Interview: Gabriel Tagle – Managing Director, Salumedic, Mexico



"Salumedic is a company that could be revolutionary for the Latin American healthcare landscape."

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Aimed to ignite a paradigm shift away from the current traditional distributor model, Salumedic's Managing Director, Gabriel Tagle, shares the novel business concept with zeal and sharp business acumen. He speaks about Saludemic's core value preposition of being a "commercial hand" to key healthcare players, the crucial importance of proper diagnostics, as well the need for agility in the provision of services to the industry.

Salumedic boasts a strong portfolio of comprehensive services for medical devices and hospitals. Could you please provide us with an overarching overview of the background of the company and where it stands today?

Salumedic is a company that could be revolutionary for the Latin American healthcare landscape. The traditional models of companies providing supplementary roles focus solely on either products or services, but not both. Our primary goal is to integrate both products and services because there is a current gap of a holistic approach in the market. In essence, we deliver value to the market through one-stop solutions.

We see ourselves as a "commercial hand". Our objective is to facilitate the sales pathway from the pharmaceutical industries to the clients. The core of the business is essentially to build a commercial branch for the industry at large and cater to any need they may have. For instance, if someone were to require a radiology machine, our company will find a way to deliver this to them.

Our team would like to be perceived as consultants who evaluate and assess clients' needs in order to deliver a range of solutions to the clients – from rentals to purchase orders or any other necessity that the client may have. Our offering is virtually to be the glue of the healthcare industry. Though our solutions may seem intuitive, they have yet to be provided in the market and we are servicing this gap in the market.

Has the market been receptive of your novel business model?

Our key challenge as a new company in the market is to ignite a paradigm shift in the mentality as key players are stuck on the traditional model of conducting business. With the industry's mindset set on doing business with distributors, it has been challenging for clients to understand the value of having a company act as an integrator at first. It was imperative for us to strongly convey our message that we offer services that are beyond what has traditionally been available in the market.

Furthermore, the traditional model has also primarily focused on catering to multinational companies, and there was barely a market niche that predominantly addressed the needs of the smaller, local players. This is a prime opportunity in the market because we are gaining volume through the number of smaller players that we are servicing. One key facet of the business is also to serve as a brand ambassador for local players to be able to avail the latest high-quality technology products from renowned multinationals, such as Abbott Laboratories.

An integral part of our business is our comprehensive platform that has mapped out the top engineers in Mexico. These are people that have already been screened and are available at the convenience of our clients. We have circumvented the cost of having a call center through implementing a ticketing system so we can address client calls more efficiently.

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Agility is inherent in our corporate culture. In focusing on tailor-made solutions, we can address targeted needs, such as inventory management for instance, which is a service we typically perform for blood banks and diagnostics players. We are able to perform these services without minimal distraction to their current businesses because our technophilic approach enables us to directly connect to our clients' respective software. This also serves as an advantage for us because this models enables us to provide appropriate recommendations and pre-sell to our customers.

As a self-described “new kid on the block,” having held a multitude of diverse roles professionally, what were the key elements about your background that made you conducive to founding a company with an innovative approach to healthcare solutions?

Having begun my career in the retail industry gave me a holistic mindset of understanding how to cater to customer in a comprehensive manner. Analogous supermarkets providing a breadth of different products in multiple categories, the healthcare industry can adapt to be multifaceted. It needs to be understood that is imperative for the healthcare industry to transform into a service industry. Technology is futile without the proper service provision.

I identify as the “new kid on the block” because I did not come from the healthcare industry but I strove to build my network in this area. I also learned about companies that integrate services in Mexico and sell such services as a package, which is a philosophy that has inspired the inception of Salumedic. I learned that what is truly beneficial for the healthcare industry, especially on the public side, is to offer a valuable solution, as opposed to merely selling a product.

The service industry for the healthcare sector is inevitably going to change in the next decade and companies like Salumedic are at the forefront of this change. The traditional and rigid distributor model will not hold as the industry becomes more and more complex. It will be critical to deliver technology, provide robust data and optimize productivity.

Another key learning as I entered into the healthcare space is the critical importance of diagnostics in the success of a patient’s healthcare journey. I became deeply engaged and impassioned with this particular segment when I grasped how truly indispensable diagnostics is to healthcare. Through having more of a focus on diagnostics, I am further motivated to make a real difference in the private and public sectors. Salumedic’s concept as a business is proactive to the changing needs of the market that is continually-evolving. It is not our intention to be another distributor because that is a business model that is already established in the market. Our aim is to provide solutions through building a close rapport with our clients and create a dialogue with our customers to assure that they are really receiving the value that was promised.

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How would you describe Salumedic’s stance in the market today?

Salumedic has officially been in the market for 14 months, growing steadfastly from being founded with my two partners to a formidable 40-person team with a network of more than 25 certified engineers. Since its inception, the company had achieved and overcome the sales budget and have

a two digit EBITDA, which is commendable considering our size and novelty in the market. We forecast to double our size this year. This trajectory of growth will also be driven by a new joint venture with a pharma distributor that we started a new project with recently, which is a new business model that will primarily target small clinics. We evaluate elements such ORs productivity and the type and number or surgical operations that the clinic's do, the medics that they tend to and other such specifications in order to fully understand their needs. Given the opportunity in this market, we are spending a lot of time to develop it in order to cater to this market niche. We have begun looking into this segment last year when we installed more than 300 diagnostic instruments in 2016, which provided impeccable training for our staff.

We are very passionate about the healthcare industry in Mexico and we position ourselves between the distributors and the clients. As we are essentially paving the way for a new sector, we believe that it is imperative to integrate technology into our operations as we live in a digital age today. In line with our core message of adding value, we aim to not only provide big data, but the analyses of this information and how it the can be utilize to improve our clients' businesses.

What would you say is the main focus of your agenda today?

The priority in our agenda is to make our operations more robust and to continually improve on our value proposition. Given the breadth of services that we offer and the multiplicity of the gaps in the market that we are hoping to address, it is also our priority to fine-tune our portfolio and have a more defined set of service, while still maintaining a customized level of service. It would be unrealistic to be the sole one-stop provider for the entirety for the healthcare sector, so it is also integral for us to solidify our place and identity in this market.

We would also like to develop the company culture and build a brand that is sustainable. I would not like the company to be remembered according to who is currently sitting on its leadership position, but rather the value it brings to the sector and the industry as a whole. Moreover, we would like to expand both in scope and in scale through attracting more distributor partnerships and increasing the number of labs. Our five-year strategic plan is to expand our portfolio and cover the rest of the LatAm region. And to become a key player in the Mexican healthcare industry.

In looking at the Mexican landscape, is the value proposition of your new business model being fully grasps and understood by both public and private players who can potentially benefit from it?

It is starting to be understood, but mindset is still predominantly traditional. Nonetheless, the level of openness to Mexico is high and the market is fairly receptive to novel business model such as

ours. However, the greater emphasis should be placed on strengthening the collaboration between public and private partnerships. Public institutions such as Seguro Popular have been a strong resource for the Mexican population, but public entities as a whole need further collaboration with the private sector in order to increase its efficiency and address the healthcare needs of the population better.

When we interviewed Jean-Luc Belingard, Chairman of BioMérieux of France, he emphasized that "diagnostics is the bedrock of healthcare", which is aligned with the message you convey in your service offering. What role does diagnostics play in creating efficiencies in the healthcare system?

Healthcare starts with diagnostics. A good diagnostic test help improve the overall healthcare journey of the patient and aid the healthcare industry as a whole in creating better protocols for care. Proper diagnostics also lends to having a more cost-efficient healthcare system and create a better health economy for the country. I have personally witnessed people achieve life-changing results through proper diagnostics and they lessen the financial burden of the healthcare industry as a whole because these people are able to go back in to their daily routines earlier and be contributing members to society.

Another core value that you emphasize in your offering is the technology that is incorporated in your services. How receptive has the industry been to digitalization?

The industry has been very receptive to technology as long as it is user-friendly. Many of our clients understand that processes need to be digitalized today, but they are not interested in understanding the inner working of the technological infrastructure itself – which serves to our benefit because we can provide tailor-made solutions with a comprehensible interface so clients can easily analyze big data.

> "Aside from our commercial goals of achieving certain levels of KPIs and sales, I would like for the Salumedic brand to be perceived as a viable and integral member of the overall healthcare ecosystem."

How would you like the Salumedic brand to resonate to our global execute readers in the foreseeable future?

We would like to be known as a key player in Mexico & Latin America that delivers value. We want to be a company that the healthcare industry can value and rely on. Aside from our commercial goals of achieving certain levels of KPIs and sales, I would like for the Salumedic brand to be

perceived as a viable and integral member of the overall healthcare ecosystem.

Having worked in a multitude of industries, what will your core motivation to remain in this industry and attain a leadership position for Salumedic?

The notion that I can change a person’s live through my work is an incredible source of motivation for me. I have personally witnessed the power of proper diagnostics and high quality treatment in my own life and those of my family members. Knowing that I can positively impact lives and lessen the burden of families who are suffering through the social consequences of diseased is a key driver to push forward in the business. Bringing value to the market comes first because revenues will come when the value is there.

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