Leo Lo – Managing Director, EuroMed, Hong Kong

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Leo Lo, founder and managing director of EuroMed Technologies Co. Ltd., a leading distributor of automated systems to the healthcare sector, discusses the innovation behind the products he brings to Hong Kong from around the world, and how they continue to benefit the local hospitals. Lo also touches on the potential impact of the GBA initiative which, though challenging, will bring new and interesting dynamics to the industry.

What drove you to establish EuroMed and what market needs did you establish existed at that time?

My background is in engineering, so upon graduating I joined the Jardine Group, the second largest employer in Hong Kong. I handled many hospital automation systems there for nearly 17 years. Consequently, I became acquainted with a range of hospital and healthcare customers. One of the German principles, the boss of the company approached me. He told me that I handled their product very well and my sales even exceeded those in China. He offered me the opportunity to join the team. As I had worked for Jardine for 17 years, I decided it was time for a change.

I set up a liaison office for that German principle, assisting South East Asian distributors. My role was to support them, providing technical support, presentations, and commercial quotations so that they can attract businesses. I did this for three years, but during this time many other distributors approached me, commenting on the quality of my work, so by 2009, I decided to go it alone and open EuroMed.

What can we say of EuroMed today?

We are the first automation company for the healthcare sector in Hong Kong, introducing medical inbound automation systems to hospitals.

There is a new children's hospital under construction in the Kai Tak area. In this hospital, we are supplying the very first AVG (Automated Guided Vehicle) for transporting trolleys. This fully automated system will remove the need for manual porters. It can distribute medicines, meals, and linen for example. We are the pioneer for importing inbound logistic systems to local hospitals.

Can you give us an overview of where your products are most demanded?

As we are very focused on automation, our major customer center is the acute hospitals in Hong Kong. We also have in the pipeline, the planning for a large Kai Tak hospital near the children's hospital, and the forthcoming Chinese medicine hospital in Hong Kong.

Given the complexity of your products, and the training required to operate them, what support do you provide to your clients?

This is a critical consideration from a customer point of view. These are brand new systems in Hong Kong and customers have no previous experience. Thus, we need to provide full support in terms of operational training, after sales support and advice and so forth. Consequently, we provide adequate training, in particular on servicing the system, the programming. After completing this training our clients can operate the product effectively.

Can you comment on the performance of the company?

We are a small company, intentionally so. We are focused on quality over size. Currently, we have four sales people here, with five to six technical engineers.

We have been very successful in the past two to three years, for example with the children's hospital where we received a contract of significant value. In the next two to three years, we foresee 100 to 200 percent growth due to the range of projects planned.

Moving to the regulatory dynamics in Hong Kong. Can you comment on the talks to introduce a medical device product listing bill in Hong Kong?

This is something that has been an issue and this debate has been ongoing in Hong Kong between industry and the government for many years.

Recently our government decided to implement a regulatory framework to cover medical devices and the associated training. This will introduce a registration and listing system. The Department of Health has begun listing the imported medical devices for some years already.

Once the regulation has been approved, every single company in this field in Hong Kong must be listed with the product you are going to sell. Without this listing, you will be unable to import and sell the product. In the next two years, the government will put a lot of effort into controlling the medical devices.

What impact will that have on EuroMed?

I believe it is a good control. I do not see it as an obstacle, but rather helpful in improving our image and professionalism. I look forward to having the listing mechanism as soon as possible. I anticipate its enforcement by the end of this year.

The increase in competition from mainland China is putting pressure on local medical device companies in Hong Kong. What is your assessment of this?

To my understanding, the central government is proceeding to promote mainland medical device manufacturers instead of importing from overseas. They are trying to protect local manufacturers in mainland China, creating barriers to entry. This is the trend we can see in the Chinese market. The impact on local medical device manufacturers in Hong Kong are more stringent if one is going to enter the Chinese market for the next few years.

Focusing on the Greater Bay Area initiative, what are the areas of opportunities and challenges?

We have a lot of Bay areas in the world: Tokyo, New York, San Francisco to name a few. However, the Chinese bay areas are completely different. Here we have to link up three systems. We have different currency systems: Renminbi, Macau dollar, Hong Kong dollar, and different legal systems. These are the challenges that we are facing.

Moreover, in China, we know the overarching objective the central government has, but we have not seen any details. This is a basic challenge to implement this initiative. They need to reveal the fine details and the nuances.

I think our main competitive advantage in Hong Kong is the people. We have a very strong logistical and information flow, in addition to strong financial institutions. This puts us in a strong position to enter the market of the Greater Bay Area.

Furthermore, the central government has highlighted that it is going to support the SAR government in whatsoever ways to merge into that sector. Of course, we still need to determine the details of the market. Nonetheless, I am optimistic.

What is your internationalization strategy?

There are many developing countries in the region, such as Cambodia and Myanmar where we have been receiving purchase orders for the last 2-3 years. Their markets are developing well, and they are looking to open up to imports for quality products. These nearby developing countries are our main export focus.

There is always a certain risk of doing too good a job and incentivizing suppliers to enter the market to distribute their own product. How do you mitigate this risk?

There is no doubt that both parties look at how they can improve their volumes and product scales. However, Hong Kong remains a small market, and the manufacturers are aware of that. Even if they do well in Hong Kong, there are many barriers that detract them from opening up their own office, one of them being the high cost of office space. Thus, it remains beneficial to use a distributor.

What are your future strategic priorities for EuroMed?

The SAR government has already committed to invest billions of dollars into the healthcare market, through building hospitals and extending existing ones. Consequently, the demand for medical devices must be promising for the next 3-4 years. Our strategy is to focus on these projects that are already in the pipeline. We have already made a good start by working with the children's hospital. This is a stepping stone to develop further to become a renowned brand for inbound logistic automation suppliers in Hong Kong.

What advice would you give to someone looking to follow in your footsteps as an entrepreneur in Hong Kong?

Hong Kong is very different to other areas, like Singapore, where the government is much more supportive of start-ups. In Hong Kong, the very first question to ask is about financial support. My advice is to look at finding the adequate financial support before starting the company. You need to be sustainable for at least 3 or 4 years. Otherwise, it will be troublesome, especially as support from banks is becoming more and more difficult to find. Capital is a major concern and is crucial for medical devices start-ups.

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