Interview: Kenneth Garcia – General Manager, Smith & Nephew Colombia

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Kenneth Garcia, General Manager of Smith & Nephew Colombia, reveals his thoughts on the rising attractiveness of the Colombian market and the growing demand for higher standards of healthcare products with a strong willingness from the government and the private sector to improve its healthcare capabilities, while also discussing Smith & Nephew's continuous dedication to excellence in service, strong medical education and delivering innovation at an affordable price to widen the access for the population.

Colombia's domestic medical device market is rapidly growing with estimated projections to reach +7.3 percent CAGR until 2020. Being an expert in the industry, what is your assessment on the medical device market in Colombia and what are the main trends that you identify?

In my view, the Colombian medical device market remains very attractive to multinational companies such as Smith & Nephew. This is an estimated 1.2 billion USD market that will register five year compounded annual growth of approximately eight percent in local currency terms, which will take the value to 1.8 billon USD by 2021. The market is big and is growing close to double digit. Globally, it's hard to find many similar scenarios. Additionally, the fact that Colombia has a Universal Healthcare System makes it attractive. Regarding trends, I think that these are very similar or even the same as in many other emerging economies; still a highly underserved market according to incidence and prevalence levels of many health indications, growing middle class,

ageing population, growing healthcare expenditure both in the public and private sectors. All these phenomena indicate that the medical device market will further develop for many years and that if you are a company that can provide high quality products at affordable price points, there is certainly a great opportunity for you to grow hand-in-hand with the sector by widening access to cost-effective solutions to more patients in Colombia and by helping the healthcare system to expand in a sustainable way.

Can you give us an overview into Smith & Nephew's operations and how they have evolved since its inception?

If we are talking about Smith & Nephew in general, our company was established 160 years ago in Hull, United Kingdom. It is a publicly traded company (FTSE 100) with approximately 15,000 employees globally, and almost 4.7 billion USD revenue in 2016. Smith & Nephew landed in Colombia in March 2015 as a result of the acquisition of one of our distributors at that time, Eurociencia Colombia (ECC). Our products have been present in Colombia for decades, having been distributed and commercialized by the local distributors. The acquisition of ECC provided us with an established, successful platform to accelerate growth in Colombia, one of the largest economies in Latin America. With increased resources and direct relationships with customers we are better able to fulfil their needs, through our pioneering technologies and enhanced service.

What have been the recent achievements and main milestones over the last few years?

I believe the most important recent milestone was the arrival of Smith & Nephew in Colombia through the acquisition of Eurociencia Colombia. However, another achievement that we are proud of is that to date, we have introduced many new products and technologies into the Colombian market. This demonstrates the strong commitment that Smith & Nephew has to contributing to better outcomes for patients and healthcare systems around the globe and more specifically in this case, in Colombia.

Looking at the Smith & Nephew organization in Colombia, what is your significance within the regional and global business?

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The role of the Colombian affiliate is to align with the global mission, vision and values of Smith & Nephew as any other affiliate company in the world. We are in Colombia to support healthcare professionals in their daily effort to improve patients' lives. And we have to do that by performing, innovating and gaining trust. With that being said, our corporation has great expectations for our

affiliate company. They expect us to contribute materially to the global growth of the company, that motivates us because it means that Smith & Nephew believes both in our affiliate and in Colombia. The acquisition of ECC was in line with Smith & Nephew's strategic priority to complement organic growth through acquisitions, following similar transactions across the globe. Finally, I want to reinforce the message that the investment made by Smith & Nephew in our country, not only in the acquisition of ECC but also in the improvement of our local capabilities over the past few years confirms that the corporation believes in Colombia being a strategic market worth investing within the emerging economies.

Smith & Nephew has a worldwide reputation for taking a pioneering approach to the design of advanced medical products and services by securing wider access to diverse technologies by offering a wide product portfolio. Which of the products are represented by Smith & Nephew Colombia?

We operate in a number of areas and have leadership positions in: advanced wound management, orthopaedic reconstruction, sports medicine and trauma & extremities. Since 2014, we also participate in the ear, nose and throat (ENT) space as a result of the acquisition of Arthrocare. In Colombia, Smith & Nephew is present in all areas of the business.

Smith & Nephew has a strong tracked record of delivering strong growth from its emerging markets businesses.

How would you rate Colombia's performance in 2016?

Smith & Nephew Colombia grew in 2016 above the estimated market rate and in line with expectations. And we did so in a profitable, sustainable and compliant way. For the years to come we expect to continue investing for growth so that we can accelerate the development of the business even further.

What would you identify as the main factors that make Smith & Nephew the ideal partner of choice in comparison to your competitors?

Our main competitive advantage is our people and the fact that they understand our mission clearly and honor it consistently on a daily basis. Each one of our employees knows our 'why'; 'why do you wake up every morning'? 'Why do you work for Smith & Nephew?' To help healthcare professionals in their effort to improve patients' lives. We all know that we are here to do that. If you want to be successful in medical devices you have to be customer centric. Let me give you an example; if you ask one of our drivers 'what's your role in Smith & Nephew', he or she will tell you

that they are helping healthcare professionals to improve patients' lives – much more meaningful than simply "transporting things around Bogotá". Each one of our approximately 200 employees in Colombia lives our mission. And how does this translate in practice? Well, in delivering a service of excellence which is one of the most important components of this business. A driver knows that if they don't arrive on time with the equipment to the hospital, the customer may be delayed in treating the patient, which is obviously unacceptable. When you reach high levels of engagement and commitment of your employees, when each one of them understands that walking the extra mile means helping healthcare professionals to improve the lives of patients and their families, then you become a well-oiled machine that makes the absolute difference in the ecosystem. Finally, the financial results are the result of doing an excellent job and doing an excellent job in the healthcare sector means putting healthcare professionals and patients at the center of all that you do every minute, every hour, every day.

How are you shaping your leadership philosophy while being in line with Smith & Nephew's core values?

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Our values shape everything we do as a business and form the basis of our relationships with all our stakeholders, not only in Colombia but worldwide. Our values are articulated under the headings of Performance, Innovation and Trust. By Performance I mean being responsive to the needs of our customers, setting ourselves clear goals and standards and achieving them. We deliver quality and value in our products and services that provide quantifiable social and economic benefits. Innovation entails taking a pioneering approach to the design of our products and services, being energetic, creative and passionate about everything we do. We are forward looking; anticipating customers' needs, overcoming barriers and developing opportunities. We encourage and support new ideas, and are always seeking to improve the lives of healthcare professionals and the patients they treat with effective, safe and innovative products and services. Finally, Trust is something we understand that we have to earn. We earn it by being friendly, approachable and listening to others. We work hard to build lasting and close relationships with our customers, colleagues and the communities in which we operate. We are honest and straightforward and do what we say while having integrity and an ethical approach to business.

One of the key objectives is to advance healthcare access in emerging markets. How is Smith & Nephew Colombia assisting in this regard and leading towards improving access in the Colombian market?

In Smith & Nephew, we are very conscious about healthcare access. In fact, our corporate value proposition clearly states that we strive to provide wider access of our pioneering technologies for more patients and healthcare professionals globally. Therefore, it is an area where we invest a lot of effort. We provide flexible choices in terms of commercial packages to suit the requirements of payers; and products that provide proven cost-effective outcomes for patients. We offer both premium and mid-tier products, serving a spectrum of price-points, understanding that different segments might have different needs. We always remain cognizant of the pricing level that the market can afford but also looking into providing the best quality of products. We continue to refine our pioneering mid-tier model to address the specific needs for affordable care with a specially developed range of products.

We also implement a strong healthcare professional education program as a way of ensuring that we support the safe and effective use of our products. This is also critically important to widen access in certain regions of Colombia where certain patient indications have not been treated before.

Smith & Nephew has set priorities to ensure footprint and expertise to respond to geographical growth, new product development, greater external regulatory scrutiny and the commercial pressure to be ever more efficient. **Looking ahead, what are your strategic objectives and priorities for Smith & Nephew Colombia?**

Our strategic priorities are basic but also critically important; it involves excellence in service to our customers, implementing a strong education program for healthcare professionals as a way of ensuring that we support the delivery of the best quality standards of care to patients, delivering innovation (products, technologies and solutions) at an affordable level to widen access in a sustainable way and do the above with utmost integrity and in an ethical way. We believe that by following diligently the four pillars mentioned above and by being customer centric, we will be able to accelerate even further the development of our business but equally important, to do it in a sustainable way.

Do you have a final message for our international audience?

I believe that Colombia as a country offers opportunities that multinational companies should assess and pursue – with close to 50 million inhabitants (a similar size to Spain or South Africa), a growing GDP with controlled inflation, where the growth of the middle class is striking and the demand for higher standards of healthcare products is continually growing in parallel, with a strong willingness from both the government and the private sector to improve its healthcare capabilities upon a strong base given by a Universal Healthcare System, a stable political environment; all

these variables among many others, make Colombia one of the most attractive markets in Latin America to conduct business in the medical device space.

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