Martin Ferrari del Sel – Country Manager, Dräger Mexico



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Martin Ferrari del Sel, country manager at Dräger Mexico, explains the importance of enhancing the efficiency ratios in public and private hospitals, considering the shortage of health infrastructure to cover the needs of Mexican patients, and showcases the added value of Dräger's offering to help the entire national healthcare system to reach this goal

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What is your assigned mission as country manager for Mexico?

I was appointed country manager of Dräger Mexico in 2014 after having managed the Chilean affiliate since 2009. My main mission in Mexico was to deploy the new distribution strategy moving from an indirect to a direct model to be closer to our end customers as we currently have a hybrid distribution structure. In addition, Dräger has been historically focused on the public market but, considering the inherent challenges in this segment, we have been enlarging our footprint in the private market with big private hospital chains to create a healthier customers' portfolio.

We strongly believe that the direct approach to our clients will not only showcase our high commitment to best serve them but will also offer them more targeted solutions and better service, while also enhancing our cost structure. In addition, we created our academy department four years ago, to support our post sales services, providing education and training to our end

users such as doctors and nurses on how to use our devices to their maximum potential.

How strategically important is the Mexican affiliate within the regional and global operations of Dräger?

The Mexican affiliate belongs to the Central and South America business unit and it represents a sizeable part of the region’s revenues. Mexico and Brazil are our leading affiliates contributing equally to our business both in terms of net sales and net revenues.

Dräger decided to integrate medical and safety in one sole business back in 2012. Could you expand on the rationale behind such integration and how your clients have perceived it?

The integration of safety and medical in one sole company has had a strong impact in our operations and is still in its deployment process. It is a reality that the medical affiliate has been historically the biggest business line in all our affiliates globally but I firmly believe that such integration will create strong benefits for both Dräger and our customers.

The rationale behind such integration was to enhance our efficiency and profitability ratios leveraging on the existing synergies between our medical and safety operations. Nevertheless, the other objective of such integration is to explore and develop new business opportunities in which we could bundle medical and safety solutions in segments such as mining and oil and gas, which were historically more enclosed in our safety business but currently requiring medical solutions as well.

Dräger has several divisions that serve different industries such as oil and gas, mining, and healthcare. What is the contribution of the healthcare business line to your overall business?

Healthcare is the main contributor to our business representing around two thirds of our total revenues; in concrete terms, our hospital division is the most important line within our healthcare business. The remaining one third comes from our safety division, especially from the oil and gas segment.

What has been your strategy to ensure the success of the affiliate, considering that Mexico is a quite dynamic and challenging market with highly fragmented public health institutions?

Our main driver in our management has been the flexibility to ensure that Dräger is able to keep pace with the high dynamism in each of the markets it covers. In this sense, we have been restructuring the organization of the company since 2011 moving from a matrix to a vertical organizational structure in order to minimize bureaucracy when undertaking business decisions.

The government has recently announced budget cuts in the healthcare expenditure for 2017. What is you action plan to overcome such a challenge?

The reengineering of our distribution strategy from an indirect to direct model is part of our action plan to overcome the crisis of public healthcare institutions. This new approach will allow us to enhance our efficiency ratios as well as to better partner with our clients to offer more tailored solutions according to their needs.

In addition, we are continuously communicating the benefits that our offering can create for our customers. Indeed, even though we provide upper market solutions, we are receiving strong demand from the public and private institutions because they really perceive the added value of our solutions that truly help them gain efficiency and efficacy in their operations in the long term.

Dräger offers a broad portfolio of products to hospitals sorted out in three business lines: intensive care, neonatal care and operating room. What is the breakdown per business line and where do you foresee most growth?

Our main business lines are intensive care and operating room (OR) solutions representing together the majority of our total revenues of our hospital division. Nevertheless, I expect to experience a strong growth in our neonatal care area in the upcoming years. I would like to mention that Dräger is able to provide an integral solution in each of the three business lines that our hospital division is composed of.

One of Dräger's products line is anesthesia workstation. There are some studies that confirm that the global anesthesia devices market was valued at USD 6.3 billion in 2015 and is estimated to reach USD 9.6 billion by 2020, at a CAGR of 8.8% from 2016 to 2020. How do you think such a trend is going to affect your business?

It is a fact that there is a huge gap between the current health needs of the Mexican population and the existing public and private infrastructure to fulfill such needs. In addition, and just to give some facts, the efficiency in the operating rooms is far away from what it should be; indeed, in the public segment the average of surgeries in an operating room per day is around 1.5 while in the private sector the ratio is about six surgeries per day.

In my opinion, such a ratio has to be enhanced in order to be able to reach as many Mexican patients as possible and I strongly believe that our solutions in OR such as anesthesia workstations can be a lever, especially for the public health institutions, to reach such a goal.

What is your footprint in the public and the private market?

In Mexico, around two thirds of our revenues come from the public sector and one third come from the private market. Our entire business was concentrated on the public market in the past but we have been making strong efforts to enlarge our footprint in the private market to enjoy a healthier mix.

We have perceived that technology is breaking health boundaries through digitalization and wearable devices in the medtech industry. As one of the leading companies in your niche, what are your conclusions on that and how is this translated into your product portfolio?

It is worth to mention that we have had such technological capabilities implemented in our devices for many years; however, we are facing some difficulties when trying to implement such solutions in Mexico. In fact, the existing buying process of the public health institutions is an important challenge to this question because public hospitals are buying devices from different companies and it makes interconnectivity between technological solutions nearly impossible.

In my opinion, the Mexican healthcare industry has made impressive progress in implementing such digital capabilities but there is still a long way to go. The existing fragmentation of the public

health institutions and the lack of convergence in their buying processes are slowing the introduction of such integral and digital solutions in the hospitals.

What are the key competitive advantages that make you the provider of choice?

Our integral solutions offering in intensive care, OR and neonatal care is one of our main competitive advantages that truly differentiates Dräger from any of its competitors. Indeed, our offering is the result of more than 125 years of experience and knowledge in the market.

In addition, Dräger enjoys a presence in the most important markets through its around 50 subsidiaries located globally in order to be as close as possible to its customers. Such local presence is also a competitive differentiator because it ensures that we fully understand the local trends and our customers' needs.

I would like to mention the high quality of our hospital devices, which are manufactured in our facilities located in Germany and US. In fact, to ensure that our solutions remain at the forefront of the latest industry trends, Dräger invests around 10 percent of its total revenues in R&D activities to develop cutting edge technology. In addition, our Dräger Academy, offering workshops and trainings, is really appreciated by our customers and it has been a turnkey in our success during the last four years.

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