Companies in the Munich region anticipate fiercer competition but also powerful growth stimulus from Asia.
- The threat of a shortage of skilled labor, amendments to medical device law and changes in national healthcare services are regarded as the biggest challenges.

## **Satisfaction with the Munich location**

- The vast majority of companies are (very) satisfied with their current location in the Munich region.
- Positive ratings are given above all to the cultural and leisure facilities on offer in the Munich region, the higher education environment, the general infrastructure and close proximity to service providers.
- High rental charges in particular are seen as a negative in the Munich region.

## **Summary**

Medical engineering conducts research and manufactures products to improve human health and the quality of life. The Munich region is one of Germany's leading competence centers for this sector and boasts a very broad spectrum of medical technology producers: Relevant offerings range from the production of hospital and laboratory equipment to complex high-tech devices such as diagnostic and electromedical apparatus.

This young industry is largely shaped by small and medium-sized enterprises and has a strong international focus. Global factors such as demographic change and growing demand from emerging markets point to continued positive growth rates in the future.

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**Download address:** [www.muenchen.de/arbeitsundwirtschaft/publikationen](http://www.muenchen.de/arbeitsundwirtschaft/publikationen) (the unabridged version of the study is available in German only)

**We would also draw your attention to the findings of the Bavaria-wide study "Medizintechnik in Bayern 2015" ["Medical engineering in Bavaria in 2015"; available in German only], which can be downloaded here:**

<http://www.medtech-pharma.de/deutsch/branchen-infos/standort-bayern/standort-bayern.aspx>