Interview: Marc Alexander Burmeister – President & Managing Director, B.Braun France



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Marc Alexander Burmeister of B. Braun France speaks about the country's role as a production hub for B. Braun's global operations, its 2020 strategy to reach USD 200 million in investments, and the French affiliate's growth through acquisition of SMEs.

The B. Braun Group recently shared its Strategy 2020 in which EUR 150 – 200 million (USD 172 – 229 million) of investments are planned in France. Could you please detail to our audience in which areas these investments are planned?

Braun is a 175-year-old family owned company with more than 40 years' experience in France. After many acquisitions of local small to medium size companies, we have grown immensely into a European leader for medical devices. B. Braun now has more than 2,000 employees, what make us one of the most important subsidiaries of B. Braun in the world. Around 50% of the products sold by B. Braun France are also made domestically. B. Braun has a strong industrial footprint in France and exports around 80 % of its production to many countries around the world. The B. Braun footprint in France is very strong and currently serves more than 100 markets worldwide as the only production and R&D site for these countries.

We have three centers of excellence in the country. Our Stoma care center where we also specialize in the automatization of our devices in order to help increase productivity is located in

Saint-Jean-de-Luz (South West of France). Most of our machines and equipment are also produced inside the B. Braun group and we have the knowhow to produce more than 95% of our products in house. This is the reason why many clients have chosen our expertise and devices. Our second center of excellence, located in Chasseneuil-du-Poitou (Center West of France), focuses on providing oncology and cardiovascular based products. The third center of excellence is located in Nogent-le-Rotrou (Center-Val de Loire region); at this center we focus on Urinary and continence care, and also components for automated pumps..

Why have B. Braun chosen to scale up their operations in France? What makes France unique?

Firstly, France provides a good nucleus for start-up companies & SMEs, and B. Braun has grown through the acquisition of these same SMEs. The potential to develop France as a worldwide headquarters for the company was not known before we moved here forty years ago. The French have a strong sense of loyalty to the company they work for which has created a strong base for B. Braun in France; a family owned company as dedicated to our people as much as they are to working with us.

Secondly, production knowhow and capabilities are crucial to our success in producing in bulk at lower costs. Thirdly, our strong positioning and production base in France enables us to closely collaborate with researchers, the local community, and neighboring university centers. This creates a link between the local market and B. Braun's ability to produce more products and do

further research in the country. France has high standard rates and regulations for products produced, just like the US. Typically, if you are able to manage your market launch in France, you can also easily manage a launch in any other country in the world.

In Germany there is a strong sense of commitment from the government to private companies. The private and public sectors work together to establish laws and create resources for patients and provide them with the best possible care. Unfortunately, this is not the case in France. The link between the public and private sectors is very weak. This is something I would like to work on.

As Business France's Muriel Penicaud highlighted, France has the ability to act as a logistics and export hub, particularly to the EMEA region. For which of your specialty areas does France serve as the export center and to which geographic zones?

We are currently focusing on providing chronic care, oncology, and stoma care services and devices. For historical reasons, our strongest performing market is Europe. B. Braun has seen very

positive growth in Europe, especially in countries like the UK. We are also actively trying to grow our market share in the US, especially in oncology, chronic and renal care, despite it being one of the most competitive markets for medical devices. Conforming to US FDA standards is difficult and the cost of entering this market is higher than our profit margin ratio, but we are beginning to exert our presence there.

Additionally, we have regulated many of our products for entry into the Chinese market. Even if we are already exporting some of our products in China, The challenge we currently have is with regulation, but there is a great deal of potential there.

In which areas are these types of investments targeted at the moment?

We have a significant amount of investment in all our current sites in France. For example, we are currently infusing robotic technology with knee prosthesis and replacement technology in Chaumont. In some of the other locations we are focusing on research and production of automotive and high tech medical devices.

As you mentioned, some of these investments are targeted towards R&D. What will be the balance between organic R&D developments and the acquisition of French SMEs in your fields of competence?

By 2020, we have planned to invest around USD 50 million in acquisitions to develop new services or increase our current services for patients. We also want to invest USD 100 million in automization, research and our production capacity. Then we will also invest around USD 30 million into new innovative technology. The history of B. Braun has focused on acquisition as the main source of growth in order to acquire better technology.

That is why we are focusing on acquiring more patents. In 2014, we made a major acquisition in Israel of a huge patent portfolio linked to stoma research which will help us making a huge contribution to improving stoma care innovation in France. We also now have 19 dialysis centers in France, which were acquired from Baxter in 2003. We are looking to acquire more of these types of innovative technologies.

Collaboration is crucial to the success of our company. From the many start-up clusters that we have acquired to the necessary link between the public and private sectors, having a close relationship with the public sector will help launch new medical device technology and develop B. Braun France further.

Roundtable discussions are also a large part of our focus here in France. In December last year, we had a roundtable discussion on patient pathways, better connectivity, and regulatory home care. It is more difficult for patients to accept new means of patient care and this was a discussion we had in order to help increase awareness on this topic.

We are integrated onsite in every hospital and we are in close proximity to each hospital to better provide them with access to our products and the equipment they need.

Most of the medical device companies we have met with claim that their tactics for differentiation lie in the services they provide. What is B. Braun doing to differentiate themselves?

A significant portion of our business is dedicated to the services sector, for example, we currently have 1,000 dialysis care patients that receive direct service from our personnel and our advanced technology and medical devices. Our *Patient Near* program is an example of a specific distribution center where B. Braun provides care in areas such as chronic care, to help patients suffering from chronic diseases.

We also provide technical services on the logistics side of B. Braun; this is a service where we provide mass volumes of our products to hospitals. The logistics services we provide inside the hospital are also a key part of our services sector. There are more than 700 instruments that are needed for each piece of equipment or part that is supplied to each hospital. We manage the flow of how these products are supplied and used in each hospital. Our services include for example instrument management and sterilization courses and trainings in order to teach personnel exactly how each product should be handled.

How has your medical background helped you in your daily life as a manager?

Fortunately, since I do have a medical background, I am able to understand the structure of each device. I am also still a university professor. The medical device community is very much linked to the medical world and fortunately I have an understanding of how our systems work and can offer assistance into how each device should operate. The medical world also appreciates someone who is able to speak with them on a more personal level. As a medical doctor, specialized in anesthesiology and emergency care, I am a more credible and trusted source for our clients.

What are your goals and visions for the next three to five years for B. Braun in France?

When I joined B. Braun 13 years ago, the company was half the size it currently is. B. Braun is a dynamic company that is now supported by the sixth generation of the Braun Family. The new

management team is fully dedicated to seeing a prosperous B. Braun and we plan on working with them hand in hand to achieve our goals by 2020. We plan on keeping with the planned 2020 strategy and are fully confident we will reach our goals by that time.

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