

Michele Perrino, Regional VP NW Europe & Italy, Cardiovascular Commercial Partnership WE, Medtronic



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Medtronic's Michele Perrino, Regional VP North Western Europe & Italy, Cardiovascular Commercial Partnership WE, outlines the company's change in positioning from medtech to healthcare technology and the central role of Europe in that shift. He also comments on the trend towards centralised hospital purchasing and the company's ambition to contribute to creating outcome-based healthcare systems.

Can you share a brief introduction of yourself and explain how you came to join Medtronic?

I joined Medtronic in October 2016 to lead the Italian operations. I have been working in MedTech since 1997, which means almost 25 years, that I spent in several businesses such as surgery, oncology, radiology and cardiovascular. I started in Johnson & Johnson Medical, after 10 years of different roles and responsibilities, I moved to Volcano with the EMEA responsibility first that got expanded to International in 2012. In 2015 Volcano got acquired by Philips, which is the reason why, after almost a year of integration tasks, I moved to Elixir Medical as CCO.

You went from small companies, building them up and seeing them get listed, and then you went back to a big company. Do these projects have anything in common?

The common ground among these four projects has been the purpose. I have constantly looked for companies with great technologies and great missions, regardless of their size.

You returned to Italy after many years abroad. How have you experienced the Italian healthcare system, known for its bureaucracy?

I was in Italy for the first 10 years of my career, then in Belgium for almost the same number of years, commuting to the US for some years, and now I am back to my home country. There is no better moment than this for contributing to our national challenges and opportunities. I am referring to the COVID-19 pandemic, supply chain issues and the Next Generation EU Funding. It is a unique experience if you love your country, one of the best professional experiences I have ever had.

In addition to your Italian responsibilities you are co-leading the Commercial Partnership organization in Western Europe. How important is Europe for the organization and how does what you do fit into Medtronic's pan-European picture?

For Medtronic, Europe is important for two reasons. One is of course the size of the market, Then, Europe is instrumental to the evolution that Medtronic is undergoing. Many strategic initiatives in the recent past have been piloted on this continent. As you may know, our journey is to shift from MedTech to Healthcare Technology leader by taking the higher and broader social contributor role. In addition, with the acquisition of Covidien in 2015 Medtronic has been consolidating its footprint in Europe, one of the largest in Medtech

You mentioned that Europe is an important component in Medtronic's transformation. Are there other common denominators across the European market?

With the expansion of my responsibility to the North Western Europe region (UK, Benelux and the Nordics), which happened on June 1st this year, I have noticed several common factors with other EU Countries. Governance changes and market dynamics for example. On the other hand, there are differences, of course. Speed of the transformation and the evolution of the customer sustainability demand, just to mention a few.

What is the impact of that sustainability awareness on the industry?

Regional authorities, National Health Services and hospitals are using more and more environmental KPIs to select their partners and providers. Thus, tenders are requiring sustainability with a focus on the material and the process used in manufacturing, logistics and the overall impact of the industry.

In the Nordics they are fond of centralised hospital purchasing. Will this become the norm in other countries?

This is a trend that we have been observing for years with no distinction between private and the public sectors. In the UK, the NHS is increasingly orchestrating the procurement of products. The same is happening in the Nordics, where hospitals are grouping themselves with regional authorities. Then there is the private sector with its large group purchasing organizations (GPOs) buying on behalf of large number of hospitals. It is a trend driven by two main metrics: financial savings and efficiency.

How has Medtronic responded to this trend?

When we saw this trend coming, we looked at the customer segmentation, identifying those clients looking for a closer relationship with the supplier. The goal here is to build a trusted partnership and to create higher value for both organizations, a win-win approach for both the customer and the supplier. Almost five years ago, we upgraded our go-to-market model, creating a Commercial Partnership channel completely dedicated to those clients. Our strategic accounts are not necessarily big accounts. They can go from GPOs, to Regional Authorities or public or private institutions seeking for a strategic long-term relationship. We offer them one point of contact, representing the entire company product, service, and solutions portfolio, in order to create an acceleration in the profitable growth of these accounts.

In Europe there has been a strong post-COVID push for governments to shift the way they deliver care and now there is the Next Generation funding. How has Medtronic been involved in this new healthcare direction, specifically in Italy?

15 years ago, Medtronic was the first company working with international institutions on a new idea for healthcare governance. This was urgent especially in developed markets to secure the economic sustainability of the healthcare system. Together with other players in healthcare we came out with the definition of value-based healthcare, which means that if you want to keep your system sustainable, you need to move away from a volume approach and instead reward value and outcomes. We wanted to contribute to an outcome-based system. To achieve it you need several components: as for example, trained clinical staff, integrated delivery of care, innovation, of course, etc. all set along the full patient journey.

COVID-19 has been an extraordinary proof of such a strategy, and Medtronic has made significant investments to make it ready. Last year we even contributed to sharing those principles in the G20 Declaration, a strong commitment from the G20 Members to work together on this new value creation. After that declaration came the Next Generation EU funding. Italy is one of the countries that received most of the funding, something like EUR 200 billion. The funding is composed by six missions, one dedicated to healthcare. We have then a huge opportunity to use this fund for epic changes and Medtronic is actively contributing to such an opportunity.

Some of our interviewees have expressed concern about how that money will be used. Can you give us some examples of projects Medtronic is involved in in Italy?

With respect to Italy, the budget assigned to healthcare will be spent on three things: infrastructure, technology, and research and training.

Medtronic is actively partnering with four Regional Authorities on several interesting initiatives on telemedicine, digital health and infrastructure. More specifically our goal is to co-create a new offering for disease/chronic management. For example, in Lombardy we are working with the State University of Milan and Besta hospital on neurodegenerative diseases. In Puglia we are looking at entire journey for patient with stroke while in Lazio supporting the acceleration of the Rome Technopole, an ecosystem focusing on training and education for the regional healthcare community. Lastly in Emilia Romagna we're working on a new infrastructure for healthcare, where research, clinical and industry are fully coordinated.

To make these projects a reality, you need qualified people. How equipped are Italians to implement the approach you have mentioned?

The short answer is, people might be good, but the problem is the governance of the people. This is true in every country. Italian people have shown that they have skills, capacity, and creativity. What we are missing in many aspects is how to let our people work and operate under the right conditions. Of course, now we are facing an exceptional situation because we were not ready to manage all these resources so to make the best use of this funding to deploy an historical transformation of healthcare. If your question is whether Italy was or is ready to manage that transformation in terms of governance, the answer is no yet. But we must be ready and run faster than ever because we have a five-year window to make that change happen.

Italy is one of the most important countries for Medtronic. Why has Italy historically been so relevant for the company and how has Medtronic achieved such a prominent position in Italy?

There are three reasons, the first one is because of the size of the market. The second reason is that over the past 10 years, Medtronic has been acquiring companies in Italy. Started with Invatec in the cardiovascular space, then NGC, a service and solution provider. Covidien acquisition brought Mallinkrodt-Dar, with its huge capacity in intensive care, and Bellco, leader in the renal care business (dialysis). Both are global facilities, located in Mirandola. Beyond this, we have a well rooted international clinical research centre in Rome and very recently we initiated a sterilization site. We also have a distribution centre in Rolo in the Reggio Emilia area. Medtronic Group in Italy is second only to Ireland in the European panorama for the operating activities of the corporation. The third reason, as we discussed before, is that Italy has been at the forefront of our transformation since the beginning. Italy was one of the first countries to move towards services solutions, a holistic approach, trusted partnerships, chronic management ... That is why it is very strategically relevant.

Is there anything else you would like to share with PharmaBoardroom's international audience?

I would like to highlight two related aspects which go back to community responsibility and a diversity and inclusion focus. These two topics are very close to Medtronic and they represent a top priority for the company.

I mentioned our social contributor ambition. We are not talking about a simple intention but a true ambition we are already executing. It is about feeling the accountability and responsibility of being a leader. In every country in Europe, we are not only trying to be the best, largest, most innovative company on the market, but we aim at being a leader in terms of helping government and supporting the community in all their challenges and opportunities. Being a leader is much more than market share, market growth and revenues. As one of the largest Healthcare Technology companies in the world and among the largest healthcare companies in Italy, we are executing that ambition through what we call a multi-capital governance meaning that our actions do not just solely look at the financial KPIs but at the human, social and environmental component of that leadership. This is something that is part of the Medtronic mindset, the Medtronic way of doing business

Fostering Inclusion and Diversity is key for real Innovation. The way we consider this in Medtronic is that ground-breaking innovation comes from an inclusive, diverse and equitable workforce. By empowering each of us to reach our highest potential, we invest internally in our employees, but also externally because this is a potential that transcends into our communities.

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