Interview: Wojciech Jezewski, Country Director, Medtronic Poland

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Medtronic's country director brings some interesting perspectives on the differences between the pharma and medical device regulations in Poland by saying: "the medical device industry is discriminated against, as we do not have clear indications to obtain product reimbursement." Nonetheless, he adds: "The medical device industry in Poland is predictable and this is key to achieve sustainable growth."

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Medtronic has been very active in Poland for nearly two decades. Could you share with us some of the company's main milestones in this time?

Over the last 15 years, Medtronic has established a very strong organization in the Polish market. Early on we focused on strengthening the company's pillars, building an efficient business model and investing in key supporting functions such as sales reps and specialists.

In the last four or five years, our main success was reflected in our yearly growth rates. We were initially growing at a double-digit rate, and currently we are experiencing single digit growth due to market access challenges. However, our performance is remarkable in comparison to most of the industry, so we can be proud of this. Last year in Warsaw, we also opened the third back office customer service center for Western Europe.

In Poland we are making sure that Medtronic's global strategy is properly executed on our market. As long as we deliver what we promised despite of market challenges, our Polish affiliate continues its successful path.

The medical equipment industry is one of the 15 Polish industries that the Ministry of Economy has identified under its sector promotion program. What opportunities do you see in this sector at the moment?

There are many, especially in certain therapies and market segments: in Poland, there are a number of therapies that are still underdeveloped and this is where we need to provide our solutions to help our patients. In developed segments like interventional cardiology, electrophysiology and cardiac surgery, we still have to come up with best-in-class solutions as cardiac diseases still represent the highest death rates around the world. In Poland, neuromodulation and spinal therapies are still experiencing low penetration rates, especially in comparison to western European countries; this is also where we need to be active.

Which have been the most important therapy solutions Medtronic has offered to Polish patients?

In recent years, we have managed to launch interesting new products and achieved reimbursement for them in selected therapies. However, while many of these products have been satisfying in terms of helping Polish patients, they have not been so satisfying on the revenue side for us. For instance, the ITB therapy (Baclofen pump), a programmable battery-powered medical device that stores and delivers a prescription medication called Lioresal Intrathecal, radically changed patients' lives, but has not brought us a great deal of revenue.

In the field of pacemakers we are still selling very high-end products, but the market breakdown between sales of high-end and low-end products in Poland is significantly different than in Western Europe, where high-end pacemakers account for 60-70 percent of sales. In Poland our high-end products only represent 5-10 percent of our portfolio, mainly because of price pressure. We can be proud, however, that Medtronic's penetration of the pacemaker market in Poland is very high, sometimes higher than in some Western European countries.

How does Medtronic Poland stand out in a market that is so competitive?

Poland is a highly price competitive market, this is unquestionable. Poland is probably the lowest priced country in Europe, especially for implantable medical devices. Therefore, since prices are extremely low, we compensate through volume. In terms of product positioning, Medtronic (as well as most of our competitors) offers more affordable devices than in other Western European countries.

To compensate for the price difference in Poland, we also compensate with high-level hospital services. In Western Europe, many times the representative is present when new devices are implanted, and the service is included in the cost of the device. In Poland this is not the case, so it is the hospital's responsibility to appoint technicians to do the follow-up – this is an opportunity for Medtronic to bring in additional revenues through the service side. We are currently targeting both public and private hospitals, but the private segment has been developing faster in the last five or six years, especially in cardiovascular .The hospital segment is also important for our diabetes disposable products, much larger than our pharmacy and wholesaler sales.

Today, Medtronic mainly competes with global manufacturers such as Boston Scientific, St Jude Medical or Roche (diabetes) to name a few. Our main strength in the market is our well-established organization and sustainable business model, as well as our well-developed relationships with key opinion leaders, and physicians and hospitals, our key customers.

The main issue with the Polish healthcare system is related to healthcare spending as a percentage of GDP per capita, which is one of the lowest in Europe."**How did the new registration requirements for medical devices in Poland which were implemented in 2011 affect the Polish medical device industry?**

Regulations for medical devices and pharmaceuticals are significantly different in Poland. The most important difference is on the reimbursement side of new therapies, with very different processes and deadlines. We believe that in a way, the medical device industry is discriminated against, as we do not have clear indications to obtain product reimbursement. This issue is in the hands of the key opinion leaders and not the industry.

What is your perspective on the quality of public and private hospitals in Poland?

There is a debate at the moment about the quality of cath labs in hospitals, which are used to visualize heart arteries and treat any stenosis or abnormality found. I believe there are many private hospitals with excellent quality cath labs, and some can be compared to the best found in public hospitals. It is a shame to see this fight between hospitals as in the end what matters is that patients get quick access to these technologies.

The main issue with the Polish healthcare system is related to healthcare spending as a percentage of GDP per capita, which is one of the lowest in Europe. However, we see it slowly growing, both from the private and public side, and this is a good sign for Poland.

We find more and more pharmaceutical companies selling medical devices, even though these are two different worlds. Could you tell us what separates Medtronic diabetes business from the pharma industry?

Medtronic is in a different segment than the main diabetes pharma players like Novo Nordisk. Our diabetes portfolio includes pumps and disposables, and what really distinguishes us from the pharma industry is that we are mostly responsible for the drug delivery side.

From our perspective the pediatric market is well developed and penetrated, while the adult market is not. Recent changes in the reimbursement scheme (2012), increased the reimbursement age from 18 to 26, and this means that for the near future growth will come from the adult segment.

How do you see Medtronic's role evolving in Poland, and what would the company like to accomplish in the near future?

For the next few years, Medtronic will continue developing organically in Poland, and we will also target underdeveloped therapies, where we expect the most significant growth.

We want to continue growing at least at a single digit rate for the next five years. We are confident because we already managed to achieve strong market share in our targeted therapies, in fact much higher than other of Medtronic affiliate market shares in Western Europe. Poland is the largest affiliate in terms of population and revenues within our regional group – which includes Scandinavian countries – so this is another strong point.

In the end, Medtronic is one of the most innovative companies in the industry, not only from the product perspective, but also in terms of business model. The medical device industry in Poland is predictable and this is key to achieve sustainable growth. This is why we can be confident for the future.

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