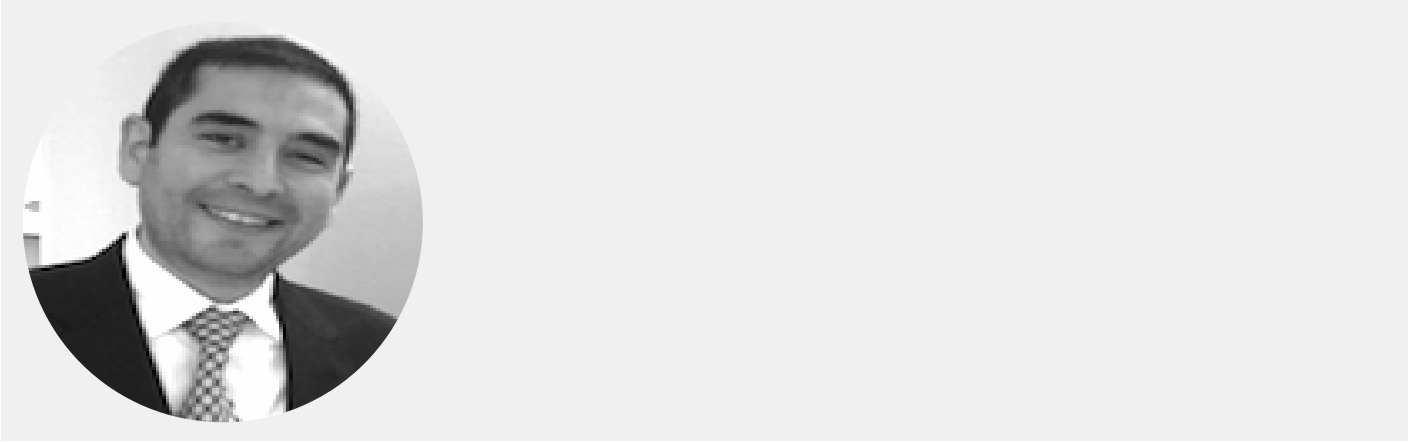
Interview: Luis Nieto – General Manager, ConvaTec Mexico



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The industry of medical devices is soaring in Mexico. The general manager of ConvaTec discusses strategic priorities, new approaches and how reduced time to market is feeding the double-digit growth of the company

The last time we met you was back in 2012. What kept you busy over the past couple of years?

I have been busy with new product introduction as well as new market approach models. As a result, my set of activities has changed. I am much more focused on sales and on implementing innovative business models to bring our customers closer to our products. And by customers I am indeed referring to doctors and nurses on the one hand, but also to patients and caregivers on the other.

According to ProMéxico estimate, domestic production of medical devices was valued at USD 15.7 billion in 2013 and is expected to climb to USD 25.6 billion USD by 2020. What are the growth drivers leading this trend?

The sector has posted sustained growth over the last years, mainly due to the commercial benefits offered by free trade agreements. We must take in consideration that most of the domestic production is not sold in the Mexican market, but sent back to other geographies to be finalized and marketed. It is important to have a refined detail of domestic production by Mexican

companies, maquila and domestic production by international companies that actually stays in Mexico.

The government wants public healthcare institutions to increasingly move towards convergence. How is this impacting the sector of medical devices?

We are seeing some integration taking place, but we are not there yet. For instance, as it is the case for drugs, consolidation of procurement should also be happening for medical devices, but in reality it's not. The national consolidated tender for medical devices included IMSS (the Mexican Social Security Institute), ISSSTE (the Institute for Social Security and Services for State Workers), the Military ministry, among others; but the execution of the plan presented many challenges and it was not complete.

A key priority of the government moving ahead must be transparency, as the reform comes at a difficult time here in Mexico, when we need to foster accountability and invest public money wisely. There is no point in being integrated and efficient, if there is no transparency in managing the available resources.

We have seen a number of new players entering the market of medical devices. What do you think companies have to do to stay competitive?

Multinational companies must focus on innovation and on the high-value added segment of the medical devices arena, as the market is full of commodity prices. Also, they need to be able to master the regulatory environment, which improved dramatically over the past few years, but still is a challenge. Last but not least, companies need to use key opinion leaders as early adopters of new technologies to positively influence their peers and, thus, the market.

Local and low-price competition is fierce, but it's a segment where leading global companies don't want to be, as we are interested in competing in value. We are good at innovation and developing new therapies, which result in premium clinical results. Current and future innovation comes at a cost and companies making that investment should get sound return.

ConvaTec in Mexico is in a good position locally, because we have managed to create market stability, bringing confidence and closeness with our customers.

What is the role of the Mexico subsidiary to the global company?

The Mexican market is huge and underpenetrated. This is the opportunity that Mexico, as well as other Latin American markets, offer to global companies such as ConvaTec. In addition, time to

market improved dramatically, as we can present registration processes through different channels, namely the traditional channel, the FDA, low risk and third authorized parties. This has accelerated the rate of product launches, with positive results on sales. Today, a significant percentage of our sales comes from products that have been launched in the past two years, which represents a strong competitive advantage.

What are the company's strategic priorities for the next future?

We have launched quite a few new products in the past two years and we are going to launch more in the next 12 months. As a result, we are a company that continues to grow at a high rate. We'll continue to work with current and future partners who have helped us get our products closer to patients and make them understand the positive impact they can have on their lives. In addition we'll continue to promote healthcare professionals product proficiency, as we add value to their practice and want to make sure patients know our products, thus have better lives. Quality of life and productivity are key indicators we need to take in consideration, and our products do make a change in patients' lives.

What is your vision about the industry of medical devices in Mexico for the coming five years?

Anyone in the industry of medical devices will have a hand full of activities for the next 5 years, as the opportunity is huge! Major therapeutic areas such as cardiac and kidney diseases are heavily under-penetrated – only 8 or 9 out of 100 patients receive the appropriate medical treatment, meaning that there is still more than 90 percent of market gap. When we move to orthopedics, neurology and biotech, the opportunity is even larger; being legislation, development and awareness the main barriers.

I personally think in the future genomics and biotech will play a key role in helping prevent diseases and help keeping patients out of healthcare institutions. We will see a new reality come about for health care in the five years to come.

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