

JMA and M3 Announce Agreement on Comprehensive Partnership ~ Pilot Business for Third-Party Private Practice Successions ~

Japan Medical Association (Headquarters: Tokyo, Japan; President: Yoshitake Yokokura; “JMA” below) and M3, Inc. (Headquarters: Tokyo, Japan; CEO: Itaru Tanimura; “M3” below) have announced a comprehensive partnership agreement on a pilot business (“this business” below) regarding third-party succession of medical offices. This is JMA’s first such partnership with a private company, with aims to contribute to the sustainability of regionalized healthcare services by offering primary care private practitioners with business transfer options at an earlier stage, in order to prevent the closure of medical offices arising from lack of successorship.

1. Background of the Partnership

In recent years, the need for transferees for private practices has raised demand for third-party successions. Despite the successor absence rate for clinics reaching 86%^{*1}, topping all other industries, the third party succession rate remains negligible due to the difficulty of finding successor candidates. Approximately 47%^{*2} of the private practice directors across the 100,000 clinics in Japan are estimated to be 60 years of age or older, of which approximately 70%^{*3}, or 33,000 medical offices, lack successors. This presents a serious social issue for regionalized healthcare plagued with a declining birthrate and aging population. JMA and M3 aim to assist in continuing the legacy of retiring private practitioners in providing medical care nestled with regional communities, by creating connections with aspiring third-party successors. This business scheme has been launched on a pilot basis in Akita Prefecture.

2. Overview of the Initiative

In order to enable smooth third-party succession of medical institutions, JMA and M3 will implement the following initiatives:

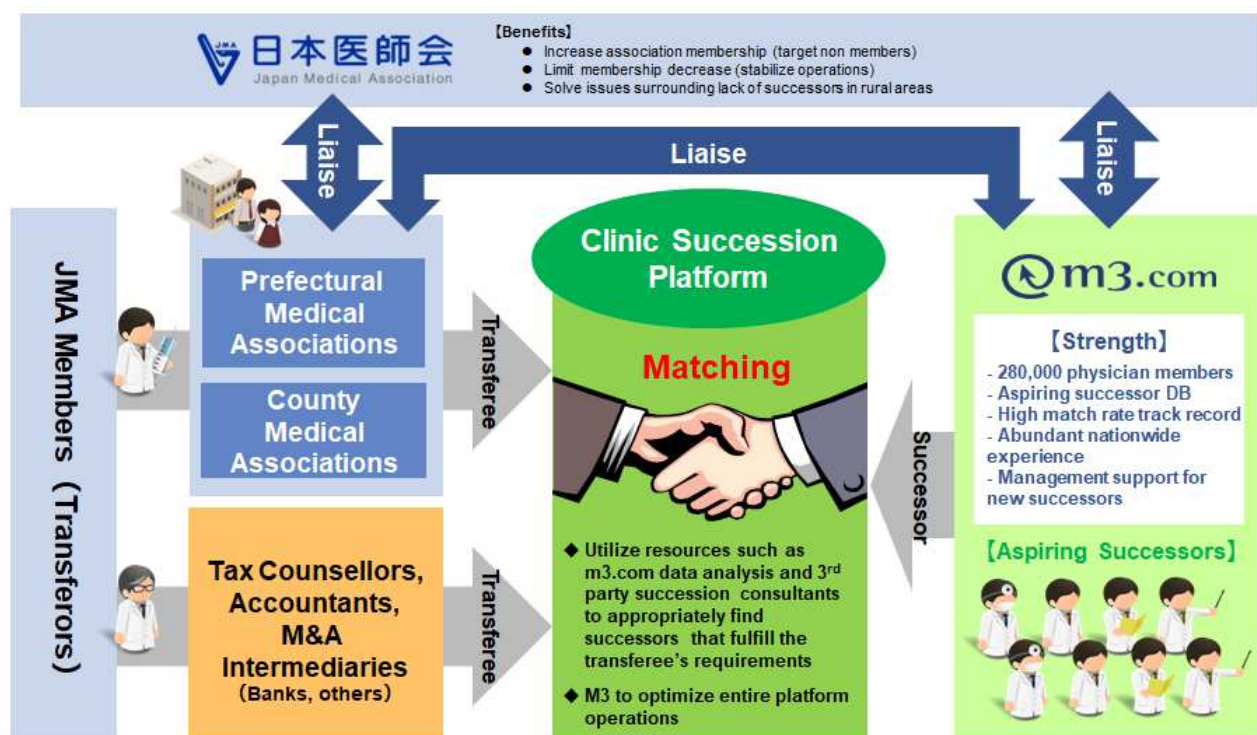
- (1) Cooperation with prefectural and county medical associations
- (2) Dissemination and utilization of the third-party succession platform
- (3) Provision of information regarding this succession service to JMA members
- (4) Provision of third-party succession service (matching) to JMA members
- (5) Promotion of JMA membership to successors

3. About M3

M3 operates m3.com, a specialized web portal for medical professionals that delivers healthcare related information to its 280,000+ physician members in Japan, and offers marketing and clinical trial services. Recent business expansion have been in areas such as AI diagnostic tool development, genome diagnostics provision, and stroke rehabilitation centers, no longer limited to pharmaceutical marketing. “7P Projects” aim to integrate such businesses in order to provide holistic solutions for multiple issues within individual therapeutic areas. Furthermore, presence outside of Japan include the U.S., U.K., France, China, Korea and India, with aggressive business expansion overseas that has amassed over 5.5 million physicians as members across our global platforms, allowing provision of a wide range of services.

Utilizing the m3.com platform, M3 has built a database of private practice transferors and aspiring successors. M3 provides end-to-end consulting services from matching optimal candidates with medical offices requiring successors, through to the conclusion of the final contract of the business transfer. M3 has dedicated consultants with expertise in M&A, and business succession of medical offices, as well as financial, legal and risk response support structures to provide comprehensive services including negotiation support, valuation and contract drafting, while protecting confidential information to ensure a safe M&A and business succession process.

[Business Scheme]



*1 “医業承継の現状と課題” (February 2019, Japan Medical Association Research Institute)

*2 Research on doctors, dentists and pharmacists in 2016 (Ministry of Health, Labor and Welfare, December 2017)

*3 Survey on doctors' retirement plans (M3, September 2018)