"STAGNATION? IT CAME WITH AN OPPORTUNITY FOR INNOVATION."

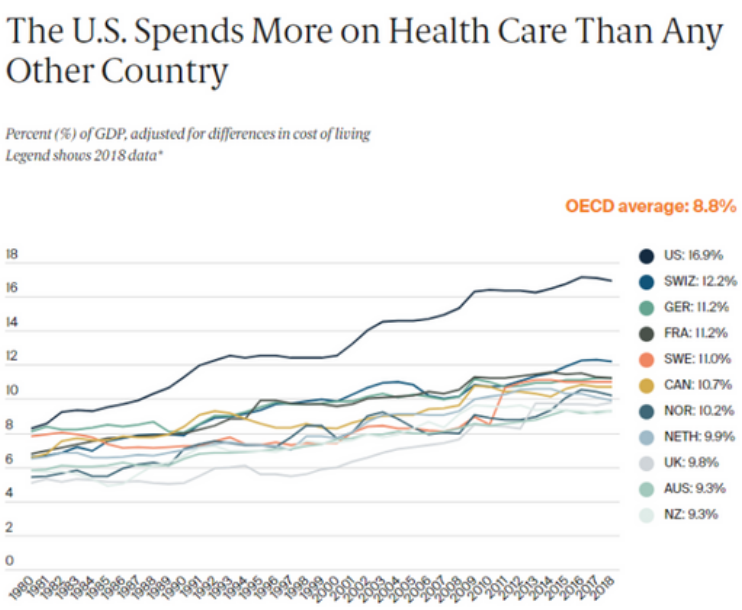
INNOVATION=Digitization + Automation + Cross Industry Collaboration

> ***High exchange rates, interest rates, and recession but still, some companies are growing. Professor Suzy Im also says, "Now is the opportunity for the United States." She said, "Digitization, automation, and cross-industry collaboration are key to seizing opportunities.***

Last September, I visited Emerson College marketing department professor Suzy Im and asked for her opinion on the 'opportunity to enter the U.S. market.' I am curious about how well Korean companies, a country of exports, are responding to the U.S.' reshoring (relocation of manufacturing facilities to Korea). Professor Im has over 20 years of experience overseeing business development and marketing strategies for global companies in the United States. She is also the Managing Partner at BDMT Global. Headquartered in Boston, she was the first to integrate two critical functions of international business development and marketing transformation at BDMT and is also the only Korean expert to win five consecutive business awards.

Professor Im said, "Korean companies are missing out on opportunities." The opportunity she is talking about is 'America.' In the United States, the Biden administration passed the Infrastructure Investment and Employment Act last year to revive manufacturing. It is a measure to prepare a manufacturing ecosystem. Professor Im refers to this point as an "opportunity."

"We need to think about expanding into domestic production through direct investment, not just exporting to the U.S. market," she says. "Various methods, such as joint ventures, acquisitions, and in-house production, can be tried. Small businesses and startups can also secure co-funding from local partners and the U.S. government." Opportunities for cross-industry collaboration have opened up for manufacturing, pharmaceuticals, and bio industries.



Source: Roosa Tikkanen and Melinda K. Abrams, U.S. Health Care from a Global Perspective, 2019: Higher Spending, Worse Outcomes? (Commonwealth Fund, Jan. 2020).

Big companies have already seized the opportunity. LG Energy Solutions and GM are building an electric vehicle factory in Tennessee, and SK Group is building a battery factory as a joint venture with Ford. Samsung SDI exchanges an MOU with Stellantis on establishing a joint venture and plans to build a 23 GWh battery plant in the U.S. in 2025. Auto parts companies like Deokyang and Sungwoo Hitech opened their factories, and KCC Aerospace Engine and SK Chemicals took over American companies.

"Korea, which has many things to offer, should go to the United States, where it lacks." Professor Im said. What Korea has is manufacturing technology. In Korea, manufacturing accounts for 25% of the GDP, while in the U.S., it is only 11%.

In addition, Korea has constantly emphasized technology and spends 4.8% of its GDP on R&D. She said, "Korea is a leader, especially in high-end technology. **Now you need to focus on building your brand.** It is questionable whether Korean companies, technological leaders in various fields, are taking advantage of opportunities in the United States."

This is especially true of tech startups. Y Combinator, one of the global incubators, has supported 3,500 companies since 2005. Among them, 9 are Korean startups—the same as Peru and Kenya but less than Pakistan and Egypt. Among the Fortune Global 500, there are 16 Korean companies. "Korean startups are still catching up in their ability to launch transformative and trusted new-generation brands. In 2021, there were 18 Korean Unicorns-a huge growth (still small compared to 600+ in the US)," Professor Im said last September. Curious to hear more specific stories, I met Professor Im in Boston, U.S., via video call.

Q: Can you be more specific about what you mean by the opportunity in the U.S. market?

During COVID-19, the United States made its vulnerabilities clear. Product production was suspended due to disruptions in the delivery of electronic components produced in Taiwan. It significantly impacted many industries, and the United States, facing competition from China, is now in a situation where it must protect its interests This is especially the case with competition from Chinese manufacturers. In sensitive high-tech, medical and energy industries, the United States has begun to consider self-production. It wants to become a manufacturing country from an importing nation of major electronic products and devices.

YEAR	FULL CLOSURES	CONVERTED CLOSURES	TOTAL CLOSURES
2010	1	2	3
2011	2	3	5
2012	5	4	9
2013	5	8	13
2014	8	8	16
2015	11	6	17
2016	5	5	10
2017	8	2	10
2018	9	5	14
2019	9	9	18
2020	10	9	19
2021	0	2	2
total	739	63	136

Source: The Cecil G. Sheps Center for Health Services at the University of North Carolina at Chapel Hill.

However, the United States has been entrusting manufacturing to Asian countries for the past 25 years. Factories in the United States have closed, and skilled workers have disappeared. Currently, reshoring is emphasized, but know-how (technology insights), technologies (automation, production process), and QA (quality assurance) need to be stronger.A great opportunity has come for Korean companies that produce advanced technology products such as energy, robotics, electronics, devices, and the Internet of Things (IoT). In addition, South Korean companies participate in a variety of industries subject to the Infrastructure Investment and Employment Act, such as research and development (R&D), road construction, electricity, transportation, water supply, broadband, high-tech, electronics manufacturing, IoT, robotics, and other strategic hardware, to increase local manufacturing capacity in the United States. It is crucial to build a strong 'strategy' for this.

Figure 1 – Overview of Rural Hospital Closures 2010-2021

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2016	5	5	10
2017	8	2	10
2018	9	5	14
2019	9	9	18
2020	10	9	19
2021	0	2	2
Total	73	63	136

Source: The Cecil G. Sheps Center for Health Services at the University of North Carolina at Chapel Hill.

Q: Which of these industries deserves special attention?

The bio-healthcare market. In September 2022, the White House issued an Executive Order to Advance Biotechnology and Biomanufacturing Innovation to accelerate the U.S. bioeconomy. This executive order was issued to prevent the collapse of the healthcare system.

Health expenditure per capita in the United States is more than three times the Organisation for Economic Co-operation and Development (OECD) average. However, life expectancy is the lowest among developed countries. 40% of rural hospitals, which account for 35% of hospitals in the United States, are at risk of closure. The rate of increase in hospitalization is also accelerating.

Because of this, 46 million people living in rural areas (14% of Americans) currently face severe healthcare shortages. 70% of Primary Care Health Care Professional Shortage Areas (HPSAs) are located in rural areas.

Seven out of 10 local hospitals lack medical personnel. In July 2022, the American Hospital Association declared a "national emergency." According to a recent Association of American Medical Colleges (AAMC) announcement, there is a shortage of 37,800 to 124,000 doctors. There will be a shortage of 1.1 million nurses by the end of this year.
However, local budgets are limited. Eventually, U.S. will invest in portable medical devices, effective small medical devices and systems, automation, AI technology, mobile medical care, and home care, and there is an opportunity there.

As Korea's med and health tech are at the forefront of global innovation, they have commercially applicable or unknown products.

U.S. medical institutions with vast professional medical knowledge and data need more user-friendly technology experience from technology companies. There are many ways that different technology trends can contribute to the digital transformation of the healthcare industry.

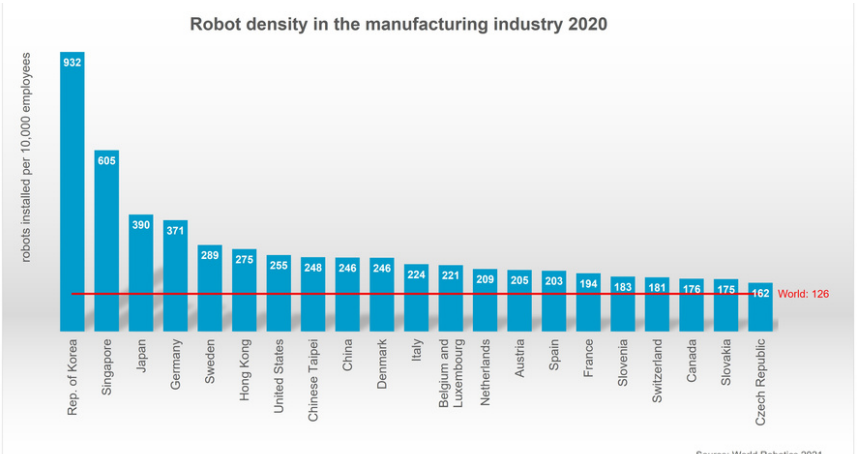
Q: What changes do Korean companies, such as manufacturing and biotech companies, need to make?

It is to transform from a product (or technology)-led company to a market-led company. A market-driven strategy is vastly different from a product (or technology)-driven strategy.

Product (or technology)-led companies can make products to 'open up' new markets. In this case, companies can develop significantly in a short period, but there are limitations in mature markets. On the other hand, market-driven companies start from the perspective of creating products that potential customers "want" and show sustained growth while securing relationships with customers and partners. It is a method that focuses on solving the market's unmet needs (problems).

In the case of Intel, by transforming from a product (technology)-driven organization to a market-driven, customer-driven organization, it focused on markets, customers, and "potential" customer needs while maximizing brand value while significantly increasing revenue, customer satisfaction, and loyalty.

On the other hand, Nokia secured a global market share of over 40% in 2003 but suffered a fatal blow as it missed the rapid market (potential customer) change in favor of smartphones (touchscreen).



Source: IFR International Federation of Robotics

Q: Can you elaborate more on your "market-driven" strategy?

No matter how good a technology or product is, sales will temporarily end if it fails to meet the market's needs. It doesn't take long to disappear from the market.

The United States needs digitization and process automation due to many internal problems, such as labor and skills shortages. Korea ranks first in the world in robot density per employee, with more than 930 industrial robotizations per 10,000 workers. The U.S. had 255 in 2020. Korea is the absolute leader in the number of robots per worker.

Nonetheless, Korean robots are not world leaders in their field. Take AMR (Autonomous Mobile Robots), the most advanced and complex of robots, as an example. Korean companies are technologically superior, but as brands, they have yet to stand out in the global robot market.

In 2000, when I was working as a director of a global marketing company in Boston, one of the representative cities of the U.S. dot-com bubble, I led strategy work for multinational corporations such as Siemens, GE, Teradyne, and Samsung (the only Korean company at the time). Samsung's brand power changed significantly around 2000, and I experienced firsthand how significant the brand impact was in B2B business development.

At the time, I witnessed companies that failed, while promoting the success strategies of global innovators and early adopters. This experience sparked my passion for strategic global business development by spinning off BDMT Global, the first company to merge business development (BD) and marketing (MT) functions.

Today's technological revolution has contributed to many companies breaking away from the passive business development sales marketing method that relied on offline distribution or exhibitions. Opportunities and approaches have emerged to effectively lead the market, even if the company size is small or in an unfavorable geographical environment. Korean companies are not taking full advantage of these changes and opportunities. Trade shows and fairs are still often considered major opportunities.

Image Source: Fortune Korea

Simply 'selling' to buyers from a 'technology or product' perspective is inefficient. Especially after the pandemic crisis, their requirements are not so simple (especially for large buyers). Buyers often already have preferred suppliers, solutions, or partners. They also hope to find a product or technology that does not exist in the market in a more 'easy' way.

Fewer buyers in the global market visit the exhibition sales in person, especially after the pandemic, since digital options are available and provide more benefits such as expanded time available for resources and so on. By establishing an inbound business development marketing process in which a company's product or technology can be 'found,' companies can cross technologies and regions without limitations.

Q: For a 'market-driven' strategy, it seems that companies will have to innovate and transform.

First, it is 'people' in other words the company culture. The key to Amazon's organizational culture, which accounted for 37% of e-commerce, is speed, agility, and adaptability, which are the keys to success. They did not reinvent online e-commerce as 'technical.' Most mundane elements of the customer experience were quickly iterated on, leading to successful companies.

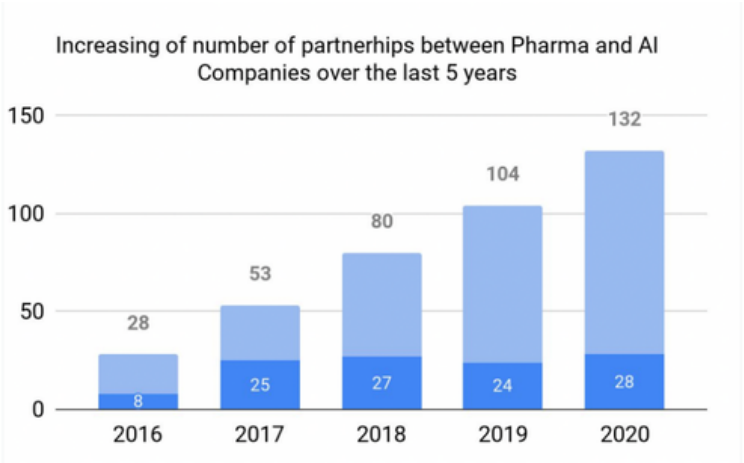
Second, an efficient business development marketing 'process' must also be secured. This includes more than promoting and advertising for sales. How many companies waste time and effort (and money) by relying on cold calling outbound methods (one-way promotion of a technology or product without knowing the other party's needs or pain points)?

You need to have a good understanding of the buyer's journey. For example, companies' pitch decks (company presentations to investors) tend to be overly technical. The impact on the market must be communicated in terms of unmet needs. It is also important to keep in mind that communication targets are not limited to scientists or engineers but vary by industry, such as customers, patients, doctors, influencers, purchasing parties, and distribution. Because what you want to hear is different depending on each role. A multi-channel fostering process to continuously communicate with them and a strategic inbound business development marketing process through accurate purchase process analysis is essential.

Third, technology marketing should be actively utilized for this purpose. As mentioned earlier, many companies still focus on offline exhibitions or partnering events provided at buyer conferences.

Korean companies should maximize digital contact with buyers. For example, the Bio International Convention is open for one year after the end. Take advantage of this to elevate your status as an industry expert through thought leadership. Based on the 'easy to find' inbound method with various contents, contact points with potential buyers should be maximized through a 24-hour strategic digital nurturing process.

A good example is Sage Therapeutics, an American neuroscience drug developer. They continued to appeal to large-scale bio companies through pre- and post-communication at each conference they attended. They also continued to engage with the patient community. Through various content, they communicated with end users, such as giving hope and positive support to women suffering from postpartum depression. Later, Sage Therapeutics announced a license agreement with Biogen, an industry leader, proving the strategy's success.



Source: analytics.dkv.global/deep-pharma/AI-for-Drug-Discovery-2020.pdf

Q: It sounds important to me that we must remember that there are not only companies in the market but also customers who use products to be highly included during the process.

A brand-based sales strategy costs much less and is more effective than sales-based growth. In particular, bio-healthcare pharmaceutical companies must consist of patients or patients' families as members of the company's patient advisory committee or involve them in the business development marketing process as members of the local community. These various efforts fill considerable gaps in the market.

Recently, I had an opportunity to discuss problems, countermeasures, and ways to help lead the Korean corporate culture. Companies still relying on distribution or offline exhibitions "are doing it the way we always do. Because [they're] used to it..." If our processes are the same as they were 20 years ago, opportunities given to us will go to others.

A paradigm shift for corporate leaders and a turning point in thinking must precede for Korean companies to become competitive globally. Transitioning from an existing product or technology-driven approach to a market-driven approach is entirely different.

A few years ago, at an international marketing event where I was speaking, I asked Scott Brinker (co-speaker at the event), a thought leader in modern US technology marketing, "What is the most difficult thing in the technology marketing era?" He replied, "It is more difficult for entrepreneurs to change their mindset than the difficulty of using technology marketing itself." I remember agreeing with this statement.

For innovation, companies must strengthen the organization's business development marketing capabilities. Strategically reorganizing the business development marketing organization process through the benefits of the technology revolution will provide the opportunity to expand the U.S. market through various options across industries and collaboration.

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About Suzy Im

As the head of BDMT Global in Boston, Im focuses on accelerating the innovative transformation of global companies. She is a Professor of Marketing and a member of the Advisory Board at Emerson College. Im is co-founder of 'Sponsors of the Future,' a non-profit organization that leads corporate social responsibilities. Well-known business development marketing strategist in the global field for over 20 years. After merging the two critical global business functions of Business Development (BD) and Marketing Transformation (MT) for the first time, she was recognized for her innovative business model and contribution and received five consecutive awards in the U.S. including the North American Business Awards and TITAN Business Award 2022 in Biotechnology.