Interview: Raffaele Stefanelli – CEO, Boston Scientific Italy

Our future strategy rotates around three main axes: innovation, customer centric solutions and financial sustainability.

27.05.2016

Tags: Pharma, Pharmaceuticals, Italy, rhythm management, Interview: Raffaele Stefanelli, Boston Scientific, Italy, Medtech, Medical Device, Partnership, Innovation, Research, R&D, Interview, Insight, Executive, Exclusive, Free

Raffaele Stefanelli discusses the challenges of the medtech industry in Italy, the contribution of the Italian research community to Boston Scientific globally, and innovative partnership models.

Could you introduce yourself to our readers as you currently hold two positions within Boston Scientific: managing director of the affiliate as well as Finance Director for the south cluster of Europe?

As a country leader of Italy I cover two main business areas; country coordinator and country commercial lead. Through the combination of these business areas I am leading and coordinating the Italian team and, therefore, its activities.

Nevertheless, my primary role is the finance director of the European south cluster, which includes Italy, Spain, Portugal and, recently, Greece. I have held this position since I started working for Boston Scientific more than 16 years ago.

[Featured_in]

In the past, the organization was structured by countries and there was a nominated general manager for each one. However, in 2013 the management of Boston Scientific decided to change

its organization structure and clustered the countries in different setups. Thus, we currently have divisional leaders in Europe and country coordinators of the cross divisions or functions.

In my case, I am working in a division focused on the implementation of the so-called healthcare partnership offering. In Italy I am building up the structure of the “managed services” division, which is one of the groups of offering that Boston Scientific has with the healthcare partnerships. I am managing this project in conjunction with the leader of this division.

Who are the key stakeholders you must work with in Italy establish and leverage such healthcare partnerships?

The hospitals are the key stakeholders for this division because they have several needs and there is an existing lack of funds for renewing the operating rooms, laboratories, and other medical facilities. Hospitals really need investment for these areas since they are their place of work and offering quality services to patients.

The managed service solutions, besides being really innovative in the global industry, has its tradition in Italy since it started around 1998 with the first awarded tender in our sector. These managed services were offered in a way that allowed the hospitals to issue a tender through which they were paying a price or fee par procedure. This fee includes the user job, the product that they may need to for the precise treatment, and the proportional cost of the amortization of the lab or machinery. It is more complex than just providing the product. The key point in this scenario is to be able to provide this service at a lower cost that the hospitals may have to incur in order to maintain its current facilities.

Expanding on your partnerships approach, Boston Scientific Italy is currently running the so-called ADVANTICS program. Could you explain us the objectives and the synergies obtained through this program?

We are currently running healthcare partnerships under the ADVANTICS initiative in order to offer an integral solution to our clients. ADVANTICS puts together the top of our innovative products and services for those clients who may need capital financing to renew machinery, cut labs or operating rooms. In addition, we also offer consulting support in terms of performance optimization to assess the needs of the departments and improve the processes within the department.

Boston Scientific can offer these services individually or combined according to the customer needs. However, besides being really innovative in the way of doing business in Europe, the integral solutions contract in Italy has a historical tradition since the first integral contract was

carried out in 1998.

Boston Scientific is working across developed markets to prepare for new cardiology, and has recently made a splash introducing highly innovative “structural heart” line of products, as well as advanced neuro-stimulation devices and DBS technologies. How are these game-changing technologies being received in Italy?

In general, when a company introduces a new product or technological advancement to any market, the main challenge is to get the acceptance of the stakeholders as well as to be included in the reimbursement policy. Italy is not like other European countries where there is a central body that is in charge of taking the decision of approving or rejecting the introduction of a new product in order to allow the launch of the product to the market across the country.

[related_story]

The difficulty of introducing a new product or technological advancement is even bigger in Italy due to the decentralization of the national authorities. Indeed, even if you get the national authority’s approval, you must deal with the regional authorities to get the approval as well as the reimbursement of that innovation for that region. Thus, there are some products that are reimbursed differently (totally or partially) or that are not accepted depending on the region. This situation creates inequality among the different regions and it is translated in a huge preparation and market study before launching the new product to the Italian market.

As a concrete example, we have recently launched a new product in our peripheral division called Eluvia, which is a drug coated stent for femoral artery disease. This is a breakthrough technological product for this specific disease and has been successfully received by the physicians, however it will take months to get reimbursement approval and then for hospitals to issue tenders, delaying real availability. This is a historical issue within the medical devices industry in Italy.

When you look at Italy within a European context, does the country have the right attitude to innovation to act as the growth lab for Boston Scientific globally?

Absolutely, Italy is one of the biggest markets in Europe. Indeed, our rhythm management division is the biggest in Europe and, excluding the US division, even in the world for Boston Scientific. Currently, the rhythm management division accounts for half of our revenues in Europe and it was even more in the past. In addition, due to the new launches that are coming, the weight of the divisions will be probably more balanced in the future than what is now.

In general, Italy is considered one of the best markets in terms of quality production and, therefore, this is one of the reasons why the management board of Boston Scientific has been closely following the Italian economic situation. Before the crisis, Italian GDP and healthcare expenditures were growing steadily. However, due to the economic instability the GDP has been shrunk and the healthcare has been decreasing in the same way. The aforementioned situation, together with the reality of the population´s ageing, poses the National Healthcare system in a challenging position.

What relationships have been built with the Italian research community and what is the role that the Italian research community plays within the Boston Scientific European strategy?

Italian physicians hold an important role within the global R&D through building up collaborations with other international physicians in order to develop new discoveries. Indeed, the Italian scientists are really well perceived and some of them are considered as the state of the art both in European and worldwide level.

From my point of view and referring to the Boston Scientific innovation strategy, the Italian research community and clinicians play an important role in our R&D performance. To give you an example, in the rhythm management area we are the only company in the industry with a leadless defibrillator, which was developed based on technology developed by an Italian physician. We introduce technological breakthroughs to market through the discoveries of the Italian research community.

Taking into account Boston Scientific´s challenges, the importance of managed services, the current positioning of the company, and the current product pipeline; what are some of the strategic objectives that your company will be working towards over the next three years?

Our future strategy rotates around three main axes: innovation, customer centric solutions and financial sustainability. In addition, in order to successfully achieve these strategic guidelines and be ready to face any other challenge that may arise, we are planning to invest in the development of our capabilities.

Firstly, Italy will be continuing in its active contribution to the product innovation. Indeed, as aforementioned, the right management is one of our key areas of our core business in order to continue developing and bringing technology breakthroughs to market. Secondly, as we are a customer centric organization, Boston Scientific will be focused on finding new ways of serving to our customers, such as multi-channel strategies, through partnerships. Thirdly, we will strengthen

our financial sustainability through identifying the areas that can be optimized to reduce our expenses and relocate the cost-savings to our innovative projects or programs.

See more interviews