Interview with Armando Martinez Reyes, Country Manager, KaVo Sybron-Dental México

16.11.2012

Tags: KaVo Sybron-Dental México

armando-martinez-reyes-country-manager.jpg

I have seen that the company has de through a series of mergers and acquisitions. Could you give us a rundown of the company's transitions?

We are currently building a subsidiary of a corporation named Danaher, which is a US based public company. In recent years, Danaher redefined its investment strategy to enter the healthcare industry and acquired in 2006 a German company named Kavo which is acknowledged in the market for the past one hundred years for the quality of their products. The acquisition of Kavo enabled a focus on very sophisticated and high end dental equipment like imaging technology or dental chairs. The acquiring process continued as Danaher bought another American consumables company named Sybron Dental Specialties who manufactured and sold braces, aesthetic, and infection prevention products. Acquiring these large companies allowed Danaher to become the second largest dental manufacturing company worldwide.

The Danaher corporation has a very diversified portfolio with investments in industrial, safety and electronic products – and now healthcare. After realizing that 58% of their sales were done outside of the United States – except for their dental operations which was still very US focused, they developed a new strategic program called "Emerging markets growth dental program" and they are implementing the operations in 90 countries.

In México, Ormco de México is currently the host of the Danaher Corporation and the strongest company with 1600 employees and two manufacturing facilities. Currently, we are in the process of defining a new name for our corporation and avoid misunderstandings concerning our different

companies and operations that we operate.

We have been hearing from many general managers that Mexico is more of a “quick fix” kind of country rather than putting really the emphasis on prevention. Which challenges are you facing in the Mexican market for dental care and what do you do to promote this culture of prevention?

Indeed, one of the challenges we face is that Mexico is not prevention country, and that is valid as well for dental care. Mexicans have appointments with dentists every six years and that is only an average statistic. Some people see this as a problem, but I see it as an opportunity. By making people more aware of the importance of prevention in dental care, we have a huge market opportunity.

In Mexico, we witness two kinds of opportunities. First, the Mexican institutions are providing varying levels of dental treatments ranging from high end – in the military, surprisingly – to middle and low in other institutions. Therefore, our first opportunity is our capacity to provide help to the dental professionals with the proper products solutions and equipment to raise their performance, and therefore encourage more people to visit their dentist.

The second challenge is cultural barriers. Recently, the government launched a project promoting prevention, as it is cheaper for the government to prevent than to fix the actual problem. 90% of the Mexican population has had at least one decay; therefore we can easily acknowledge that we are facing the most spread disease in the country. Here, the opportunity relies on education, and spreading information as to increase the importance of dental risk prevention. For example, we are explaining that orthodontics is not only a problem of esthetics but also of hygiene. I have been working with key dental decision makers and professionals, and one of the issues at hand was to know how we were going to bring more patients to attend their dental practitioners. Nonetheless, I am convinced that education will resolve these issues, and health prevention will prevail in the middle and long term.

Do you have partnerships with some governmental programs to provide this education?

Our clinical affairs department is in charge of working with different institutions to understand and carry out educational programs to the public. Today we are focusing more in the education of dental professionals as they after will be able to convince their patients of the quality, usefulness, and safety of their products. I am in talks with an opinion leader, and we are trying to create the first dental exhibition with focus on the dental professional community, where everyone will be able to find valuable information and increase their awareness.

In Mexico, competition from local firms from the medical device segment is very low. Yet, in the dental segment, you are competing with one of the largest Mexican medical device

companies. What is your value proposition compared to a local competitor?

We possess a complete portfolio of active leading brands and tailor made solutions. Our brand portfolio include: Kavo, the number one dental equipment in the world; a brand specialized in dental treatment units; a top manufacturer of dental restorative and adhesives; Ormco, the leader in orthodontic products… This portfolio gives us the ability to provide a sophisticated high tech and well recognized product and service.

We also differentiate our value proposition through our education programs. Our mission is to increase the dentists' success with his patients, and as long as patients are healthy and smiling, our mission will be fulfilled. Finally our cooperation with distributors will help our business to grow rapidly and attend practitioners and patients in even the most remote areas.

Talking about distribution, what are the advantages of selling through distributors rather than selling directly?

We have a network of distributors for certain product lines and for others we sell directly. We operate under a hybrid model, and this model depends on the added value and cost of the product. We are proud to have great partners who can attend the government tenders, because sometimes we are not capable to offer the coverage and logistic service a distributor can. Our partnerships with distributors have been established since the beginning of our operations for the past twenty years. I know them and they know the way we proceed which in the end smoothens all of our operations.

COFEPRIS signed a fast track health accord so that every single medical device already commercialized in the US, Japan and Canada receives an approval in Mexico in less than 60 days. How did you see the fast track health accord affect your business, and is the system actually working?

Danaher always tries to find out the root causes and the challenges that the government is facing before making judgments. In Mexico, many companies are bringing in products and this phenomenon has a positive impact both for the healthcare industry and the people in Mexico. Yet the major challenge remains in having the regulatory capacity to process such a huge amount of registrations or renewal of products.

So yes, the Fast Track Health Accord is a step forward to a more speedy registration – yet ensuring safety of the products, which is the real challenge.

Also to accelerate the registration process, COFEPRIS has created Third authorized Parties to increase the capacity. Everyone is concerned with this issue as bringing in products must be done very carefully so as to maintain safe products on the market.

In conclusion, since Mexico is part of the growth markets, what are your plans for this new corporation?

We are delivering a strong performance and we are growing faster than we had expected it. My goal is to become the leader – and with the support of my very dedicated team, we will be very shortly at that stage.

See more interviews