

MEDTRONIC

Engaging Senior Executives in International Public Affairs

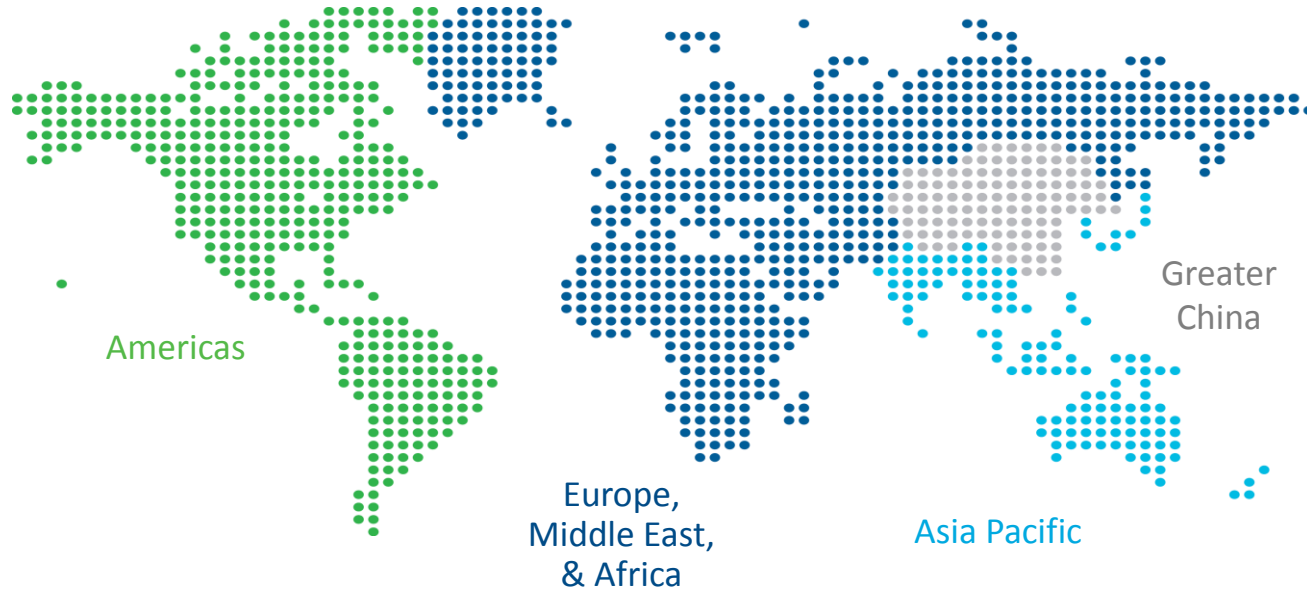
*Trevor Gunn, VP-International Relations
Medtronic, Inc. (Washington, DC)*

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Medtronic
Further, Together

SERVING HEALTHCARE SYSTEMS AROUND THE WORLD



160+
Number of countries
operating in

90,000+
Employees

90 Manufacturing
facilities

56 Research
centers

Medtronic is a multi-national company
structured into four regions.

MEDTRONIC FACTS AND STATS



Number of employees:

90,000+



Medical devices now been produced

110,000



Number of patents:

53,000+



Research and development spend:

\$2B



Suppliers

120,000

Information reflects Medtronic fiscal year 2014 data and Covidien fiscal year 2014 data.

Connecting What We Do with What People Need



CARDIAC RHYTHM

- Atrial fibrillation
- Slow heart rates (bradycardia)
- Fast heart rates (tachycardia)
- Heart failure
- Asymptomatic heart rates



CARDIO THORACIC

- + Interventional lung
- + Lobectomy and lung resection



CORONARY

- Coronary artery disease



DIABETES

- Type 1/type 2



DIAGNOSTICS AND SOLUTIONS

- + CO₂
- + Consciousness
- + Pulse oximetry
- + Skin integrity
- + Patient & caregiver safety



EAR, NOSE, AND THROAT

- Sinus diseases
 - Thyroid conditions
 - Otologic disorders
 - Sleep-disordered breathing
 - Pediatric conditions
 - Ménière's disease
 - + Thyroidectomy
 - + Airway and ventilation
- ## ENDOVASCULAR
- Aortic aneurysms
 - Peripheral vascular disease
 - + Arterial
 - + Venous insufficiency
 - + Deep vein thrombosis
 - + End stage renal disease



NEUROLOGICAL

- Severe spasticity
- Parkinson's disease
- Essential tremor
- Dystonia*
- Hydrocephalus
- Obsessive-compulsive disorder*
- Brain tumors and lesions
- Chronic pain
- Subdural hematomas
- Cranial trauma
- + Acute ischemic stroke
- + Brain aneurysm
- + Vascular embolization



SPINAL AND ORTHOPEDIC

- Cervical degenerative disc disease
- Scoliosis
- Degenerative disc disease
- Spinal fracture
- Lumbar spinal stenosis
- Tibial fractures
- Orthopedic trauma



STRUCTURAL HEART

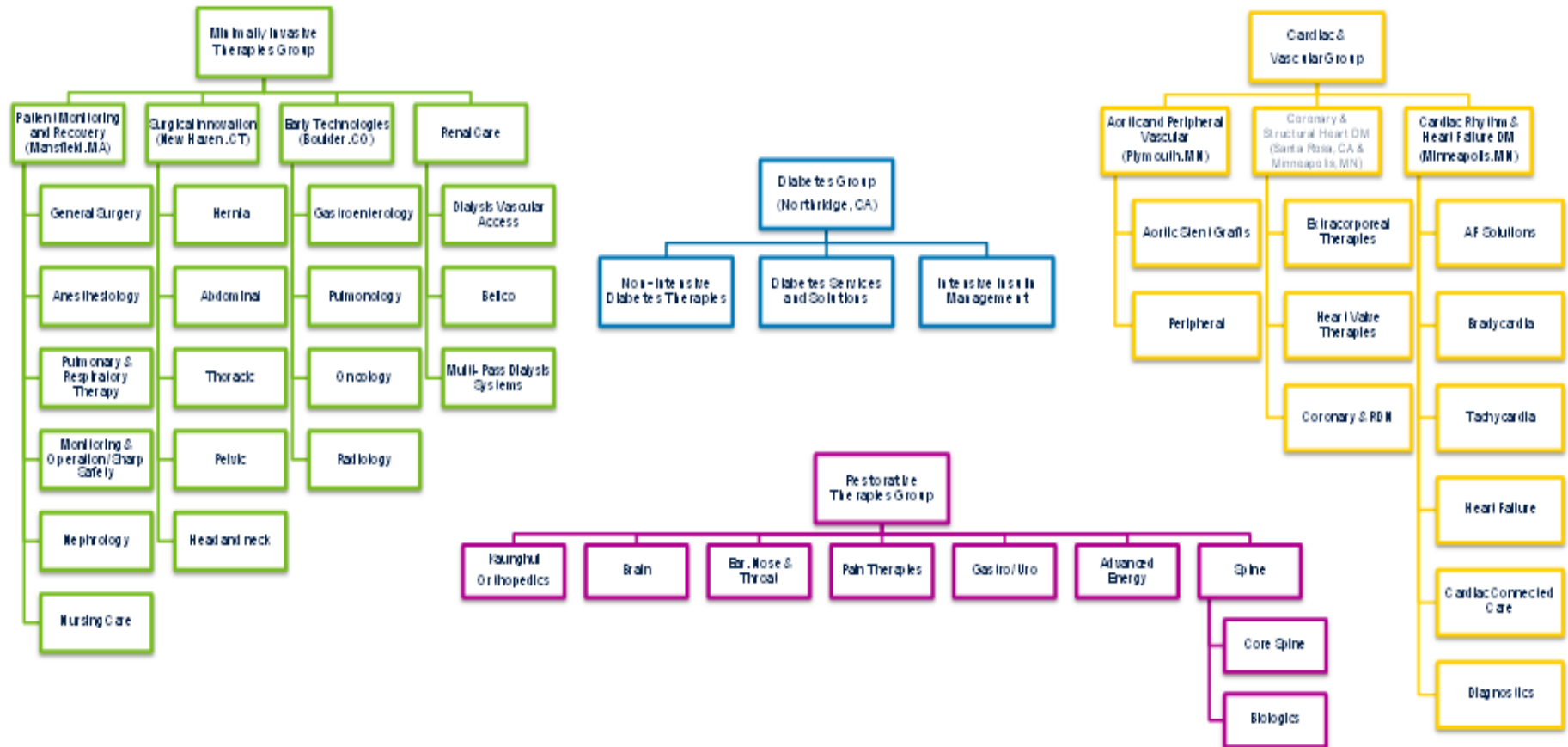
- Heart valve disease
- Congenital heart disease



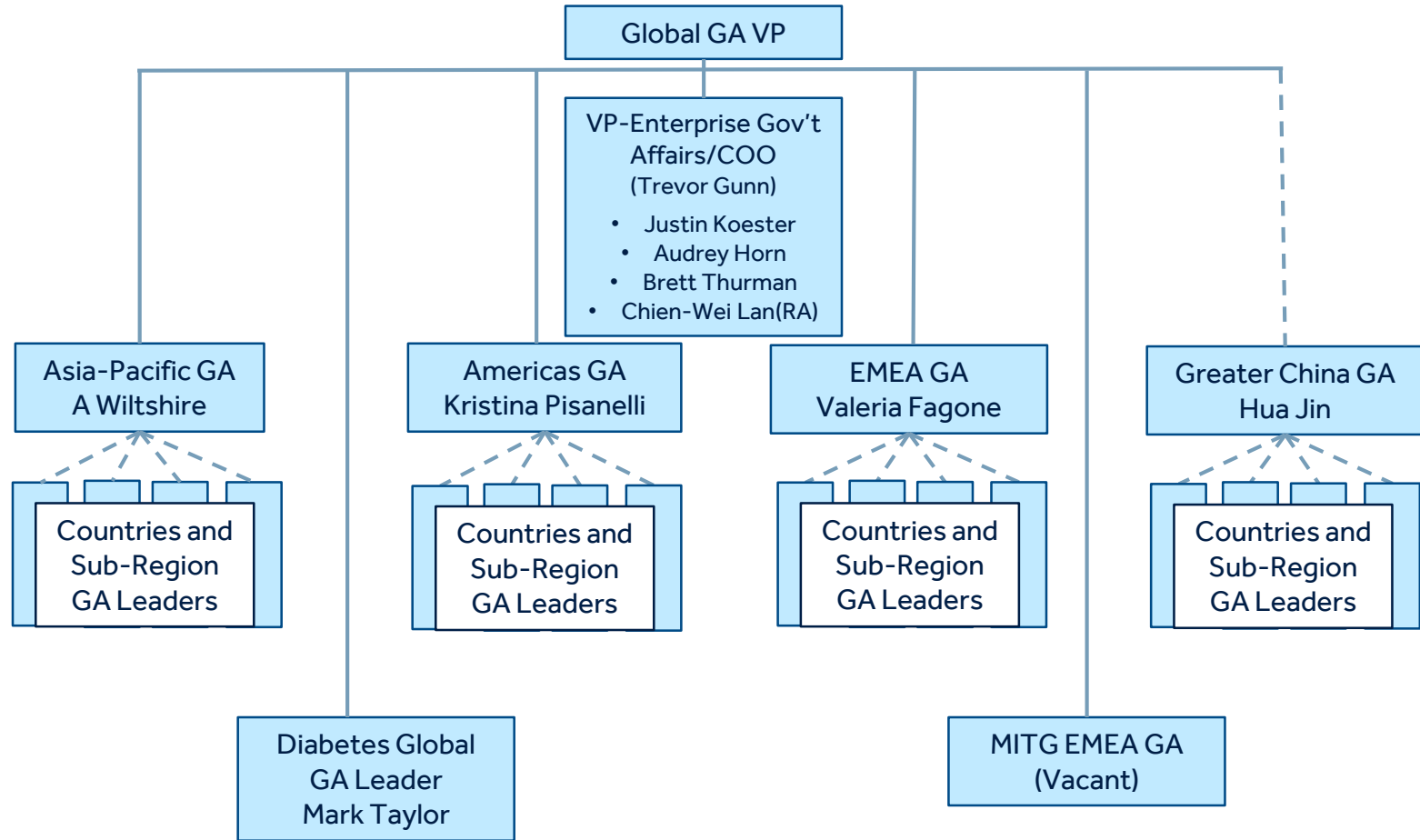
UROLOGICAL, UROGYNECOLOGICAL, AND GASTROENTEROLOGICAL

- Overactive bladder and urinary retention
- Nausea and vomiting associated with gastroparesis*
- Fecal incontinence
- + Interventional GI
- + Cholecystectomy
- + Appendectomy
- + Barrett's esophagus
- + Capsule endoscopy
- + Hernia repair
- + Bariatric bypass and sleeves
- + Colon resection
- + Hemorrhoidectomy
- + Nutrition delivery
- + Hysterectomy, fibroids, and sterilization
- + Salpingo-oophorectomy

Medtronic "Family Tree"



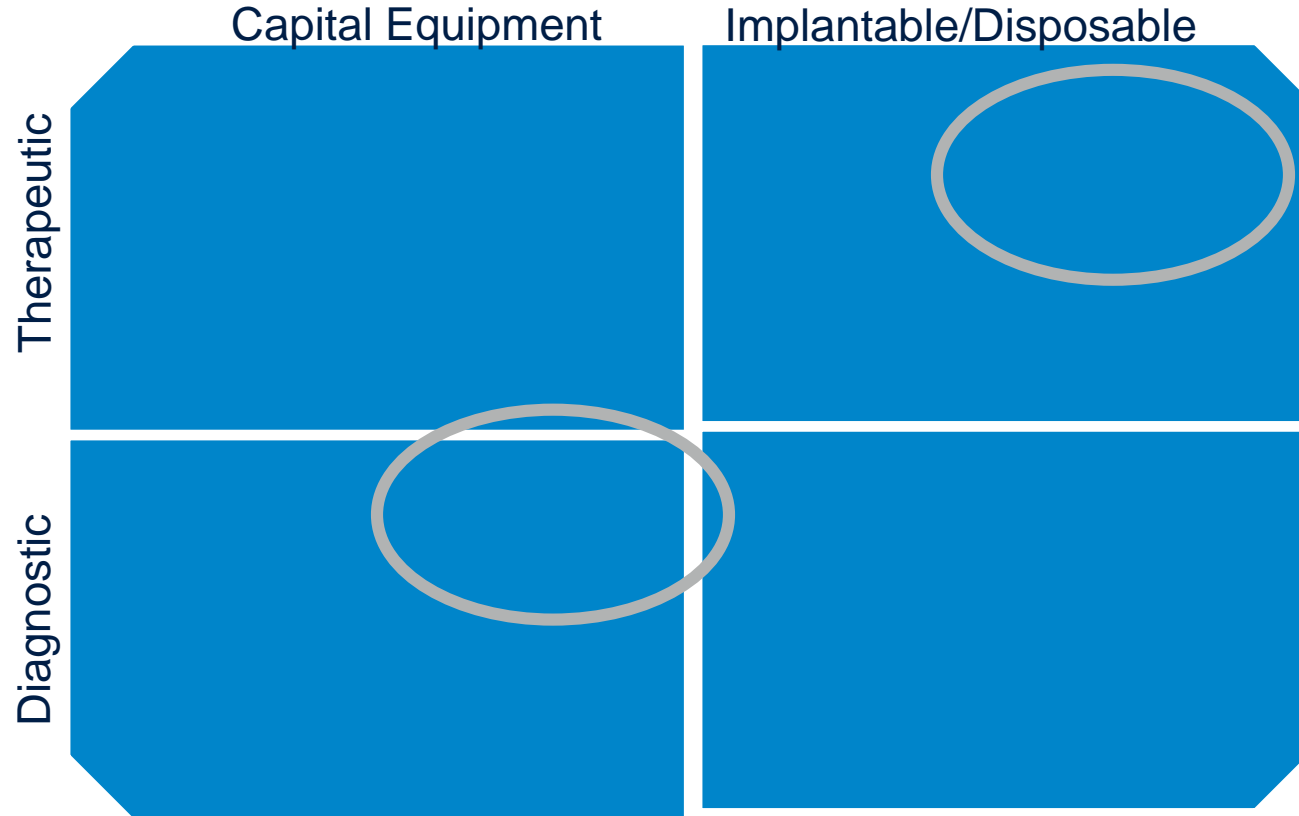
Medtronic Global Government Affairs Structure



Medical Technology: What Classifies?



ADVANCED MEDICAL TECHNOLOGY LANDSCAPE



DEVICES ARE NOT DRUGS!

	DRUGS	DEVICES
1	Based on pharmacology, chemistry, biotechnology, & genetic engineering	Based on mechanical, electrical, IT, and systems engineering
2	Systemic toxicity	Adverse events most often local in nature
3	Consumed by use (Metabolized)	Available after use (Stays in the body)
4	Long-lasting (time-consuming) tests for efficacy and side effects	Thorough evaluation during design-phase
5	Long Life Cycle justifies length of regulatory process	Rapid Obsolescence and Short Life Cycle
6	Relatively limited number of products and therapeutic areas	Vastly greater number and diversity of medical devices. Massive burden of regulation if drug paradigm used
7	Patients may stop use, non-compliance	Most intended for professional use, higher compliance
8	Outcome dependent on patient response to therapy	Outcome of intervention also depends on surgeons skills and training

MEDTRONIC'S GLOBAL STRATEGY

Universal HC needs

**Improve clinical
outcomes**

Expand access

**Optimize cost
and efficiency**

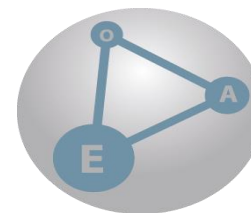
Strategies



Globalization



**Therapy
Innovation**



Economic Value

SENIOR EXECUTIVE ENGAGEMENT

ENGAGING SENIOR EXECUTIVES: WHO ARE THEY?

- CEO and Top Lieutenants
- Business Group and SBU Global Heads (for Medtronic, 4 BG's and 12 SBU's)
- 4 Super Regional SVP/EVP's (Americas, China, APAC, EMEA)
- And much more local (regional/country managers)- understanding that in "flat" organization, good news travels quickly
- Contiguous functions- bear in mind to differentiate/collaborate (Comm, RA, HE)

Critical Notes:

- Medtech is heavy sector of government involvement (regulatory, reimbursement, public health)
- CEO transition to Omar Ishrak: "government affairs" no longer responsibility of just "government affairs"
- Country Managers: increasingly recruited, trained and told to be point of contact to local government
- Government Affairs warmly welcomes this change, but it IS NEW! Education is key.

ENGAGING SENIOR EXECUTIVES: WHAT ROLES SHOULD THEY PLAY?

TRADITIONAL ROLES

- Visionary: Setting objectives, beyond the norm
- Maintainer: Ensuring normal business continuity
- Change Agent: Bringing experiences from elsewhere to change the company

EXECUTIVE ROLES IN GOVERNMENT AFFAIRS IN REAL TIME

- PPP's: Big, complicated government- related deals, with maximum private/public synergies
- Troubleshooters: Weigh in when multiple issues, specific to the BG/SBU have problems globally
- Regional Managers: Responsible for both points above, as well as big, complicated, long- term issues
- Reality check: many things international government leaders count on need heavy involvement from corporate, local management, government affairs, R&D, manufacturing, etc.

ENGAGING SENIOR EXECUTIVES: WHAT DO WE EXPECT FROM THEM?

- Read the memo!
- Engage at a higher level, with potentially stronger commitments than we might have.
Rank matters!
- Convene on particular topics
- Ensure that they are “Corporate Citizens” and not just narrowly representing interests of their particular segment, geographic regions, etc.
- We (public affairs function) target and they execute (co-pilot)
- Generate appropriate ongoing interest and follow-up (challenging)

CASE STUDIES

CASE STUDY #1: CFO TAKING ON ROLE IN TRADE, HEALTH & ECONOMIC GROWTH

Problem:

- Generally, CFO's are highly influential internally, and vis a vis Wall Street
- CFO's are generally not involved in public policy

Solution:

- Medtronic's CFO took on role and, together with J&J CFO, co-founded AHC
- Drove the objective of making healthcare the fore of trade policy
- Developed equivalency between CFO and Finance Minister roles
- GE CFO and Medtronic CFO co-financed project via Economist on "Health and Economic Growth," presented at World Bank/IMF Annual Meeting

Takeaways:

- Brings us closer to "be best friend of government" and "best friend of Ministry of Health"
- Advances our credibility as a company in impacted markets
- Elevates a critical theme to the most senior level within company

CASE STUDY #2: ENGAGING HEAD OF PHILANTHROPY ON GLOBAL TOPIC

Problem:

- Bringing attention to the urgency and importance of fighting Non-Communicable Diseases, specifically in emerging markets

Solution:

- Changing the company's Head of Philanthropy's neutral attitude on the subject
- Turning Medtronic into the private sector leader in Non-Communicable Disease programming, funding and public policy
- Additional senior management buy-in and engagement: singing off the same song sheet

CASE STUDY #3: SUPER-REGION HEAD CONVERTED TO DEAN OF DISCIPLINE

Problem:

- Major issues going on in Europe- including massive regulatory reform (Medical Device Directive), while trying to “push out” new business models (Integrated Health Solutions) and welcome frontier concepts (“Value Based Healthcare”)
- Medtronic EVP and Head of EMEA has always understood how important it was to engage politicians
- At the time, Medtronic was a strictly-American company
- American as President of European industry association was unheard of

Solution:

- Medtronic able to make the case for change and maneuver EVP into this role
- EVP elected as chair of Eucomed; recently re-elected
- EVP has remained the “Dean of the Discipline”
- Medtronic is recognized as premier voice of industry in Europe

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