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20.04.2015

Tags: medical devices, medtech,

The general manager for Mexico, Central America and Caribbean shares his point of view about the announced healthcare reform, the opportunities and challenges it presents and how BD is adapting to an ever-changing landscape.

It seems that the next item on the government's agenda is healthcare reform. How do you envision this reform and what does it mean to BD?

First and foremost, the government has changed. Since 2012 there is a new administration in place, new people coming on board and new ideas. There have been some really great ideas, but the government has also faced more challenges than expected. The eleven reforms passed so far have been in key areas, and with very good approaches; however, execution has gotten very complicated. Taking into consideration a holistic view of the system and the country, it's not only the economic part but also the social and political factors that are coming into play. So far Mexico's biggest reform has been the energy reform, which is intended to bring in a lot of outside investment. We now need to see this same type of reform and investment also in the healthcare sector. Execution will be critical because the idea of having a universal healthcare system and portability of services for the patient is becoming more and more difficult to actually execute in

reality.

There has been continuity in public health policy and great ideas like the national insurance scheme *Seguro Popular* – there was a huge need for this in Mexico. The overall concept of the system is very good. However, in reality, in areas like delivery of services and patient wait times, for example, there are still large gaps. There is certainly room for major improvement in many areas. The main change is the government's idea of incentivizing competition. Related to this, on the regulatory side, there are still huge opportunities in Mexico despite the vast improvement that has already taken place. For example, getting the product into the market is taking much longer than desired. This is inhibiting innovation, which is the name of the game for companies like BD. We want to bring innovation while at the same time showing the system that it's better to use innovative products.

So how do you demonstrate the value of the products you are creating?

The relevance of health economics for medical devices and diagnostics is of paramount importance. One of the challenges related to demonstrating the value of our products is the short-term mindset of the government as a whole. In many instances, this idea of bringing innovation and health economics together is not related to the niche out of pocket investment. You have to see it as a complete concept of five to ten years down the road.

There are many differing opinions in the industry regarding the recent development of the medical devices sector. On the one hand, because of low government spending, there have been some difficult years. On the other hand, the market and industry numbers seem to show that actually the industry is doing well. What is your impression of this?

If you look at the numbers overall you will see that the industry is, in fact, growing. However, for certain companies – the companies who are delivering innovative products at a premium price – it's a challenge at this point because we are in a hurry to demonstrate efficacy and effectiveness of our devices for a longer term, and why quality of care for patients is so important. Expenditure is there, but the procurers have to be careful of the quality and impact of the products they are receiving. There is a fine balance between high quality products and affordability. We are on the threshold of adjusting to this new reality.

What is your assessment of bringing all stakeholders together? Are health authorities and the private industry becoming closer in order to overcome these challenges?

Having public-private partnerships helps find new approaches to public health issue. It needs to be a multi-stakeholder market in order to overcome the challenges we are now facing. With more stakeholders also comes more innovation and ideas. I think it's a very necessary thing for the industry. The expectations from this corporation, or from any corporation for that matter, is to do great things. In this respect, the growth has been shy of our expectations. We need to find a way to meet these expectations in this new era. We have to be more measured risk-wise and we have to take educated risks while being very fact based. It also goes well with our philosophy as a company.

Speaking about manufacturing, last time we met you had just inaugurated a new production plant in the north of Mexico? What are BD's current production capabilities?

In terms of manufacturing we are very strong, and we are continuing to invest in our plants here. Mexico was the first manufacturing facility outside of the US, and today there are three facilities in total. Furthermore, from a manufacturing point of view, Mexico is becoming more and more competitive even compared to other countries like China. There are several reasons for this. The cost index is obviously great; but more importantly it's the type of manufacturing that this country is currently delivering. It is manufacturing that requires knowledge transfer.

What are your ambitions for BD over the next five years?

I would like to see BD as the employer of choice for college graduates. We are not there yet, but we are working hard towards this goal. As a company, I really want to change the supply chain, we want to change our approach to certain areas, and we want to nurture our growth. Growth is the ultimate goal. We don't only want to sell more for the sake of growth: we want to sell better products.

Moreover, something that is very important for our future growth, which you might not always think of at first, is how we manage our business on a holistic level. This too will lower our costs by being more efficient and effective. The opportunities in Mexico are huge and we need to find a way to collaborate more and be more meaningful for the country.

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