

EP.105 - Ron Kurz

Narrator: You're listening to *BioTalk* with Rich Bendis, the only podcast focused on the BioHealth Capital Region. Each episode, we'll talk to leaders in the industry to break down the biggest topics happening today in BioHealth.

Rich Bendis: Hi, this is Rich Bendis, and I'm your host for *BioTalk*. As we work our way through these chilly winter days, hopefully we're on the down side, and I see some warming temperatures, but I also see some snow following. Yet, we have a great guest today on BioTalk. And he comes from the Southern part of the BioHealth Capital Region in Newport News, which is a nice place to be. We have Ron Kurz, who's the Senior Director and General Manager, Business Development and Medical Business for Canon Virginia. Long title, but Ron is going to tell us all about everything engaged in that title as we talk to him over the next half hour to 45 minutes. Ron, welcome to BioTalk.

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Ron Kurz: Rich, thank you very much. Great to talk to you.

Rich Bendis: The other thing I'm going to mention is, Ron is our newest board member at BioHealth Innovation and going to help strengthen our Southern ecosystem within the BioHealth Capital Region. Ron, congratulations, and thank you very much for joining the BioHealth Innovation board. We're looking forward to working with you.

Ron Kurz: Yeah, it's something I'm very, very excited about, hopefully bringing Virginia in a little bit more and strengthening our Commonwealth.

Rich Bendis: Thank you, we think you're going to be a great addition. But before we go into learning a lot more about Canon Virginia, we'd like to know more about Ron Kurz. If you don't mind, would you give us your own introduction of yourself to the listeners so that we understand your background and how you evolved to where you are today?

Ron Kurz: I am a mechanical engineer by degree. I started as a thermal and vibration analysis person at GE Aircraft Controls in Binghamton, New York. I primarily focused on military and commercial aircraft.

0:02:00 Did that for about six years. Obviously, as you brought up, Rich, it's a little cold up there. I decided to move south and started working for a

company called nVIEW making video projectors. Strengthened my mechanical packaging experience, high-speed digital imaging. That was my strength. Then, during that time, Canon was in the area, and they had started a design group up in Newport News, Virginia. That was something fairly new, and I applied. I joined Canon, gosh, 23-plus years ago. I started as a design engineer, moved up through the business group, then I started the R&D group at Canon Virginia, the business development engineering group, medical products group, and now my current role is overseeing essentially business development, primarily in the medical field.

Rich Bendis: And that role for business development covers what geographic area, Ron?

Ron Kurz: Primarily, we're focused in North America. And I'll talk a little bit more about that and the Canon group, but our function is primarily the North American market.

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Rich Bendis: And we'll talk a little bit about your title. That General Manager role comes into the Canon medical side of the business for North America, correct?

Ron Kurz: We are the contract manufacturer for Canon. That's different than Canon Medical Systems. We have many different companies. Canon Medical Systems USA is headquartered in California. We are primarily Canon Virginia, which is just a manufacturing arm, wholly owned subsidiary for Canon USA in the Americas. Our responsibility is to support Canon manufacturing opportunities and technology growth in the Americas.

Rich Bendis: Since you have multiple roles and started to explain them, this is a good segue to get into that a little more deeply. Let's get into your primarily roles as the Senior Director, General Manager, Business Development and Medical Systems for Canon Virginia and sort of the interaction you have with other divisions within Canon.

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Maybe, before you get into that, talk about the history of Canon and how they got into the medical systems business.

Ron Kurz: Yeah, that's probably the best start, to give you an overview of Canon. Because everybody has that perception of Canon. It's a well-known brand, camera, copier company. Essentially, we started back in the 30s with Mr. Mitarai. Mr. Mitarai was an obstetrician by profession. I guess you could say medical's in our DNA. That's how we started. But we went down the camera path, and today, we have about \$30 billion in sales, 182,000 people across the globe. And we're broken up into five main regions. We have the Americas, Europe, Asia/Oceania, and we have Japan. That's kind of how we're broken up by segment. Canon Inc. will develop a technology or product, then we'll roll it out. Each of the regions, then, is responsible for any customization or uniqueness in that area. For the US, that's our role.

0:05:01 We're the sole manufacturing arm for Canon. My responsibility is kind of to be that bridge. We're looking for ways to bring some technology and know-how to medical companies. The way we do things now within the Canon group is, the technology's developed for internal use. And probably a great segue here is that we just received our notification of patent was awarded. For the 36th consecutive year, Canon is in the top five US patents granted. And I don't think people realize that because they think of us as a product company, but we're really a technology company. And in that, the last 16 years, we're number one amongst Japanese companies.

Rich Bendis: Wow. That's quite a competition over there.

Ron Kurz: Right. You start thinking about the big names, Apple, Google, etc. Canon is up there in number of patents consistently. What I like to do now is kind of look at understanding what technology we have out there, not so much just for Canon products, but how we can parlay that into the medical field.

0:06:05 This is kind of what I've put a lot of my time in since 2017. In 2017, we got ISO 13485 certification as a contract manufacturer. We had been doing work internal to the Canon group, but at that point, we decided, "We have some know-how and technology. Let's open this up to unique opportunities and grow our medical portfolio."

Rich Bendis: Before you go into some of those capabilities, a lot of the listeners probably don't know anything about ISO. Talk about the importance of what that means.

Ron Kurz: ISO 13485 is critical for us. Everybody had ISO 9000. But ISO 13485 is the certification standard that the FDA requires. In order to be an FDA-registered site, you have to have all your quality systems in play audited. Not only are we audited to 13485, but we're actually one of the few manufacturing companies that just got our MDSAP, Medical Device Single Audit Program.

0:07:07 Which is fairly unique, because usually, it's the OEM that gets that, not the manufacturer. But now, this'll help companies get into other countries. We're able to use our size and prowess to muscle in a little bit and say, "Look, this is the value proposition of the Canon group. Come talk to us because we have technology, we have know-how, and we're ready to help you bring your product to market."

Rich Bendis: Thanks for that clarification. Now, you can continue on with your explanation.

Ron Kurz: Now that we have our ISO 13485 registration, we're out looking for potential partners. We don't want to just be a CM. CMs are important, but in our case, we believe we bring more value.

Rich Bendis: A CM's a contract manufacturer, right?

Ron Kurz: Yes, that's correct.

Rich Bendis: You have your own lingo, and I'm going to ask you about that lingo as we go through.

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Ron Kurz: We do. Manufacturing people have a lingo. Everybody says they can build something, but it is different. It depends on what you're building it, how you're building it, scale. That's something that Canon, as a Japanese company, brings to the forefront. Our manufacturing know-how is what we call it. It's our IP, for lack of a better word. Within the Canon group, all of our product around the world is only manufactured in a Canon facility. We don't use third-party contract manufacturers. While that's very unique, it allows us to share information seamlessly. We've learned

things. We have very unique skills on how to do stuff. Now, knowing that, I can parlay that with my new outside companies. If you come do business with us, you're kind of getting that knowledge. You're getting that intrinsic knowledge that I could pull from Europe, from Asia, from another factory if I say, "Well, that's similar to this kind of a product, and I know that's being made here," we can quickly find out the pitfalls and streamline success.

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Rich Bendis:

Basically, this contract manufacturing, what portion of the business is it for what you manufacture for Canon specifically versus what you do for other people? And I guess I'll dive a little deeper. Does that mean if I have sort of a medical device, imaging technology in Baltimore, Maryland, and I understand the technology, but I don't have one to manufacture that for me, that company in Baltimore could come to you, and you potentially could be the manufacturer of that proprietary technology for them?

Ron Kurz:

The short answer is, absolutely. The caveat is, obviously, non-competitive. In 2016, we acquired Toshiba Medical, which added a significant pillar to our cornerstone. Prior to that, we had business units for the copier segment, the imaging segment, the industrial, which is semiconductor.

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Those were our business segments. The fourth pillar was medical systems. when the acquisition happened, the sales were significantly large enough to make a business unit. Now, we have a medical systems business unit. We have to just be careful with all of our patents and things. We just don't want to do anything if it's a competitive arena. But once we understand it's not competitive, we're willing to help companies if they have imaging needs. We're big on micro-fluidics, in vitro diagnostics. We handle inkjet printing. That carries over very nicely in in vitro diagnostics, handling very small amounts of fluid, and how to move them. We're finding some partners there to work with. Again, with our CMAS sensors, fluorescents, PCR, there are a lot of skills I think we can bring to the table that people would have never considered for Canon previously. And this is a great forum for me to at least try to share some of that info quickly and say, "Hey, we're in the area, and what we want to do is see this area grow."

0:11:07 Much like BioHealth when I met you, this is a great vision, and I think it would help us and help the area if we can show people how much power is in this centralized region.

Rich Bendis: Since you're in business development and looking for potential new clients, what's the profile of the ideal new customer for you?

Ron Kurz: The new customer actually needs some value-added services from us. We do everything from making injection mold tools, to molding, to assembly, to high-end inspection. We have full-automation engineering on staff for high, high volumes right through reverse logistics. Anything from cradle to grave. Asset management. What we want is not just to build your product, but to bring you some technology, some competitive advantage to automation, something that's valuable to you that we can bring to the table that a typical CM can't.

0:12:03 One of the things we can also bring is within the power of Canon. Within the United States, we can offer up to a company—we'll use your example of a Baltimore company that has a product to build. If they come to us, we can offer them potentially call center support right here in Chesapeake, Virginia, we can offer Canon Financial Services to help fund some big deals or getting into hospitals to help mitigate cash-flow potential issues. We Canon Solutions of America for service and support. We're talking greater than 1,500 boots-on-the-ground service techs that are already readily deployed that you can take advantage of. You don't need to build that infrastructure. I hate to use the term one-stop-shop, but when you come to Canon, it's really the possibility that somebody could build it, do all of those pieces for you, and help you get your product moving along.

Rich Bendis: That's very interesting, you could basically have a technology company that's strong in IP but don't know anything else about the business, and you basically could do all the back-office and fieldwork for them.

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Ron Kurz: Right. They don't have to develop that infrastructure. There's no reason to. That's not their strength.

Rich Bendis: What stage of company would be too early for you? I'm talking about if you have startups, and they have a concept, they need to get some

prototyping done and things like that. Do you get involved at the very earliest stage working with companies, or do they have to already be in the marketplace and need someone to accelerate their manufacturing?

Ron Kurz: That's a tough one. It's kind of a gray area. It really depends on maybe what market they're in. If we look at it and see how emerging it is, how early we want to get into it, we'll do some prototyping. We have prototyping capability to some extent at our facility, prior to injection molding, so we can do that. But a lot of times, I'll introduce them to some design firms maybe to help put a little more substance on their concept to make sure it's manufacturable. You and I both know it's a big difference when an R&D person can make five or ten on a bench and then bring it to manufacturing.

0:14:05 It's a leapfrog, and a lot of time, companies don't realize the cost and effort to do that. But we like to get in early if possible to help them with design for manufacturing to try to give them some insight on ways to reduce that cost before it's locked into the design, and it's too late.

Rich Bendis: Thanks for that insight. I'm sure we're going to tell people later how they can get in touch with Ron Kurz, who's the Senior Director, General Manager of Business Development and Medical Systems for Canon Virginia so you can potentially identify some new clients. But let's talk a little bit more about Virginia now, Ron. You mentioned that the Canon Medical Headquarters is in California, but the manufacturing is in Virginia. How did Virginia get to become the manufacturing center for Canon in America?

Ron Kurz: Back in 1985, when Canon started operations in the US, they were West Coast-based and looking for an East Coast location.

0:15:04 They were looking for an area where there was significant infrastructure already available. They settled on Newport News because we have major interstates, I-95, I-64, we have three airports typically within about an hour, and then we have Port Norfolk, which is big for us, moving a lot of cargo in and out. They settled on Newport News, and it's been a great relationship with the city since, and the Commonwealth has been very receptive to us and worked very well with us on any of our needs and has been a big help.

Rich Bendis: Talk a little bit about the size of the entity down there in Newport News, number of employees and facilities. People might not understand the scope of how large you are there.

Ron Kurz: We're sitting on about 165 acres, about 1.7, 1.8 million square feet under roof. Probably right now, we're at around 1,200 people. The important part of that is, when I say we're a manufacturing company, of those members, I think right around a couple hundred are engineering.

0:16:04 Really, the way we classify ourselves now within the Canon group is a regional technical headquarters because we have engineering know-how. We can develop automation. We have a product development group, we have a business development engineering group. We have ways to nurture technology at our location so we're not just a manufacturer anymore. We are the manufacturer for Canon, but with the engineering know-how, we bring a little bit more to the table when customers come to look for some help.

Rich Bendis: You mentioned the Americas as a region. Do your services cover companies in Mexico and Canada?

Ron Kurz: Yes, we've done business with both.

Rich Bendis: Really, it's the whole North American scope there. Great. And you've been there 23 years now with Canon.

Ron Kurz: Yes.

Rich Bendis: How big was Canon Virginia when you got involved?

Ron Kurz: At that time, we were big on printer manufacturing, laser beam printers.

0:17:03 I was awe-inspired because it was the first time I had walked into a factory and seen large-scale automation, printers coming down the assembly lines nonstop. Then, probably in the early 2000s, the crunch hit, the dollar amount. It got down to a \$40 price point. Canon, as a company, made a decision to move all manufacturing back to low-cost regions, and we had to reinvent ourselves. That's when Canon Virginia kind of took a significant step forward to reinvent who we were and how we were going to support the region in a different way. We weren't going to be able to be a mass-producing printer manufacturer in the United States. It just wasn't price competitive. We came up with new ways of injection mold-

making, contract manufacturing, reverse logistics, services and support for Canon USA. We've kind of reinvented ourselves.

Rich Bendis: You mentioned that Newport News has been great to work with, but how have the city and the state been in supporting all the growth you've experienced over the last 20 years?

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Ron Kurz: They've been absolutely great. We have relationships with Virginia Bio, with the state and local officials. Actually, Newport News officials will be in this week. We constantly have a very close dialogue with them. They have been a huge help for us as we break new grounds and have new needs. They're right there by our sides to help us with whatever we need to get that process done sooner than later. They've been very receptive.

Rich Bendis: Yeah, we have a great relationship with John Newby, but what's very interesting, it's one of the Virginia Bio board members who's also a board member of BHI who introduced you and I, and that's Donna Edmonds from BRAINBox. Talk about your relationship with Donna.

Ron Kurz: I met Donna through a current project company that we're working with, and I didn't realize at that time that Donna was involved with them on another project. It's kind of a three-way triangle. But it's kind of nice to see this close-knit group, and as we start to talk amongst ourselves, you start to realize how we're all intertwined.

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Donna's up in Richmond, we're an hour down the road, and we met you. This power I'm seeing people bring to this area. We still have the growth in Charlottesville, there's a lot of work going on in Blacksburg and the Roanoke area. I'm trying to get my footprint out there a little bit more, understanding we're on the Eastern part of the state. We want the other part of the state to understand, "Canon's here. We can help you if you need help." This is just another great platform to try to see how we can get people to understand our region and how our region should be a major player in the medical field.

Rich Bendis: Now that you're stepping out a little bit more to explore other areas of Virginia, and hopefully we can help introduce you to other areas within the BioHealth Capital Region, talk a little bit about the evolution of the

Virginia BioHealth or medical ecosystem since you've been engaged with Canon down in Newport News.

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What are the changes you're seeing occurring within the state of Virginia since they formed Virginia Bio and are trying to be a little more proactive?

Ron Kurz:

Obviously, a lot more startups spinning out from the universities. They're obviously looking for help. Some a little farther along than others depending on which university they come out of. But everything now from a manufacturing standpoint is getting smaller and more difficult to manufacture. The designers are pushing envelopes that the manufacturers are trying to stay in stride with. I believe that is going to continue, the trend of smaller, faster, cheaper. It really pushes current technology and forces innovation. It's forced innovation on our side, and like I said, the micro-fluidics side, as an example. We've created instrumentation in Japan where we could cut steel tooling down on the order of 50-micron channels, no problem.

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We can mold micro-fluidic channels on a macro part easily and measure it repeatedly. It's pushed envelopes, but by doing that, we've created equipment to actually meet that need. I see that as something that going forward, we're going to see more and more of.

Rich Bendis:

When you talk about spinouts coming out of universities, do you try to maintain some type of contact with the tech transfer offices at the universities?

Ron Kurz:

A little bit. Not as much, to be honest with you. Back to your point, it's not really a strength of ours to work with the startups as much. What we'd like them to do is, when they engage us to try to find a partner and get them moving a little bit further along, then join back in at a later time.

Rich Bendis:

Great. Maybe that's something that BioHealth Innovation can help work with you on a little bit because we do get a lot of the startups. But the key is, the term we use is commercially relevant. They've got to be beyond the proof-of-concept stage, and there has to be a market where we know who the competition is, it has to be scalable, they know that someone's going to pay for it from a reimbursement standpoint or a private pay or whatever.

0:22:08 And that it has the potential to actually do something in the marketplace. That's sort of the criteria BHI uses in determining which kinds of companies we can best serve because we can't be all things to all people. If we can identify companies that may have some of your needs—I think one of the things that would be beneficial is if we could help promote the services and capabilities of Canon in Newport News, we might be able to identify some of those that are growth-oriented companies rather than just pure startups, which might fit your profile a little better.

Ron Kurz: Yeah, that sounds wonderful. Welcome that.

Rich Bendis: Super. The question becomes now, then, you've been focused on getting outside of Newport News and seeing other parts of Virginia. How can we help you explore other parts of the BioHealth Capital Region? Because unfortunately, we have artificial barriers in this region.

0:23:01 We have state lines, rivers, bridges, state assemblies and capitals, and people compete with one another. But we sort of see those as invisible, and I would imagine you don't care either. You don't care where the potential customer is for Canon that you can service, regardless of what geographical region you're in. What can we do to help you grow and expand your services and the knowledge of what you do within the BioHealth Capital Region?

Ron Kurz: I think it's just the networking. I'll be very candid, you helped me on a problem last week. I reached out to you, I sent you an email and said I was looking for a need, a unique lab, and honestly, I was quite surprised, Rich. It was really my first engagement with you professionally, and literally within a handful of minutes, I was getting emails with potential labs that could help solve our problem. That was infinitely valuable to me in this project.

0:24:00 I was able to reach back out to the NIH and my customer and say, "Here are some potentials to solve this problem." I think that gave me a great feeling about how we could possibly work together. I really believe in that networking. I could show you what I think we can bring in terms of manufacturing and as a company, but I think you have the knowledge of who's in the area, what people are doing, SBIR grants, who's touching what, and I think maybe as we just start to communicate a little bit, we can find these great partnerships and fits.

Rich Bendis: I'm glad that that worked because it's really not me. What I do is push a button. I put a few names in an email or text, I go out to my talented team of Entrepreneurs-in-Residence and my team that basically has—if you look at the one degree of separation, we're sort of one degree from just about anything because of the knowledge that my team has. It's amazing how they came back with different perspectives, too. One came with the NIH, and the other came with the commercial side.

0:25:02 Hopefully, somewhere in the middle, it'll land and benefit your client. But I hope that's the key. It's not Rich Bendis, it's really the BioHealth Innovation team, our board of directors, and all of the people that are our partners we have in this region. I guess that's the real benefit. We view ourselves as an innovation intermediary. As an intermediary, that means we don't have to control everything, we just have to find a way that we can advance the knowledge or the connection that someone needs to help them progress their company, technology, or science within this region. I'm glad the litmus test worked on this first one. I can't guarantee you're going to get a 30-minute response on every one of your requests, but that's a good start.

Ron Kurz: That was great, thank you.

Rich Bendis: Well, thank you. Let's talk a little bit about some of your future goals for Canon Virginia personally away corporately for what you'd like to accomplish over the next three to five years there.

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Ron Kurz: Obviously, corporate-wise, we want to bring innovative technologies and ideas that make an impact to emerging markets. We have a fundamental philosophy called kiose, which essentially means working together for the common good, harmoniously making everything better while working for that common goal. In medical, that is what we see as a major growth area. By getting that ISO 13485, by setting our manufacturing company up, myself inclusive on the business dev side, we're putting resources on the medical side because we believe that's where the value proposition is. There's a significant value proposition for everyone to go down this path. Personally, we're all touched on medical. We've all known somebody or been in a hospital and seen how hard people work, seen the technology, in Canon's case, the imaging modalities. It's very

satisfying to see something you know your company's touched, or you've helped a company.

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In the next four or five years, I can't wait to bring on more business, especially to Virginia, as well as letting companies see that it's not just Massachusetts, Minnesota, and California, that this region is a strong region for companies to consider.

Rich Bendis:

That's a great perspective. And you mentioned three, Massachusetts, Minnesota, and California. Minnesota really never comes into the equation because it's not one of the top BioHealth clusters of the country, but it's one of the top medical device clusters in the United States, which is more aligned with what you guys are manufacturing down in Newport News. Is there something I haven't asked you or that you would like to relay to the BioTalk listeners that you'd like to discuss that we haven't discussed yet?

Ron Kurz:

No, I think this has been a great forum, and you've allowed me to give an overview of the Canon group and specifically, what Canon Virginia's role is within that.

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Rich Bendis:

Well, I think you've done an excellent job in explaining that. We're going to post this, of course, on the BioHealth Newsletter, which we'll do once we release this podcast, but at the same time, if you have some other information and maybe a short article you could do on Canon Virginia, we'd be glad to post that as well. If you have some of your specifications of services you can provide, that would also be beneficial to the listeners because out of sight is out of mind, and if you look at geographically, people get comfortable in their own backyards. You're in our backyard, but you're not that far away, and it took me 11 years to connect with you. That took a long time. And it was only because of Donna suggesting it. I guess the key is, we can expand and build upon that in the future by getting you introduced to more people and what your capabilities are in the region, so we'd be glad to do that.

Ron Kurz:

Sounds great. Thank you very much.

Rich Bendis: This has been super. Our new board member at BioHealth Innovation, Ron Kurz, who's also the Senior Director, General Manager, Business Development and Medical Business for Canon Virginia.

0:29:08 This has been very enlightening. We've learned a lot about Canon, its global history, how it evolved and grew in Newport News, how it's committed to stay in that region and grow, and how it can become a greater part of the BioHealth Capital Region. And I believe with your leadership, Ron, you're going to be extremely successful, and we look forward to working with you.

Ron Kurz: Yes, and we look forward to working with you. We're very excited. Thank you very much, Rich.

Narrator: Thanks for listening to *BioTalk*, with Rich Bendis.

End of recording