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(HANSARD)

**STANDING COMMITTEE OF TYNWALD
ON ECONOMIC INITIATIVES**

**BING VEAYN TINVAAL MYCHIONE
KEIMYN DY CHUR Y FARRYSTHIE
ER-Y-HOSHIAGHT**

Douglas, Wednesday, 9th December 2009

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**PP115(II)/10
TEI, No. 1(II)**

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Members Present:

Chairman: The Speaker of the House of Keys (Hon. S C Rodan)
Mr C G Corkish, MHK
Mr G D Cregeen, MHK
Mr T M Crookall, MHK
Mr J P Watterson, MHK

Clerk:

Mr R I S Phillips, Clerk of Tynwald

BUSINESS TRANSACTED

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The Committee adjourned at 3.18 p.m. and resumed its sitting at 3.20 p.m.

See Hansard Report TEI, No. 1 [PP115/10] for the remaining Oral Evidence taken that day.

Standing Committee of Tynwald on Economic Initiatives

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*The Committee sat in private at 2.15 p.m.
in the Millennium Room,
Legislative Buildings, Douglas*

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[MR SPEAKER in the Chair]

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Mr van Veen subsequently gave permission to publish his oral evidence.

Procedural

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The Chairman (The Speaker of the House of Keys, the Hon. S C Rodan): On behalf of the Committee, can I thank you very much, Mr van Veen, for coming to meet with us. This is by way of a private discussion with the Committee. As the Clerk has explained to you, it is the Standing Committee on Economic Initiatives and we are investigating the potential for a medical device business within the Isle of Man.

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After we have our discussion with you, we have got two scheduled meetings of evidence being taken in public which is from Mr Chris Corlett, who is the Chief Executive of the Department of Trade and Industry, whom I am sure you know, and Dr Ken Jones of ProMedic Science.

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It was recommended by Graham Cregeen that the Committee would find what you have to tell us of considerable interest.

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Can I just make sure, first of all... We are going to record our discussion purely for our own internal record. Whatever you say will not be published or made public, just to give you that assurance. Also, depending on your own schedule, you are very welcome to stay and listen to the oral evidence that is being –

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Mr van Veen: I would like to, yes.

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The Chairman: That is being taken at 3.15 p.m. from Dr Jones and at 4 o'clock from Chris Corlett, and it may be, if we have time later, that... We would certainly be very happy if you had some comment to make to us privately after that, depending on the time, but it may also be that you would be happy to write to us to comment on what you have heard.

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EVIDENCE OF MR P VAN VEEN

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Q(i) The Chairman: If I could just start perhaps by inviting you, if you wish, to make an opening statement. You are Rhesus Medical. You were originally Rhesus Healthcare and you have set up a new company, Rhesus-3F Medical Systems, I understand.

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Mr van Veen: I just explain to outsiders and say, by coincidence, I met Graham... You had a little issue with Mount Murray, always, yes? I just mentioned I am in the healthcare business, funnily enough, so then we started talking etc.

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I have included in this file, to make my boring speech a little more attractive, information about the company. This is probably in the domain, you will find it on the website. The interesting thing is that, since I met Graham, now a lot has happened. Now we have five companies established, instead of one. We are fully established in China, in South America, in many parts of the world. It is growing pretty fast.

70

I arrived in the Island two-and-a-half years ago for one reason. My parents-in-law are living here. I had some quite large corporate positions, gave it up and started my consultancy business. I

have done a lot of touring around of companies in the past. I have included my profile in Philips Medical Systems, Toshiba, two large corporations worldwide, but I have always looked for an opportunity to start my own medical business. I graduated from the University of Amsterdam. I have a radiology degree.

65 I started when I was 17, curly black hair and less obese than now. So I am in the healthcare business, been trading 31 years, 49 less 17. I was 11 when I started. I have lived in three continents and speak several languages. I find the Isle of Man a terrific Island and I was quite surprised about Graham, that you had an initiative, that you hired a consultancy company from Minnesota, I believe, or somewhere in the US. I wish I could do it for you. I would do it for half the price, probably, and more in depth and more international. That is a sarcastic statement of this Dutchman!

70 Why did I move to the Isle of Man? Again, for my parents-in-law and I saw a great opportunity of the Isle of Man. Being not from the northwest of the UK, I think you have the best evidence sitting in front of you of the potential of the Island. I started Rhesus Healthcare in January of this year, very recent, but I have been working already for two years to establish this company, so now we have Rhesus Healthcare, Rhesus Medical, the latest joint venture with a large Chinese company, Rhesus-3F Medical Systems, Rhesus Wellness and there is more coming. It looks like, hopefully next week, we acquire two more companies.

75 I am a 50-per-cent shareholder of the company. My partner is a company you know – it is no secret – Montpelier Group. They are a big financial organisation, as you know. So we are a unique concept of in-house capital, investment, acquiring companies if needed, but also let's say there is my skill. I do not know anything about finance; I am a medical guy. It is building of markets and building of products. So now we have a product portfolio. It is only in there from health IT... It is one of my core competencies. As a start of the business into products, we will be one of the most advanced patient monitoring devices, just produced in Shanghai, just finished. We expect to sell around 20,000 units a year worldwide.

80 That was your question: what can the Isle of Man mean for us? Of course, I have certain financial advantages, but we are looking already very strongly in maybe possible self-assembly opportunities in the near future. We have been in the Ronaldsway area. There are some magnificent buildings around that I can use.

85 The thing is, of course, you talk with individuals here... and, in all fairness, I do not know the gentleman who is running this biotech company – I do not know anybody on the Island. I am very incognito, and now we are coming out of our shell to sell our concept to you and what we can mean for you, and hopefully we get something back from your side, which is, of course, important.

90 We look for a possible opportunity of self assembly on the Isle of Man, but for us the first start is health IT and it is, of course, quite amazing that you are here on a small Island with a massive capacity of data warehousing and data sourcing. There is one product that is here... The Rhesus Connect is here, our own product developed in the Netherlands. It is selling pretty well. I have sent you the video on how strong we are within the NHS and globally, and there is going to be great opportunity for us to source and to establish this product on the Isle of Man with the large capacity of data warehousing. You mentioned the name now at the Airport, Ronaldsway... I have forgotten the name. (**Mr Cregeen:** Domicilium.) Domicilium. Maybe to find an agreement to host all our IT stuff on the Island. Of course, from an employment point of view we keep our corporate office here. We will open in the near future an international office. The only drawback is what you see: we have to find the alternatives, we find the international staff. Of course, you do not expect that everybody speaks several languages.

100 A very important aspect... I am just back from Shanghai the day before yesterday. We have signed an agreement with the Chinese Government that we are the ambassador, Rhesus Healthcare, at the Shanghai freezone area to attract companies to get into China. So for us, China is a very important area. I am not the financial guy, but I anticipate into China because of the – from a medical point of view – demographic diseases there in China, lung infection is massive. There is a national programme now going on. They are going to invest \$350 billion into the healthcare system, so we like to anticipate that we need a partner and we want to go in with European products into China and get Chinese products back.

105 On 27th September I was there with quite a large delegation of Chinese business people etc, Chinese companies who want to, or are looking for, opportunities to go out of China and see us as a strong part, establish their organisation. They have seen the Island and they love it. I think the biggest winner for me at the moment is the Lexicon Bookshop because I have bought at least 175 Isle of Man books to learn from. (*Laughter*) Strange that a Dutch guy is promoting the Island, but I have seen more weird things in the world, you know.

120 So I jump from one part to the other but I try to keep it short. Whilst we do a wide range of

products, we like to promote a wide range of companies. There are press releases in there. We also have an agreement with Copenhagen University. Funnily enough, we hardly get any feet on the ground in the UK. Manchester University I have been to. I know them all. I know Imperial College.

It is more difficult to do business with the UK than with China. The UK is a sinking ship, as you all know, so from a business perspective we are not interested in siting our health IT product there, but I am amazed by the opportunities I see in the UK and it is really the old school, old medical school, but it does not work. The medical school is reflecting an out of date economy which is obsolete. So hence we have to go to Denmark. So we work with universities.

What is the trick? I, with my medical background, we see the opportunity, we take innovations further, we have in-house capital, we support the product, we develop the product in China and hopefully here on the Isle of Man, and we market the product worldwide. It is a completely different concept than just the financial guys coming up and saying 'I put £1 million or £2 million on the table and you have to perform.' It is really the coaching, the whole go-to-market model will be set by us and that is, from what I have seen, a unique concept.

We hope to invest in a very innovative product for Alzheimer's detection, completely new. It is amazing. It can detect you and I if we get Alzheimer's in the future. The question, of course, is do you want to know it! (*Laughter and interjections*) Secondly is a new device for fast hip replacements, but it is not our core business. We do not want to go to life sciences, and then you come into the biotech area etc, but where do you set your limit?

Before, it was very strongly on innovations – what is, I suppose, a fancy word – demographic disease management. You and I are getting older. I want to have security when I am 65, and if you see the current healthcare system, you do not have any security. So how do you keep the patients out of the hospital? If you see the demographic and chronic disease... it is fatal. We very strongly focus on these aspects.

I personally see it as a great initiative. When I arrived on the Island two-and-a-half years ago, I was a poor loser in healthcare research. Flying to Gatwick with all those financial guys. 'What are you doing?' 'I'm in healthcare, boys, with a little help.' Now I say, 'I'm a healthcare boy, are you a financial guy?' So you see the change of the market. Healthcare always has been profitable. Its problem is that the guys in London want to have instant profits and healthcare is a steady business. It is 10-20 per cent, 10-15 per cent, 10-12 per cent growth, but steady on. You never have those highs. It is a mid-long-term business.

So, for you in the Isle of Man Government, if you invest now, the revenue you get is probably in two years' time or longer. That is what you have to realise. It is a very conservative business. Yes and no. It is not what you know, it is who you know, and that is a very important part.

The timing, I believe, for you to invest in healthcare is even bigger than ever. Of course, I am the... How do you say it in English? I am the son of a poor man's father? I don't know. You see, the UK guys, the UK companies, they have DTI UK, they have UK Invest, they have... If you go to the congresses, they have massive stands. I ask myself why the hell they invest so much money in it because – if I see the companies around – we need the benefit of investors with money. But I spoke with Graham about this and said, 'What can we do? Can we go together? Can you support me while I am going to those fancy congresses?' Of course, for us, it is a big amount of money to go to all those international congresses.

Secondly, I believe for the Isle of Man itself, healthcare, if you play it well, might be an incredible PR exercise for the Island. It is like the General Electric advert, no? 'We treated granddad, so we are great.' If you put healthcare together... Healthcare has a very high level of acceptance within the public and even though you are small, you can do a lot, but you have to know exactly where to go and that is what we discussed on the phone several times. Avoid the UK. Please, avoid the UK, and go further. What I see for myself... We speak about the Isle of Man in London now and Germany, Stuttgart, knows the Isle of Man better than London does. So there are massive, massive opportunities.

What I do on the side, myself, I still have... Time is my limiting factor, but I still do some consultancy business for large companies, US companies who want to go out of the US. They are desperate to go out. They are late because the economy is completely down, as we all know. Healthcare business is down even there because of the new Obama structure and nobody knows what the new reimbursement platform will be. So I work also with a lot of American companies and again get international companies, Chinese companies, to mainland Europe.

The Shanghai Free Zone is something I thought might be a great opportunity for you to participate in. There is an incredible perception within China where they are looking for, let us say, stronger relations in government. It is a very young organisation and they look for expertise to build this up, so we are involved in these. It is indirect advantage, we can import products very

185 easily into China and we can export products very easily out of China. I am not saying that we
only focus on cheap products out of China, but the quality is great and certain parts you have to
produce in China – you cannot produce over here, like consumables etc, you have to do over there,
I would say, large turnover thing.

190 But high-tech stuff like this, baby monitoring, a usual price around £2,500 with a cost price
around £300, so the moneys are big. Of course, you lose a lot of money in investigation etc, but it
is the part that can make money and what might be an opportunity to have a self-assembly
opportunity on the Island.

195 My question to say to you is very open and very direct: we would love to, let us say, of course
completely legally and in accordance with all the medical device directives, to start co-operation
with Noble's Hospital. It would be crazy that we are an Isle of Man based hospital, we have
luminary sites all over the world, but not in the Isle of Man, and I see the Isle of Man as... What I
have seen in Noble's... My son plays rugby, so I am there on a weekly basis. I know all the
physicians anyhow, but it is interesting... But I have seen a very high standard, and I rate the Isle
of Man good and I say you can do those clinical trials, let's say, in a quite isolated, relaxed
atmosphere.

200 I have spoken already with some physicians on the Island and they are very positive about our
innovations, our opportunities. So that is really something we are looking into that... We are crazy
if we have to invest money to go to the University of Heidelberg or to Copenhagen etc when we
can do it here round the corner with an exceptionally high standard of care.

So that is a little bit in a nutshell my presentation.

205 **Q(ii) The Chairman:** Thank you very much indeed. That is a very comprehensive background
you have given us.

210 We will have a number of specific questions, and appreciating you have probably covered
some of this in your opening statement, but could I ask, first of all, what are the benefits and what
are the drawbacks of operating in the Isle of Man and what attracted your company here?

215 **Mr van Veen:** Very simple: of course, the benefits of corporation tax. Let us say it is very open
and I have no secrets when I say today it can be made public and everybody knows, let's say we
work on a global basis. When you sell locally you have to pay tax. How it is working is if I were a
local Chinese operation or a local Hong Kong operation or local UK operation, of course we
would pay tax like the rest of the world but we invoice out of the Isle of Man. So let's say the
corporation tax issue is massive. Hence, we can invest more in our company with the benefit we
have from this.

220 Another very positive thing about operating on the Isle of Man is the staffing we have. We
have limited staff at the moment, but we are going to invest in higher-level, product-management
staffing etc. People would come over here, would love to live here. Really, the benefit of standard
of life is a very important aspect.

The drawbacks, of course, communication. How do you fly out to Shanghai? That is, of course,
always a little challenge.

225 **Q(iii) The Chairman:** Not electronic communication; you mean physical?

Mr van Veen: Physical. Electronic is fine. Electronic is great. Yes, that of course is an issue.

230 **Q(iv) The Chairman:** What is the issue, then? Geographically, we are in the centre of the
British Isles.

235 **Mr van Veen:** No, not geographically. Look, it is, of course, always between the ears, no? Let
me say it took me longer to drive to Heathrow from Cheltenham in the past than to fly to
Manchester, but it would help if you had a couple more flights to Dublin – very simple – and
then... That is just a practical limitation if you are in the world.

240 I cannot give any more statements because let's say the thing is it is a very competitive world,
if we have to look into, let's say, like... and for you to attract companies for assembly. You
mentioned, very clearly, production. Taking, for instance, the UK, we do not want to... but I just
had a discussion with Mountway – that is a big company in the UK and the UK Government gives
everything free. Do you want to have a warehouse? Here it is. So the governmental support in the
UK is massive and I do not know anything about what kind of incentive you have, for instance, to
further establish yourself on the Isle of Man.

245 **Q(v) The Chairman:** Do you do any manufacturing on the Island?

Mr van Veen: Not yet. That is what I tried to say. We have... I am in a factory and, of course, health IT is virtual – that is not only the Netherlands. With a development team that might be, let's say, included in the Isle of Man when we start to source or to store our data on the Island. But then you speak about software development, manufacturing of software, but manufacturing itself might be an opportunity, but I speak about self assembly. You cannot speak from...

250 **Q(vi) The Chairman:** What engagement have you had with the Department of Trade and Industry? You talked about the massive DTI support in the UK. What about here? Have you had much to do with the DTI here?

255 *Mr van Veen:* No, I think we have no open discussions with them. I do not know them. I tried to get... Graham was a big help to find and look for somebody living in the Island, but I do not have a clue who is in there.

260 **Q(vii) The Chairman:** So you have not?

Mr Corkish: Have you made overtures to them? (*Mr van Veen:* Sorry?) Have you started some liaison with them, DTI?

265 *Mr van Veen:* I do not know who is there. I do not know who –

Q(viii) Mr Corkish: You have not had to, because they offer very substantial funding to encourage the manufacturing base of the Island, but you are saying you are not at that position yet.

270 *Mr van Veen:* No, I am not going to say I...

Sorry about my Dutch habit now to be straight to the point, but the great thing... The input with Graham was simple: how can I have some little tools to promote the Island? I got those little USB sticks and said they would help. We discussed a little bit about the opportunity of DTI, in all fairness.

275 I also did not explore it that much further because our business is exploding outside the Island at the moment, so we have no time to think, 'Okay, when do we get it back on the Island?' Now, Christmas time is a good time to think our entire strategy, but I would say the short-mid-term strategy will be to get more staff to the Island. We have been in a pretty lucky situation that business is exploding.

280 **Q(ix) The Chairman:** So your global headquarters is here and its management and control –

Mr van Veen: Management, control, finance and everything like that, yes.

285 **Q(x) The Chairman:** Not research and development?

Mr van Veen: Not yet. Research is...

290 **Q(xi) The Chairman:** So how many staff do you employ?

Mr van Veen: We have here on the Island – we are relatively small – around 15, but outside around... If you take the current factory, 3F etc, it is around 600 now.

295 **Q(xii) The Chairman:** And that factory is in?

Mr van Veen: Shanghai, Shenzhen, North Asia.

The Chairman: Okay, that is fine. We have a number of other questions. Graham, would you like to lead off the other questions, please.

300 **Q(xiii) Mr Cregeen:** At the exhibition that you went to... It must have been about four months ago when I was talking to you...

Mr van Veen: Yes, it was MedTec.

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Q(xiv) Mr Cregeen: MedTec. You had a stand there right next to, was it the Chinese?

Mr van Veen: No, MedTec, that was Birmingham. I was just there actually to watch.

310

Q(xv) Mr Cregeen: Yes, not the MedTec one, the one before.

Mr van Veen: Oh, MEDICA? (**Mr Cregeen:** Yes.) MEDICA was last month, yes.

315

Q(xvi) Mr Cregeen: Did you find many other countries trying to promote themselves there?

Mr van Veen: Absolutely.

Q(xvii) Mr Cregeen: Was that a stand...?

320

Mr van Veen: We had a stand. We have, going back to 3F Medical, the Chinese company. It was a joint venture. We officially signed on 27th October. MEDICA was two weeks later. So prices in MEDICA are crazy. We got €500 per square metre, and of course how large do you want to go and how...? So, luckily, 3F had a little sense so we had a stand in the China building. I think I was the only foreigner in the whole of China. But there they are cold, really: if you have a... it gives you a great idea about...

325

The UK, I think, is a bad example because they invest so much money and it is so large with hardly anybody around thinking what is happening there. But a little country like Denmark, like... Of course, the US has a big stand, but Denmark, from Lithuania, from all the European countries, they have their own little stand, and that is very important, specifically if you want to attract smaller companies, that you open the facilities to go there together under the Isle of Man umbrella, and offer facilities from a DTI perspective to arrange an exhibition.

330

We are now out of these growth hiccups. We are now really succeeding. We can do ourselves what is needed, but still it would help to have an overall organisation who can support you by logistics and other things more... That is fundamental for smaller companies. If you think about the Isle of Man growing in healthcare, you have to think strongly about investing in these kind of exhibitions.

335

Q(xviii) Mr Cregeen: Would you say the medical device industry bucked the recession?

340

Mr van Veen: Absolutely. The thing is, this is my third recession, and I forget... When I was at Toshiba, I was European Director – or to give it the fancy title, President of Europe in Toshiba – and you are always the loser, it is the medical life. Then there was the dotcom bubble. All the dotcom companies went bust and suddenly we were heroes. The profit had to come... Toshiba was nearly on its bottom. The profit had to come from the medical industry. Philips Medical Systems went nearly bust three months ago, but it did have medical... Philips Medical Systems went bust... They had to sell off all research to LG etc. They are surviving on medical.

345

So medical is recession proof, but what I see also now is a massive investment in emerging markets, like, of course, Dubai... I really have foreseen this disaster, but Saudi, Abu Dhabi, Latin America, China, Russia. They are major growth areas for healthcare. Other territories, of course, in Europe are looking for the right concepts to move from acute care to primary care, so it is a big movement. Healthcare there is a need for.

350

Governments finally realise if we do not do anything now, we have a major issue in 20 years' time: ageing population, major issues of... You think the financial crisis is bad. You can write it down today: in 20 years' time obesity, hypertension, will be the biggest problem we have ever had in the world. If you read the statistics in India, for instance, in 20 years' time 40 per cent of the Indian population has a heart-related problem, so how do you treat 400 million inhabitants with any infrastructure now?

355

Q(xix) Mr Watterson: All at this side of the table know about hypertension, though!

360

Mr van Veen: But soon they will realise now that something has to be done. So healthcare is growing. Large investment in how to change the structure and how can we really avoid a major issue in 20 years' time.

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Q(xx) Mr Crookall: Thank you, Chairman?

You mentioned before that you had a look down at Ronaldsway, so you had obviously been looking at premises and things?

370 **Mr van Veen:** Yes.

Q(xxii) Mr Crookall: What is it you actually envisage doing down there? You have obviously got some of your staff here, working here at the moment, but... How many staff? What would you like to do?

375 **Mr van Veen:** May I just show you this little belt... We are coming here with another product. It is still in Chinese, but this was developed by us. We invested in these holders in one of our factories. This is a complete development by us so we are... It is a Chinese innovation. We are going to invest and we are going to develop the product. So then we speak about product sub-assembly or, maybe, logistics.

380 **Q(xxii) Mr Watterson:** What do you mean by sub-assembly? Which elements is it that you need to be on-Island and which bits are actually competitive to have on-Island, rather than the mass produced elements of it.

385 **Mr van Veen:** Now, this is quite... First of all, it is quite high-tech, high capital equipment. We speak about this one between £30,000, £40,000, £50,000, £60,000, yes. So, I would say your margin can be... your margin has the flexibility to do it, even on the Island, but we speak about, let us say, just to build the product together and what we have seen, in China, they are very good, let us say, at mass production, but, let us say, dedicated and small niche production capabilities there are less.

390 **Q(xxiii) Mr Watterson:** So, I mean, just, without going into the details, are you talking about having things like the circuit boards and the plastics made elsewhere and then bringing all the parts into the Isle of Man and just putting the box together here?

395 **Mr van Veen:** That's right.

Mr Watterson: As long as I understand.

400 **Mr van Veen:** In all fairness, tooling, like plastics, how the press is made, that they have prices that are really unbeatable, like that.

Q(xxiv) The Chairman: Just to clarify, then, we are talking about the new joint venture with 3F Medical Systems and that brochure and this device is what you will be manufacturing. How many jobs do you think this could bring to the Island and where will the products be manufactured: the components?

405 **Mr van Veen:** It is very difficult to say. I think the first problem will be, let us say, in administration. While I am not avoiding your question, I mean, administration and global support. Timeframe, I would say between now and probably, a year, we have to make a decision, so we cannot say, 'Over Christmas, we have to make big decision: what are we going to do; where and how?' We speak about, let us say, now, job opportunities, I would think in a range of around 50.

415 **Q(xxv) Mr Corkish:** I am sorry, would that all be highly specialised staffing you would need for that job?

420 **Mr van Veen:** Look, the advantage you have on the Island, of course, here, it is relatively big, really, to the size. Of course, you find it is like Strix, yes. You have to think at that kind of engineering level or I would say the aviation industry, that kind of engineering, so there is a base on the Island. If you did not have a base, let us say, then it would be rather difficult because you are speaking about these kind of skills here.

Q(xxvi) Mr Corkish: So, you are bringing your staff in but also utilising on-Island staff?

425 **Mr van Veen:** Yes. Let us say, in all fairness, for me it is easier to find a Mandarin speaking girl here in Douglas than... Certain individuals are easy to get. Eastern Europe is a very big

growth area. For East European staff, you can get tomorrow. But, I mean, we are focusing, specifically, on locally based individuals.

430 **Q(xxvii) The Chairman:** So what sort of specialist staff is it? Is it in the administrative field or is it the technical (*Mr van Veen:* Both.) electronics? So, you will need engineers?

Mr van Veen: Both. The main drawback of the Island is international spirit. The Island has to grow more international. That is a big issue.

435 Of course, I have this weird accent. How often I have to explain that I am not from South Africa, you know. But, I mean, that is a big issue. I love the Island. I love the north, the straightforwardness, but if you want to grow and particularly in healthcare, you have to grow international spirit.

440 **Q(xxiii) Mr Corkish:** The staff members that you would want, they would be in a high earnings bracket?

Mr van Veen: Medium, I would say.

445 **Q(xxix) Mr Corkish:** Just as an idea, to find out what kind of limit it is. And you may have answered this question, if I can, through the Chair: how would your business interface and benefit, perhaps, Noble's Hospital here on the Isle of Man?

450 *Mr van Veen:* Oh, 500 per cent. Let us say, look, if you have... There is nothing worse, from a cross perspective, to do clinical trials, etc, 500 miles away.

Q(xxx) Mr Corkish: So, what would it do for Noble's Hospital?

455 *Mr van Veen:* That is the important thing. I believe, let us say, again, as we discussed before, it works from both ends. We are able to feed in, let us say, the latest technology with Noble's, but Noble's, of course, can give us the right feedback to expand our business globally. Again, let us say, you have to separate, really, the healthcare business from the clinical trials, but clinical trials is a part of the business. It is fully regulated itself, but Noble's would be, for us, number one on the wish list, to grow our business.

460 It is simple, I have done global positions. Let us say, if you have an engineer, I had fancy marketing titles, whatsoever, etc. I have done, in corporations, let us say, these tend to like marketing, so a fancy marketing office in Switzerland, I have been, and it has not worked, but I started to work in the UK in 2002 in Gloucester, in a Swedish company. We had marketing beside engineering – fantastic.

465 So I say, product development plus marketing. Similar to, let us say, if you have a test site, clinically, over here, it could not be better.

Q(xxxi) The Chairman: So, product developing and research and design would take place here. The marketing and the management, the assembly and the manufacture would be in Shanghai?

475 *Mr van Veen:* No. I understand your problem and I just step in and throw all the stuff on your table. Let us say, we have, of course, the management, the marketing, we do from here. Let us say, high-end marketing. (**The Chairman:** Yes.) Very clear. Let us say, you have to print brochures; we do that in China at the moment. That is a fraction of the cost. So, okay, we can look into what we can do with Mr Horrox in the near future, but we have a marketing corporate office here, developments are dear at the moment in Shanghai, but clinical development, we would love to have a base on the Isle of Man.

480 **The Chairman:** Okay, Juan.

Q(xxxii) Mr Watterson: What I was going to ask is, it sounds like it is going to be a rather stand-alone enterprise on the Isle of Man. Are there any other business skills or manufacturing elements that would be advantageous for you to have on the Island? So, anything that you have looked round and said, 'we need that, but we cannot find it locally?'

Mr van Veen: That is a good one, but that is more related to product development, like

490 straightforward, let us say, assembly and engineering, I think you can find everything on the
Island, if the conditions are right, etc. I believe that our biggest asset will be, if the person is
capable to do it, to give them an international role. Let us say, you work for us on the Island, you
are local based, but we give you the opportunity to go for a month in China, for instance. That is a
very big asset.

495 Take graduates from schools here to give them that business opportunity, to grow with the
world. I see, in a similar way, that now we have recruited some staffing in China with opportunity
to work also, on the Isle of Man for a month, etc. It is a major asset and do not forget it is the
young generation, the 25 year olds are very eager. The world is getting international.

500 **Q(xxxiii) Mr Watterson:** You have addressed there the particular issues about getting the
intellectual capital, the right people, but in terms of physical production capability, would it be
useful to you to say how the plastics manufacture or packaging and distribution element or... I am
just trying to think of other elements.

505 **Mr van Veen:** No. Let us say, if we discuss purely manufacturing. Manufacturing, a full blown
product, is impossible. Let us say, okay, we do the moulding here, because the Island is too small
to get really specialised parts and ours, like the probe technologies, is massively complicated. That
is what you have to buy in. Like plastic parts, etc, you cannot be competitive, that is clear.

510 Let us say, look, you still have environmental issues in China, what is a ten times lower level
than here, so they can produce without any health or safety, etc. You get the idea? Hence, it is
cheaper. But, with going back to the Island, let us say, we are looking for specifically the skill set
of engineering, sub-assembly and the more corporate related, let us say, product management
roles, clinical roles, etc. The thing is, of course, also, let us say, if we just put in an advert in the
UK, we want to have two clinical specialists living on the Isle of Man, I probably get 5,500 CVs.
Everybody wants to run out of the NHS.

515 **Q(xxxiv) The Chairman:** In terms of getting this product to the markets, the European
markets, would you see a place for the Isle of Man Freeport as a means of doing that routing to the
market? So, is that to be your intention?

520 **Mr van Veen:** It is clear, let us say, Isle of Man has an airport, of course, on the left, a freeport
and that, of course, is the whole thing. The strategy you have set up is pretty... it is not rocket
science – but it is Freeport, Freeport.

525 **Q(xxxv) The Chairman:** How important is the Freeport, then to your decision to be based
here: the fact that there is a Freeport from which you can export into the European –

Mr van Veen: I would say different, if you did not have a Freeport, I would not discuss any
minute, production or distribution possibilities.

530 **Q(xxxvi) The Chairman:** Would you be here at all, if there was no Freeport?

535 **Mr van Veen:** My parents-in-law are living here! *(Laughter)* No, but that would be a
completely different scenario. As you could see and I apologise, we are working all the stuff on
the table. We have been growing as a hidden, little secret on the Island. Of course, we have a
health IT wing, a financial company. We have a health IT product which can be specifically done
really well on the Island and do not undervalue this, but going to the product side, the Freeport
facility is a must for working globally or European.

540 **Q(xxxvii) The Chairman:** So, supposing there was no Freeport. You mentioned Dublin and
supposing there were the extra two flights a day and you could stay here so you could see your in-
laws, but you did the business in Ireland, in Dublin, let us say a freeport, would –

545 **Mr van Veen:** Then, in this case, then, I would say that is alright, we do not need to look,
because that makes everything more complicated. Let us say you are based here, your corporate
office there. Of course, we expand globally, our biggest springboard, of course, is our Hong Kong
office from the western thinking, etc and taxation, but if the situation would be like, ‘Okay, we
have our corporate office here, which we do not take away ever, we have to look for another
European country for it.’ That would be far too complex.

What I have seen may be open enough. If you just go on the left into the Freeport area, you see

550 a fantastic blue building. That is a joy and it is for me a miracle. Why the building is standing
empty there for two years? Maybe, I do not know enough about the Island. I do not know. It is a
555 miracle.

Q(xxxviii) The Chairman: What you have seen, do you think there is enough potential for a
555 cluster of biomedical companies in the Island? And do you think it is realistic to aim for that? And
what would be the advantage of that way forward?

Mr van Veen: Of course, there is one very, very important thing, when I had many board
meetings with Americans, etc, first of all, you have to make a definition clear of what is healthcare
560 and which sector do you think about, because you have life science products and health IT. We
need to take those three ones. We speak of biomet. Biomet is a typical, nowadays, fancy wording,
like you learn in MBA, without having any practical experience. Of course, you have biotech
industry. I believe there is one company on the Island, no? Yes? That is linked to the pharma
industry. These markets with a marginal high would be great to do.

565 The biomet and, let us say, the product industry, you have to be very clear, let us say, which
kind of business you want to attract. I believe, in all fairness, that you have to look around a little
bit. Take, for instance, Warrington in the UK. They have set up a biotech park. That might be an
extremely interesting blueprint for the Island. You need to give facilities for smaller companies to
grow.

570 Interestingly enough, at the moment, the time is there, they are also pretty successful, I have to
say, because I know the big companies, I know their weaknesses and the big companies are
struggling. The big companies, also, from a personal perspective, they focus more on smaller
companies, so the success of smaller companies and specifically in healthcare is a lot bigger than
10 or 15 years ago.

575 Coming back to your question, yes, indeed, there is... clustering is a must. That is why I came
to Graham, we have to cluster at MEDICA; we have to cluster at the Arab Health; we have to
cluster at Hospital Sao Paulo. But I would say as this issue, let us say, to have the right
performance and discount exhibition puts the Isle of Man on the map – you will not believe. Of
course, let us say the healthcare industry is a quite sophisticated industry, yes. It has quite strong
580 buying power and if you can link the Isle of Man with the healthcare industry, that is a win, win
for the entire Island.

Q(xxxix) The Chairman: What are the minimum requirements to establish a biomedical
585 cluster? What do we need to have on the Island? Do we need any manufacturing capability of
components or...?

Mr van Veen: You focus too much on manufacturing. Manufacturing is a part; manufacturing
might be an opportunity, but there are more parts in healthcare industry which can be served really
well on the Island. I would start by having, let us say, facilities to locate yourself on the Island. So
590 how can you attract, like what DTI is doing now with Domicilium, let us say those, and then,
maybe, let us say, look for very simple, very technical, very practical: an office, biomet, where
offices can be attracted, can go in and, I believe, from a starting point, is to attract international
companies to the Isle of Man by starting their corporate office or international office.

595 So, you start more as an administrative role and then it will be an eye opener for these coming:
'My God. Why we do not do the next step?' It amazes me, if I show you my PowerPoint
throughout the Isle of Man. I do not how many times I download the Three Legs from Google. I
still need to find the right high-resolution image, but I keep it small. It is a hidden secret and I
believe if you can attract, first of all, let us say, with the right facilities, international companies to
the Island, by setting up their international or European head office, then the next step might come.
600 I hope you understand me.

Q(xl) The Chairman: Yes. So, if you were to make recommendations to the DTI here as to
what they should do, what would you say?

605 **Mr van Veen:** Exactly what I said. I would focus on the health IT industry first: health IT,
because that is, of course, there is an ideal link on the Island that is sellable; the second country in
the world with 3G. So, health –

Q(xli) Mr Corkish: We are not doing enough and not doing it at the right place? (**Mr van
Veen:** Sorry.) We are not doing enough in this area?

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Mr van Veen: No.

Q(xlii) Mr Corkish: And we are not doing it on the right place?

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Mr van Veen: That is right. What I see and when I write you e-mail, ‘manufacturing, manufacturing, manufacturing,’ but health IT is one of the biggest boom industries at the moment in the health industry.

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Q(xliii) Mr Corkish: Even with the worldwide financial climate, are healthcare products, which are usually, expensive, would that suffer in any way? Has it hit? For instance, how much would this cost?

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Mr van Veen: Today is Thursday, Wednesday? (*Laughter*) No, it is a difficult question to answer: £1,200.

Q(xliv) Mr Corkish: £1,200.

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Mr van Veen: Maybe it is £2,500, but it has more capabilities. Then I need to hold a whole afternoon.

Q(xlv) Mr Corkish: But, does that do the same as other products on the market?

Mr van Veen: This will do a lot more. This is health IT product. If you put –

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Q(xlvi) Mr Corkish: Is that a hybrid? Is that a top of the range?

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Mr van Veen: It is like... you have to see it now, those products now are... it is a Lexus in the Chinese products. Yes, so a Lexus now has to be precision, it says European product and that, of course, is our strength. I have to come back to your question, because I see you are thinking, ‘give me answers, give me answers.’ I would say, focus on health IT; get the international companies over to the Island and focus on China. Chinese companies are desperate to come over to Europe and they need to barter, they need to link. If I tell you now, let us say, how many companies have already approached me, I know 3F wants to move over to Europe, it is quite remarkable.

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Q(xlvii) The Chairman: I am just trying to understand... I understand exactly the global growth in health and IT, in particular, and the potential for that and the Chinese market and the European market. I understand what you say that the tax advantages of the Isle of Man are such that it makes a good place to base that business and once people are based here, hopefully through a cluster with other companies, they see other opportunities, one of which is the use of the Freeport. Coming back into the European market, if you say, £1,200 to produce, what –

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Mr van Veen: Sell price.

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Q(xlviii) The Chairman: Sell price, okay. Well, let me ask this, then, does that take account, in the case of European markets or anywhere where you were going through the Freeport, the cost of carriage and transport from the Isle of Man? You have assessed that and you built that into the price?

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Mr van Veen: No, this is what I would say, the thing is that if you speak about production, there are certain parts of the healthcare industry, you never can produce here, like the large volume consumable syringe, etc. No way. This is falling in the lower end, high capital equipment. When I say that product is a dedicated product, it has been devised like ultrasound, etc, that is high-end capital.

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It is very important to a give a quick answer to your question about how much affected is the healthcare industry by the economic – yes it is. The interesting thing that I have seen that the financial crisis is pushing governments to think wiser and, finally, because of the financial climate, the funny thing, ‘My God, I do not have to spend this good money, I have to spend more in primary care to keep patients out.’ When they go to hospital, it costs an absolute – so, finally the coin is falling.

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Who are suffering is the Philips, the Siemens, the General Electric, because they want to sell as

675 a stupid customer what they always have been doing: the high-end MRI units. Luckily enough, you have seen it, one was donated here to Noble's Hospital. Luckily enough you have this. But they are suffering massively, because they do not sell the high end products. It has been complete abuse over the last years. I have been part of this abuse by running those companies. So, hence, I know the tricks, but they have been – the high-end market is gone; the mid-end market and the lowest is coming up and that is a big advantage for, let us say, medium and small sized business.

680 **Q(xlix) The Chairman:** So, this is a small-volume, high-value product and therefore the shipping cost is relatively unimportant?

Mr van Veen: It is high volume; medium or high volume.

Q(l) The Chairman: High volume?

685 **Mr van Veen:** You sell at Noble's, 200 monitors. So, I speak about relatively large order income because it has –

690 **Q(li) The Chairman:** Well, I would call that small volume; a small-volume item, maybe high-volume production, but it is small and the shipping costs are small.

Mr van Veen: Do you mean the size? **(The Chairman: Yes.)** Okay. *(Laughter)* This is the weight, I got, I want to show you this. They shipped it out and I have got it with me. This would cost you, let us say, £15 shipping cost. That is £15 shipping cost.

695 **Q(lii) The Chairman:** Supposing it was a much bigger item. Supposing this was a unique item, but it was very big, would the shipping cost, then, be more important?

700 **Mr van Veen:** Do not forget, this is probably £300, but you speak about an end user price of £14,000, so, I do not care. So, do you want to save £23 or £25, £45?

Q(liii) The Chairman: So, the cost of shipping from the Isle of Man is not an issue?

Mr van Veen: In the product we are in, no. That is what I am trying to say.

705 **Mr Watterson:** A lot less significant than the tax advantage.

The Chairman: We have just got a few minutes left, so I do want us to give everyone an opportunity.

710 **Q(liv) Mr Cregeen:** Previously, the DTI looked at bringing over start-up companies. Would you say that was the right decision?

715 **Mr van Veen:** Okay, the thing is, of course, I have only been here an hour or less than an hour and it is the first time I meet, but I asked before and that is what I would love to see. I would love to see, because I am very open, as you can see. I throw my secrets over the table. I would love to see what has been discussed and what has been described in the past. That is my big... because I heard some disaster stories, let us say, what has been described now.

720 I do not know who you hired, but I mean there are opportunities. I am not trying to sell ice to the Eskimos, but, I mean, there are opportunities but you need an entrepreneurial vision; if not, then for God's sake, stay away and go to the UK and sink with the whole 'bloody' island, that is what is happening. But, you have to attract those entrepreneurs who see the opportunity and like the Isle of Man and that is the principle, as I did or I do.

725 There are opportunities, but it is difficult for me to describe in an hour's time, my company, my four or five companies; the opportunity we do in the world; how we move to China with the free markets.

The Chairman: You have given us a very good impression and description. Juan, anything?

730 **Mr Watterson:** No, thank you.

The Chairman: No.

735 **Q(IV) Mr Corkish:** Yes, two points, really. One, what space – and again, you may have answered this, but it is a highly exciting project – what space would you need? Have you seen the space? Have we got the space here already for you to operate?

740 **Mr van Veen:** In all fairness, I would say the contract we signed was 27th October. You know, negotiating with the Chinese country that takes a while, so the company is very fresh; I have been travelling since then. So, Christmas is the time to think. Can I say more? But, I have to say, let us say, this conversation is very challenging and I believe also, we can play a big role for you, let us say, to be a strong PR or a voice for getting companies over. One comes, second comes, third comes, fourth.

745 **Q(lvi) Mr Corkish:** And the second question was and I had forgotten what you said, but again, it is an exciting project, it is a very small machine but what it does, hopefully, if I have got it right, it keeps people out of hospital? Yes?

750 **Mr van Veen:** It is even more.

Q(lvii) Mr Corkish: So what does it – Just remind me, again, what it does?

755 **Mr van Veen:** This is a standard patient monitor which can be put in an ambulance; you can put it at home; it can send data to your GP; it can send data to your UK or Dutch hospital. You put it in an ambulance here, St John's Ambulance in Ramsey, yes; the signal goes to the hospital; they receive it; they say, 'my God, send him to the UK; send him home or get him here.' It is a very, very, different way of –

760 **Q(lviii) The Chairman:** We have this in ambulances here now.

Mr van Veen: What? I know.

Q(lix) The Chairman: So how is this better?

765 **Mr van Veen:** It is cheaper.

Q(lx) The Chairman: Cheaper?

770 **Mr van Veen:** It can integrate with your hospital information system and it is not just like a little part. This is a part of the whole system. This can integrate... I know, the philosophy exists, but we integrate directly into the hospital information system. So, the data of the patient will be sent; the A&E get the data, they can make a primary diagnosis; this data can go to the UK if it is needed; it can go all over the world connecting with our own health IT products.

775 **Q(lxi) The Chairman:** But, I am saying, ambulances currently can do that. They can transmit electronically. So, the difference is, this is a cheaper –

780 **Mr van Veen:** No, I would not say that. It is an advance, always healthcare, it is cheaper, it is a higher specification. I know the company you work with, it is Philips. I was responsible, globally, for those, so, I know exactly what you have got.

Q(lxii) The Clerk: The clever thing about this is the software. Is that right?

785 **Mr van Veen:** The software. (**The Clerk:** Okay.) You have a RAM card, you take it with you, put it in your receiver, send it over, it is such a little thing. I have been responsible, globally, for Philips. I know exactly what you sold, what you bought here, who you contacted, the mistakes you made, the good things you did, everything. (*Laughter*)

790 **Q(lxiii) Mr Corkish:** So, this would be really exciting to a doctor; to an A&E department?

Mr van Veen: I have made, for you – I sit here and apologise – I made for you, let us say, a complete health IT solution for the Isle of Man. That is my sales head.

795 **The Chairman:** Roger, did you have any...?

Q(lxiv) The Clerk: I am just reverting back to what this Committee mainly does, which is report to Tynwald to talk about what the DTI is supposed to be doing. This is your chance to have a wish list, really. What would you like the DTI on the Isle of Man to be doing about contacting people like you and making themselves known to you, because I was very struck with the fact that you do not seem to know anybody?

Mr van Veen: Yes. It is business at the end and let us say, look, I would love to have further discussions about how we can promote the Isle of Man, let us say, for my business to go to those exhibitions, etc. How we can get out? The Isle of Man is non-existent to the outside world.

805 That is really one, and two is for me to get in contact with leading physicians within Noble's. That, for me at the moment, is the biggest criterion: Noble's Hospital; how we get outside; how we can promote ourselves, both the Isle of Man and myself, outside in the world at medical exhibitions etc. Then it comes back... It is very simple. The right business plan has to be written. Today, we have discussed many areas: production, health, IT etc. The focus has to be made on start-up companies, a biotech park. We have discussed a lot in an hour.

Q(lxv) The Clerk: But you know the physicians in Noble's already. Am I being – ?

815 **Mr van Veen:** Not that many; I know some.

Q(lxvi) The Clerk: You need to know the right guys – the Director, in other words.

Mr van Veen: That is, for me, pretty...

820 **Q(lxvii) Mr Watterson:** You have spoken to Paul Harper at the DHSS. Are you aware that the Isle of Man is in charge of a telemedicine workstream as part of the British–Irish Council?

Mr van Veen: I do not know.

825 **Q(lxviii) Mr Watterson:** That again might be another avenue for people that... We can put you in touch with –

Mr van Veen: I know half the global market in health IT but I do not know the Isle of Man, in all fairness. I am very open and honest. Of course, I have not been here a lot in the last four or five months.

As my last question, I would love to get a little bit more background information, if you do not mind: what has been written and what has been said. As a part of my openness today, I am able to give you more recommendations, if needed.

835 **Q(lxix) The Chairman:** I think we will study what you have produced and I think we may well follow you up. I think for the Island's benefit, the sooner we put Ken Corlett from the DTI, as Chief Executive –

Mr Watterson: Chris Corlett.

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Q(lxx) The Chairman: Chris Corlett from DTI to go and take you for lunch somewhere and have a chat, I think the better. (*Device beeps*)

Mr van Veen: Can I have your finger? (*Device beeps*)

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Q(lxxi) Mr Corkish: It is a good job we did not do one. I rushed up from another appointment.

What did you say?

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Mr van Veen: You are too excited. (*Device beeps*)

Q(lxxii) Mr Corkish: This is where I go home early. (*Device beeps*)

855 **Mr van Veen:** That is just okay.

Q(lxxiii) Mr Corkish: It is time to go home early, is it? See my doctor?

Mr Cregeen: Yes, go and see your physician!

860 **The Chairman:** Can I thank you very much, Mr van Veen, for coming in. There are facilities, if you need them, in the corner. These seats are for the public, if there are any other members of the public coming; we are not sure. Please make yourself comfortable at the back and we will be calling our next witness in a few minutes.

865 **Mr van Veen:** Excellent, thank you.

The Committee adjourned at 3.18 p.m. and resumed its sitting at 3.20 p.m.