

Interview: Otto Philipp Braun – Managing Director, B. Braun Brazil



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In an exclusive interview, Otto Philipp Braun, part of medtech giant B. Braun's family dynasty, discusses his achievements as MD in Brazil, the company's operations in the country and globally, as well as its CSR programs.

B. Braun has been established in Brazil for more than 40 years, with its headquarters based in Rio. Since you arrived in 2008, what have been the major challenges and achievements you faced as the head of local operations?

First of all, since I arrived the economic scenario in Brazil has changed a lot, and very favorably. Brazil is in a moment that has never been as good as it is right now.

The major challenge when I came was clearly to restructure B. Braun in a more professionalized way. We have put together a board, which now has a chief operations officer, chief human resource officer as well as someone who is taking care of marketing and sales, and last but not least, a CFO. We have professionalized the structure in Brazil and that has really given us a big boost with respect to our own operations because it made decisions and processes move faster.

The second point that we have worked hard to implement, apart from restructuring, was to implement the “lean” philosophy. B. Braun has introduced that concept for about 4 years and this has helped us a lot to improve our internal processes. It reduced bureaucracy and let processes flow faster to breaking internal barriers that are often found between departments. The new

philosophy is to really facilitate the process flow.

This is indeed a very special moment to Brazil and to its pharmaceutical industry, which doubled in size in the last 5 years, whereas other established market have been in crisis or stagnated.

Therefore, how strategic is the Brazilian market for a group based in more than 50 countries and how integrated is it to B. Braun's international operations?

B. Braun's Brazilian operations are very well integrated with the rest of the group. Brazil has always been our launching hub for the Latin America. That means we always start to introduce our processes here and then launch them from Brazil to other countries. Secondly, in terms of focus, Brazil is definitely among the most important markets where the company is going to invest in the next years. Of course Brazil is not the only one, there is also another very important region, Asia-Pacific, which is also growing very strongly. Among the top countries you find China, India, Indonesia, Russia, and Brazil.

What would you highlight as the main investments planned for the Brazilian market and what are they targeting at?

The major investment is the new industrial site that B. Braun is constructing in the greater area of Rio. Besides, the existing facility is also being improved. We will set up a new modernized warehouse with all the latest technology and process flows. That means improvements in B. Braun's delivery performance.

The plant being set up will be dedicated to medical devices produced completely automated, moving away from our current semi-manual automation system.

Globally, B. Braun has more than 30.000 products. How is your product portfolio developed in Brazil and what are you major growth drivers?

We are on our way to provide all of these products to the Brazilian market. The main growth drivers this and next year is the dialysis business. Apart from that, the home-patient market has been developing very well. Recently were funds released from the government to the municipalities providing more resources for ambulatory care. There is a big potential in that market, although it is still unregulated, I am sure that as time goes by regulation there will also increase.

Another big growth driver for B. Braun Brazil are all the safety devices. Brazil is becoming safer every day, from many different aspects. For our products safety is really a crucial aspect. Reducing injuries through safety catheters, not using standard devices when you're applying an infusion, or avoiding medication errors during our infusion pumps. You can actually work with safety across the

complete product portfolio.

Orthopedics is another growing market in Brazil because we are working with navigated systems, that mean we are helping the orthopedic surgeon to define where he puts the implant in a very precise way, thereby making sure the implant is implanted correctly, prolonging its life and reducing the time for a revision.

Brazil has a unique two tier health care system where its private hospitals are world-class institutions and its public system (SUS) generally suffers from many deficiencies. How does B. Braun target these two very different markets?

Firstly, B. Braun provides the exact same kind of product and quality to our customers, we don't differentiate between them. Of course the SUS is always trying to reduce prices as much as possible because it is a completely tender driven market, whereas in the private hospital market we can offer a complete service package including all our products and services that come along with it, especially with respect to technical services, for instance, making sure the pumps are running for more than five years. B. Braun also offers technical services to its customers and fixes them in case any problem is found, we polish and repair the instruments and machines. Therefore, there is a whole "offer-package" that we can provide to private hospitals, whereas for the SUS that is not possible.

B. Braun differentiates itself by the quality of its products compared to the competition. We try to show our clients the quality differences and why it makes more sense to use a safety catheter, for instance, of B. Braun instead of a safety catheter of another company, what the differences are and why using our products will give them, in the end of the day, a better economy than using the products of our competitors. As you know, price and quality are the determinants for good business.

The demand for sure is there for the SUS as well as the private sector. The doctors working at SUS want to use the same quality of products that they use at private hospitals, since many times they work in both. So most of them know very well what's available in the private and public hospital market, therefore B. Braun wants to provide for both markets.

As Sao Paulo concentrates 85% of the pharmaceutical industry in Brazil, what are the advantages that Rio has to offer to pharmaceutical companies?

The big advantage is that B. Braun is in Rio for more than 40 years and thereby we have established ourselves very well in the state of Rio de Janeiro. This is the number one advantage for

us. For a new company wanting to base itself here the advantage of not being in Sao Paulo is that there you will be competing with more 1000 companies in everything, from terrain, infrastructure to HR. The assistance and support you get from the State of Rio is much greater than in Sao Paulo. Nowadays, Sao Paulo is overcrowded compared to Rio.

Another advantage is that Rio will be the number one site in Brazil for the oil and gas industry, one raw material derivative of oil and gas is plastic. So for us, as a medical device company, being in the state of Rio de Janeiro is very interesting especially knowing that at the moment the COMPERJ project which is a new petrochemical complex close to our site. For all these reasons, we are glad to be based in Rio. Naturally, logistic wise you need a very well developed structure and concept, and we have just that.

B. Braun is also known to be a very socially active company. What would you highlight as the main CSR programs that the company has in Brazil?

B. Braun makes sure to have projects that are very close to the people where we are based. We look at the reality around us and work together with the community to define the projects that will improve their life. This is the basic principle. In accordance with it, the company has a number of CSR projects. The first one is supporting children, we call that program 'B. Braun For Children', which is an international program launched about ten years ago and here in Brazil we are focusing at projects that help children to develop their future. One example is that we are working together with a high school close by where we choose 25 candidates in the last year of high school to get further training in electronics, mechanics and so on, so they get the opportunity to improve their knowledge with respect to technical skills.

After they pass that course, which lasts for about one year, they can for further educational programs that the Brazilian Chamber of Commerce is providing. SENAI, an organization that offers educational programs to train people for the industry, is working with very high and developed standards in order to train these people; I give them a lot of credit as they are doing an excellent job.

B. Braun is working very closely with them to enter those candidates that pass the high school training course we provide into one of their courses. For instance, becoming an electronic technician or a technician in injection molding. This program takes about two years, during which we offer them to be interns at the company and after they qualify, most of the time, we offer them a job here at the facility. At the moment B. Braun already has its competitors and other companies trying to hire them, because they are very committed and very good. So we are already having

problems in keeping them with us. A prove of the success of our CSR program!

As a final message, what are your main expectations for the Brazilian market and B. Braun's local operations in the coming years?

I have very good expectations for the Brazilian market. The current government is doing a very professional work on technical and political issues. Economically I believe Brazil will do well, even though we have a difficult situation in Europe, USA and Japan. That means for B. Braun that we will continue to invest locally, which ultimately means that, with respect to Brazil, B. Braun's future looks bright.

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