Hector Orellana – VP North & Latin America, Medtronic



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Present in Mexico for over 50 years, the medical device firm Medtronic boasts a large manufacturing footprint in the country. VP for North and Latin America and president of the National Trade Association for Medical Technology Innovations (AMID) Hector Orellana discusses the spectacular growth of Mexico's manufacturing sector; the legislative progress that has led to the recognition of medical devices in the nation's healthcare law; the training programmes Medtronic supports to boost medical technology adoption, and navigating the transition to Mexico's new government.

Can you briefly introduce Medtronic's history and footprint in Mexico?

We are now in our 51st year in Mexico. Over this period, we have established four manufacturing sites and a commercial office, employing over 13,000 people. One in seven of our global employees is based in Mexico, and we export more than 300 million units every year.

Our largest manufacturing sites are in the north of the country, particularly in Tijuana, with additional facilities in Chihuahua and Sonora. We are proud of our strong infrastructure, which supports a diverse and balanced workforce with many nationalities. Medtronic's growth in Mexico over the past 25 years has been significant, and we are proud of our contributions and presence in the country.

You have been elected as the president of the National Trade Association for Medical Technology Innovations in Mexico (AMID). What has been at the top of your agenda in the position?

In my year and a half as president we have made significant progress, particularly with the formal recognition of medical devices in the Mexican healthcare law in May 2023. Before that, the law only recognized medicines and general healthcare supplies. Now, medical devices have their own category, which allows us to participate more effectively in tenders and government procurement.

Additionally, we have worked closely with the Ministry of Economy to position medical technology as one of the key strategic sectors for national development. This recognition has elevated the importance of our industry, highlighting the critical link between economic impact and healthcare improvements. It has been a collaborative effort over many years, and we are seeing substantial benefits for both the market and healthcare in Mexico.

Mexico has emerged as a significant medtech nearshoring hub for the US since the COVID-19 pandemic. What impact is this having on the country more broadly?

The growth we are witnessing in Mexico’s manufacturing sector, especially in industries like healthcare, has been remarkable. Over the past decade, we have seen consistent double-digit growth, nearly 10 percent annually, which has not only expanded our industry but also bolstered our capabilities in terms of skilled labour and educational infrastructure, particularly in regions like Baja California. This development is not just about numbers; it is about fostering innovation. Mexican manufacturers are not merely producing goods; they are pioneering new processes and technologies. This innovation has positioned Mexico as a key exporter of medical devices in Latin America, with a significant portion of our products heading to the US due to established trade agreements.

Moreover, this economic boom is not isolated; it is creating thriving communities where industry professionals take pride in their work, knowing they are making a meaningful impact in healthcare. This growth also underscores the need for continued investment in healthcare infrastructure and digital health regulations to keep pace with technological advancements and ensure widespread adoption across the country.

Mexico faces both challenges and opportunities in advancing its digital health infrastructure, particularly with telemedicine. While we are ranked 39th globally in technology adoption, it is

important to note that Mexico possesses some of the best available medical technologies. However, there are obstacles such as illegal trade and varying levels of access between public and private sectors. Our focus remains on leveraging medical technology as an enabler to extend healthcare reach and improve patient outcomes. Technologies like telemedicine and remote monitoring offer tremendous potential outside traditional hospital settings, enhancing patient care and accessibility across the country. As we navigate these challenges, our goal is to strike a balance that ensures equitable access to innovative healthcare solutions for all Mexicans.

In a resource-constrained environment like Mexico, where demonstrating value is crucial, how does Medtronic approach the task of proving the worth of advanced medical technologies to payers and stakeholders across both public and private healthcare sectors?

In Mexico's healthcare landscape, resources are indeed limited, making it imperative for us at Medtronic to demonstrate tangible value with our advanced medical technologies. We view ourselves as partners within a fragmented healthcare ecosystem, collaborating closely with both public and private entities. Our approach involves not just considering immediate healthcare costs, but strategically reallocating resources towards diagnostics and long-term treatments. While this may require higher upfront investments, the ultimate goal is to maintain patient health, thereby reducing overall healthcare expenditures over time. Our strategy revolves around forming alliances with governments, private institutions, healthcare practitioners, and stakeholders to tailor our solutions and articulate the unique value proposition to each segment. Understanding and delivering value in this diverse ecosystem is key to ensuring sustainable healthcare advancements in Mexico.

When we talk about long-term investments in healthcare technology, demonstrating outcomes over time becomes crucial. How is Medtronic progressing on this front in Mexico, particularly amidst the recent presidential transition, and what specific advancements or impacts are you observing?

Mexico is indeed in a phase of transition with the incoming presidential administration emphasizing continuity and long-term strategies. At Medtronic, we are actively engaging with decision-makers to align on what value means in healthcare. For instance, our technological advancements have significantly enhanced productivity in medical imaging—reducing tomography processing times

from 30-45 minutes to just 5-10 minutes. This triples the instrument’s efficiency and patient throughput, demonstrating clear tangible benefits of our investments.

Moreover, technologies like remote monitoring are revolutionizing patient care by enabling better triage and treatment decisions outside hospital settings. This collaborative approach allows us to maximize existing resources, reaching more patients earlier in their healthcare journey to prevent advanced disease states that are both costly and detrimental to patient outcomes.

Beyond introducing cutting-edge technologies, achieving optimal utilization and integration into healthcare workflows is crucial. How is Medtronic facilitating process optimization and healthcare professional education in Mexico to ensure these innovations deliver their full potential?

Integration and optimization are pivotal. Medtronic is deeply committed to enhancing healthcare practices through partnerships with academic institutions like the National Autonomous University of Mexico (UNAM). We have established robust training programmes, recently concluding a comprehensive six-month course on diabetes certified by UNAM—the largest university in Latin America. Over the past year, we have conducted over 400 educational activities, reaching more than 100 professionals annually across 70 different specialties within our portfolio. This ongoing effort underscores our belief that effective technology adoption hinges on empowering healthcare professionals with the knowledge and skills they need to maximize the benefits for their patients.

How does Medtronic address concerns from healthcare professionals who may worry about the complexity or potential job impact of new technologies? And how do you ensure that these innovations are integrated effectively into clinical practice?

It is crucial for us to engage healthcare professionals throughout the process. We listen to their concerns and tailor our training and support accordingly. Our aim is not to add complexity but to simplify workflows and enhance patient outcomes. By providing comprehensive education and ongoing support, we empower healthcare providers to utilize these technologies effectively and with confidence. This collaborative approach ensures that our innovations are seen as tools that augment their capabilities rather than obstacles to their practice.

What will be the key focus areas for Medtronic in Mexico over the next few years?

To delve into more advanced technology, I can highlight our latest developments at Medtronic. For instance, our latest insulin pump now aligns us with the cutting-edge technology seen in the US and other advanced countries. We are also advancing in miniaturization, such as with our smallest pacemakers, and looking ahead to incorporating robotics not only in general surgery, where we are in the midst of regulatory processes but also in our spine business.

Our strategy focuses on introducing leading-edge technologies where the scale and impact of diseases justify it. This approach aims to maintain Medtronic’s position as a leader in the medtech industry, across segments like cardiovascular care and operating room solutions. Recently, we’re proud to launch Percept PC, our latest Deep Brain Simulation technology, after navigating rigorous regulatory pathways. This launch follows other recent milestones, including the introduction of our Evolut FX balloon expandable valve manufactured locally in Mexico. This marks a significant achievement for us, as it is the first time in my career spanning over two decades that I’ve overseen the launch of a product entirely made in Mexico.

Looking forward, we are on track for several major launches this year, including the next iteration of our diabetes pump and advancements in remote monitoring and therapies for cardiovascular health. We are also optimistic about future developments in our robotic portfolio, which, despite its challenges in regulatory approval and education, holds promise for enhancing patient care and surgical outcomes.

What are your main concerns today, and what are your aspirations for the next three years?

Managing uncertainty during a government transition is a primary concern, even when continuity is pledged. It is crucial that we engage with regulators to ensure stable norms and regulations that support industry growth. The renegotiation of free trade agreements, particularly with the US, adds another layer of complexity. However, our main focus remains on doubling the number of patients whose lives we touch each year. In Mexico and Central America, home to over 173 million people, there is immense potential to expand our impact. We are committed to navigating challenges such as fluctuating exchange rates and other economic factors while staying true to our mission of partnering with healthcare stakeholders to improve patient outcomes. Our goal is clear: to continue reaching more lives and making a meaningful difference in healthcare delivery.

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