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Value-based healthcare is critical for the future. To ensure the healthcare system remains sustainable, the challenge is to create better healthcare outcomes at a lower cost

11.04.2019

Tags: Spain, Medtech, Medtronic

Maria Vila, regional vice-president for Spain and Portugal at Medtronic, highlights how she managed the integration of Covidien in Europe and where Medtronic stands today in Spain. Furthermore, she highlights the challenges of introducing new technology in Spain and how the company is shifting to becoming not only a solutions provider, but a partner for the healthcare system.

How is Medtronic's global portfolio reflected in Spain?

Medtronic is the leading medical devices company in Spain, with revenues of around USD 700 million. We have 800 employees in Spain and are headquartered in Madrid, with an office in Barcelona, and Lisbon for the Portuguese market. The Iberian region includes Spain and Portugal and constitutes 10 percent of the revenue for the EMEA region, which is 2-3 percent overall and really this is reflective of the Spanish population in Europe.

We are renowned as a cardiovascular specialist, which formed the basis of Medtronic's initial operations and this is how we also began in Spain. Today our cardiovascular group constitutes 40 percent of our business.

Though with the acquisition of Covidien in 2015, we entered into the surgical segment – open surgery and mostly minimal invasive therapies. Consequently, 40 percent of our operations come from surgical and intensive care units.

The remaining segment covers restorative therapies, with a subset of businesses: spine, pelvic health, therapies for pain and epilepsy, neurovascular disease for stroke treatments. These subsets of therapies focus on improving the quality of life for sufferers of the disease and constitute around 15 percent of the business.

In addition, we have a diabetes segment. While this is the smallest segment – around 5 percent of the business, it is one of our fastest growing area and there is significant room for growth.

Lastly, we continue to enter into new business via R&D or acquisitions, as we did in haemodialysis through the acquisition of Bellco.

You led the team which integrated Covidien with Medtronic across Europe after the acquisition. What challenges did you encounter when doing this?

It was a very complimentary integration as there was minimal overlap between the business areas. As a result, when it comes to customers, product portfolios and sales representatives, the integration was straightforward. The challenge lay with the central processes and systems, as it was the merging of two giant companies; in Spain at the time both companies were of similar size with over 300 employees each. When integrating two companies of that revenue and that size, it does not behave in the sense of one company being an acquirer and the other being acquired.

The first step was to define a common mission for the company and the principles of the acquisition of which there were four. The most important to note is the principle of preserving the business. It was clear that there needed to be some synergies between systems and policies, but when all new policies were considered, any decision must ensure that the overall business had to be preserved.

How does this play out with corporate identity?

When I was appointed as the leader of integration for EMEA, this was my number one worry. I came from Medtronic, so had no experience of the Covidien culture. After becoming acquainted with this other culture viewpoint, I understood that although there were differences, in the most important aspects, we were the same.

Medtronic has an operational matrix covering its businesses and the countries in which its operations. Once its workings are understood, it is incredibly powerful, and allows the right people

to be responsible for the right decisions. However, it can slow down decision making as Medtronic runs on consensus, where actions are taken more slowly, but after thorough consideration. In contrast, Covidien had faster and more hierarchical decision making. This remains the key difference in the cultures that we are now addressing. All things considered, this has not proved to be a major issue but a good mix that is resulting in the best culture: on the basics, such as customer focus, we have the same culture.

Do you have any synergies between your previous role as the head for integration for EMEA and your current role as the General Manager for Spain and Portugal?

My previous role gave me a wider perspective for my current role. The integration offered an opportunity to understand new business areas, and how the operations vary across the European operations.

Where do you see your competition coming from locally?

Since the acquisition of Covidien, we became the major provider for the hospitals, working with more departments and units. We have varying competitors because we operate in so many business units and competition differ between them. However, as a general rule, comes from other multinational companies. To give an example, J&J are our largest competitors in the field of minimal invasive therapies, whereas Boston Scientific and Abbott are larger competitors in the cardiovascular field, with Roche competing in diabetes.

In addition, local companies are also present, but they pose a smaller scale competition than the MNCs. Pharma companies are also present, given that some of the diseases can be treated either chemically or with medical devices. We also need to be wary of new players, such as the large tech giants or companies such as Amazon. While they pose no threat at this time, it is well understood that everyone wants to enter the medical field and get their slice of the pie.

Medtronic is a champion of the value-based healthcare model. How does that play out in Spain?

Value-based healthcare is critical for the future. To ensure the healthcare system remains sustainable, the challenge is to create better healthcare outcomes at a lower cost. When we began

with this strategy in Spain around five years ago, we started to work together with big players such as the large hospitals through partnership agreements for specific units of the hospital. Through this endeavour, we were able to isolate the problem in a specific unit, and then together build solutions which demonstrated that those solutions, of which products play a part, add value. This is how we are articulating this plan.

After showing that we can create value, the next step is to show that we can sell value. This requires the system to chase solutions and not only products.

To give an example of recent successes, in Catalonia, the most active region in terms of adopting new business models and new methods of purchasing. With the cardiovascular unit of one hospital in Catalonia, they published a public tender. Instead of wishing to purchase defibrillators, the objective of the contract was to find a partner who could assist with the treatment of the patients with defibrillators. Consequently, Medtronic is now undertaking the remote monitoring of patients that have a defibrillator implanted. We also work on processes for the hospital. There is a percentage of the budget that is only received if we achieve certain outcomes. It goes further than a risk-sharing agreement, as the percentage is only received if some clinical, management, and efficiency outcomes are met such as decreasing the number of un-needed hospitalizations. We work with the physicians to achieve these new solutions. That is true value-based healthcare.

Does Spain have the infrastructure in place to measure those value outcomes?

I do not know of any country that can do this well, and Spain is no exception. The public system struggles with measuring healthcare outcomes, and even healthcare costs. The private system has performed better in this regard. There are some regions that have begun publishing the results, but generally speaking there needs to be a significant improvement.

What can Medtronic do? This is part of the solution to bring value and begins with helping them to be able to measure the necessary variables. Subsequently, we help them to improve the system. Nevertheless, it is critical to be able to measure from the starting point.

How ready is Spain to embrace and welcome new technologies?

Medtronic is leader in innovation in the Spanish market. We are committed to continued innovation that improves clinical outcomes and economic value of existing products. On top of continued

innovation, we also strive for invention that creates new therapies, as well as the creation of products that disrupt existing therapies.

From a knowledge perspective, Spain is more than ready for this. We have great physicians very well prepared for new innovative technologies. The challenge is the budget and in the public sector, there is no prospect of raising these in the near future. This will not increase.

Notwithstanding that, the proportion of the budget spent on medical devices in public hospitals is small, below ten percent. Therefore, to take maximum benefit of available budget, the system needs to focus not only on the devices but on solutions that generate efficiencies in the system and, ultimately, value. If we can bring the product, and with that make the unit of the hospital more efficient, through training, infrastructure, or patient pathways, for the same money, then the system will work.

We are very active and invest a lot of money into training our physicians, in areas like the move from open surgery to non-invasive surgery. The physicians know that we are a partner and can provide more training and assistance whenever that is required.

We are working on disruptive innovation. For instance, in terms of robotics, this will be a facilitator for more advanced non-invasive surgeries for every situation where a robot can provide better outcomes. This will be the natural next step.

How do you see the private healthcare evolving in Spain and where is Medtronic's role?

The private system is evolving quite significantly. In the past, it was traditionally a less innovative service, without the high-end technology and solutions. Now I can see groups of private hospitals that are now at the same level as the public system, and sometimes even better. Two years ago, we began engaging in partnerships with these private companies to offer them solutions, in the same way we do with the public system. We are starting to do this with large chains of private hospitals.

Where will we find Medtronic in 5 years?

We should continue to be the leading company in Spain, and the leading partner for the hospitals. We are now being perceived more and more as a partner, rather than as a provider. In five years, we should be universally accepted as a partner – a technology company, bringing solutions and

value, with our products always embedded within those solutions.

We should also continue to be a great place to work for our employees and be the company of choice for our customers, while continuing to improve the lives of more and more patients, and contribute to our society through our social responsibility programs.

What advice would you give to a woman starting her career in the healthcare industry?

My advice would be that any women can achieve whatever they want. If there is a problem in their company because an individual is a woman, they should move to a different company, because there are many others where women are treated properly and given opportunities. In Medtronic Spain we take diversity and inclusion very seriously, and we are proud that 40 percent of our managers are women.

Moreover, if someone offers you a good position which is a good step within your career, take the opportunity and do not think that just because you do not possess all of the skills that you are unprepared. This is a problem I have seen in many women and I have encountered that problem in the past. If there are ten skills needed for a job, and you have seven of them, women should step up to the challenge and take the risk. Do not believe that the men who take the job are as prepared. In reality, these men possess the same skills and are just willing to take that leap of faith.

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