Interview: Sérgio Luciano – CEO, Quilaban, Portugal

"At Quilaban's core is a desire to develop global solutions for our customers, as opposed to selling products or equipment"

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Quilaban

, a Portuguese healthcare solutions company located in the Sintra business district of West Lisbon, has been led by Sérgio Luciano for five years. Luciano provides an insightful vision into the future of the healthcare system in Portugal, with reference to automation, international expansion and the significance of putting the patient at the center of the conversation.

Could you introduce the Quilaban service offering in Portugal to our international readership?

Quilaban is a family owned company with over 40 years of operations in Portugal. Initially, it was created to develop the diagnostic business, and during the first 30 years of its existence, diagnostic advancement came through partnerships with large multinationals in the diagnostics area. Some of these partnerships have stood since the first moment of the company's creation—something we're very proud of.

At Quilaban's core is a desire to develop global solutions for our customers, as opposed to selling products or equipment, and as such, since 2004 we have focused on creating a comprehensive global and diversified solutions portfolio expanding our business and covering a wide range of business areas as diagnostics, healthcare, pharmaceutical distribution, exports, international sourcing and procurement, training and consultancy.

What is new for Quilaban for 2018?

In the diagnostic business segment, we are introducing next-generation sequencing (NGS) solutions to provide Portuguese costumers with state of the art solutions in diagnostics, addressing personalized and precision medicine, mainly in oncology. NGS is supporting the transformation of clinical research by providing valuable insights into the genetic drivers of disease. Quilaban is providing a truly complete NGS workflow with a seamlessly integrated workflow, offering ease of use and efficiency from sample to insight.

We are also excited about the recently developed Quilaban Academy project which brings together our customers, market opinion leaders, researchers and experts from the companies that we represent. Through thematic sessions, we promote the share of knowledge through the discussion of pertinent themes and matters of concern within Quilaban’s business areas, while simultaneously developing a joint vision regarding how to provide the best solutions, and opportunities for expanding the business.

What are Quilaban’s main business areas?

The diagnostics area is our primary business area and constitutes roughly 25 percent of our revenues. We observe excellent growth in our core offering, up 10 percent in 2017. The growth derives from the integration of innovation and more efficient products particularly within the therapeutic area of oncology.

We provide our customers with a wide range of diagnostics solutions including equipment, reagents, application support, technical assistance and training. Currently we have over 400 pieces of equipment installed up and down the country in Portuguese hospitals, research and private diagnostic centers. Furthermore, we play a crucial role in updating and training professionals in laboratories through knowledge sharing about the latest developments in the diagnostic sphere.

In the diagnostics area, we strive to ensure that the relative cost at the end of the treatment process is far lower, even though the initial first product might be more expensive. We work hand-in-hand with technicians to identify their needs and find out where to pinpoint inefficiencies. We grow together with our clients by identifying pain points and delivering the right solutions.

In the last 15 years, we have developed healthcare as part of our business model, which integrates two principal business segments. Firstly, point of care solutions, which take advantage of our tradition and knowledge in diagnostics. We offer solutions to private pharmacies and small clinics to facilitate rapid diagnosis and testing of patients. We also provide answers to encourage preventative care in pharmacies.

Pharmacies are an essential network of proximity in Portugal, whereby people still trust profoundly in a pharmacist’s advice. Consequently, the pharmacist plays a crucial role in preventative care. We understood this opportunity and provided pharmacists with point of care solutions to improve patients’ profiling. We offer an extensive range of point of care solutions covering diabetes, lipid profile, hemoglobin, erythrocytes, glucose, oxidative stress, etc.

The second segment for healthcare business development is consumables. Through an extensive network we source from companies that provide excellent production at affordable prices. Today, we have a network spanning 21 countries across the globe, and we are permanently searching for products that meet the most exigent quality standards. We perform all logistics concerning importing and distributing products in Portugal, both to respond to public tenders and to private market.

The healthcare area grew nine percent last year, mostly thanks to a combination of innovative and high-quality products with a balanced price proposition, always considering our customers and the patients’ needs and searching for the right solutions to respond to it.

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In the pharmaceutical distribution business area, we act as a short liner wholesaler, taking advantage of the pharmacy business tradition inside the shareholders’ family to develop, together with the pharmaceutical laboratories, supply solutions oriented to support pharmacies to provide a superior customer service experience to their clients.

Exports, combining the solutions of diagnostics, healthcare and pharmaceutical distribution is the fourth business area, focused on the international business development, approaching mainly Portuguese speaking countries in Africa and, more recently, Eastern Timor. Complementing the exports business segment offering, Quilaban set up a procurement and sourcing company in India in 2013, combining the quality patterns of a European company with the production capacity of Indian laboratories, from where supplies the medicines to respond to international public tenders.

How has the Quilaban business model evolved over time to reflect trends?

Given the challenges that we face in the healthcare system nowadays, we moved from a product-based business model to a solution approach to respond to problems across the healthcare sphere, both through the combination of our competencies and through partnership with other players. Thanks to both diversifications of our own capacities and collaboration with business partners, we can respond to the call for efficiency and effectiveness in the healthcare sector.

We continue to introduce innovation and promote collaborative developments between suppliers and business partners across countries, among key opinion leaders, and even some regulatory entities.

We are always on the lookout for new developments and innovative solutions that allow doctors and healthcare professionals to implement more efficiency in their work. Whether we look at reducing the time that a patient waits to have a diagnostic prepared, increasing the quality of information for doctors prescribing medicines, or creating improved ways for healthcare professionals to take care of patients, these efforts all contribute to increasing efficiency in the system.

The introduction of automation, mainly in diagnostics, is also a good evidence of the business model evolution. This area develops incredibly rapidly, and automation is a real opportunity to introduce further efficiency in the system. We train our people in lean management to be able to cooperate with clients on identifying opportunities and introducing automation in their operations in the most efficient way.

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This business model shift is only possible with the support of a highly competent team. Over time we invested strongly in the development of our people, both in technical and behavioral competencies, and in the integration of young people that adds to the organization a new breath of competency and energy towards the development of a customer focus mindset and a holistic approach to solutions.

How do you observe the healthcare situation in Portugal?

In Portugal, the economic and financial crisis created an atmosphere whereby the healthcare system concentrated too heavily on price. We came to realize that although the focus on price contributes to a reduction in healthcare costs, it does not, in fact, generate efficiency in global healthcare costs. As a result, we challenged ourselves to work proactively to identify global gains in healthcare processes. If we take specific equipment, for example, and a consumable material that can shorten the period between sample to insight, and can better target the illness, then we work together with the hospital administration, procurement teams, technicians, laboratories and doctors to find the effective gain of this solution. We consider this approach as a foundation for the promotion of sustainability in the public healthcare system, capturing value from inefficiencies and promoting healthcare gains in the system. We are committed with this approach as we believe this is the fundamental driver for a consistent and sustainable growth year-on-year in Portugal.

What is your internationalization strategy?

We have a value-based system founded on creating bridges between whoever can develop sound solutions with whoever needs these solutions to be made available. We observe the core competencies that we have built up over 40 years of existence to promote global access to healthcare. By creating efficient, integrated and innovative solutions, in partnerships with different companies, we work towards this goal.

Naturally, our international expansion started by the African Portuguese speaking countries, namely into Angola and later on into Mozambique, Cape Verde and Guinea Bissau, given the convenience of shared language. More recently we also approached the Eastern Timor market. Having accrued a decade's worth of experience in expanding to other countries, we discovered that in developing countries there was a global need for integrated solutions and it is no longer the case that you can simply provide a product. Instead, we must include in our offering quality assurance, training, and competitive pricing to create a thorough solution. In the past decade, we have built a global solutions portfolio so that we can provide clients across the world with a selection of products and services, technical assistance and knowledge-based solutions. Our strategy based on internationalization identifies countries where there is a need for this set of competencies that make part of Quilaban's portfolio.

What do you observe as the emerging trends in Portugal?

The main emerging trends are automation, the usage of electronic and data driven processes to support healthcare development, and the focus on global healthcare gains, namely through preventive healthcare approaches. This is now a reality in our intervention areas.

In Portugal, a challenge that runs parallel with automation is the capacity to create robust business cases where we can identify objectively the healthcare gains that are being generated through the investment. It is vital to support people that take decisions with robust and real-world evidence. We have an extensive international network of partners whom we can capture on specific business cases from diagnostics to hospitals across Spain, the UK, and France amongst other European countries and we present these experiences through to our customers locally. This is a way of showing how specific solutions work across the globe and facilitate decision making process.

To what extent is Portugal ready for this level of innovation, specifically automation, whereby people will be put out of work by machinery?

This is always a challenge that people consider when we see new technology introduced that can replace ‘old’ jobs. In Portugal, we face an interesting situation in that there is a great deal of innovation taking place and there are many people in high-level research institutions, universities and in investigation centers working in different innovations together. Through this process, we can release people from administrative and repetitive tasks and allow them to be focused on new value-added activities, namely through a more direct relation with patient. As a result, the challenge we face is not automation, but training and developing peoples’ skills and to be receptive to training. If we can combine the right technology with people that have the right skills and competencies, then globally it will result in a positive outcome.

In Portugal, we see a shift in the paradigm to a conversation where the patient is placed at the center of the debate. With more innovation and more automation, we can work together to ensure this is the ultimate goal, allowing people to work with people. Although putting people outside of the system might appear to be a significant challenge due to replacement by machines, I believe it is an excellent opportunity for people to collaborate and to find innovative and more efficient solutions together.

Finally, in Portugal, people are getting older, and the expenditure of the national health care system will grow significantly. We have many practices that are still very inefficient, which puts at risk the development and sustainability of the healthcare system. For example, people go very frequently to hospitals and our interactions with people is not quite at a preventative healthcare system model. If we can release people from the roles of performing testing and carrying out analysis, then we can focus on identifying and implementing solutions to improve the efficiencies in the healthcare system and make it more sustainable.

Where will you lead Quilaban in five years’ time?

We want to continue working vigorously on our four business areas: pharmaceutical distribution, diagnostics, and healthcare together with our international business in exports. We will become a company that is even more focused on the patient. We want to understand patient and healthcare service providers needs so that we can build a company that acts as a bridge and a competent solution provider. Indeed, this will be one of our primary drivers of sustained growth over time. The cornerstone of our growth will be collaboration that we can develop with our business partners. This collaboration should be sustained by innovation integration in our portfolio, along with collaborative practices that bring together the different players in the healthcare sector.

We will lead Quilaban to work as a hub for collaboration, integrating competencies and skills that respond to the needs of each patient segment on an effective and efficient manner. The traditional

vision of suppliers and customers should be merged into a collaboration dynamic where the patient is at the center of the process.

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